

Digest Reviews (cont. from p. 215)

For Students

A Textbook of Economic Theory, by A. W. Stonier and D. C. Hague. (Longmans Green and Company; 25s.)

'This book is designed for students with no previous knowledge of economic theory who wish to study the elements of the subject systematically.' So goes the opening sentence of the preface to this excellent book. I repeat that it is an excellent book in every way—it is interesting, for instance, to see how, as new economic textbooks come out that a more sensible (I nearly said orthodox) approach is adopted towards the creation of money—but the aim of the book is for first-year students reading for the B.Sc. (Econ.). I

suggest that only the exceptional student would be able to master this book without help from a tutor and a knowledge of statistical method is essential. This 'introduction' to economics will be a 'set book' for many years to come.

Lectures on Economic Principles—Volume II, by Sir Dennis Robertson. (London: Staples; 16s.)

So very often those at the top of their profession are so stimulated by a minute abstract piece of research that their conversation, thoughts and writings are unintelligible except to 'the few'. Therefore it has been an exciting experience to read Sir Dennis Robertson's lectures covering a wide field of Economics. It is not possible to agree with all the 'principles' but it is possible to enjoy all the humour—yes! humour! J.P.

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).

European Trade

Economic Survey of Europe, 1957. United Nations, Geneva, 1958.

A study of the international trade of European countries and manpower and employment in Eastern Europe and the Soviet Union, prepared by the Research and Planning Division of the Economic Commission for Europe. (994)

Eastern Europe and the Common Market and Free Trade Area. Central and Eastern European Commission. Summary of a lecture by Eugène Zaleski. (995)

P.E.P. Reports

The Price of Stability. P.E.P. May 1958. (2s. 6d.)

Presents the background of current economic controversy, the Government's policy, and some conclusions. (996)

Television in Britain. P.E.P. March 1958. (3s. 6d.)

Surveys many aspects of the phenomenal development of Television in Britain since 1947. (997)

Digest Spotlight focuses on

Charles Samuel Garland

(President of the National Union of Manufacturers)

WHEN, nearly two years ago now, the Annual General Meeting of the National Union of Manufacturers had elected Charles Samuel Garland President, he apologised, characteristically, to the members present that he was only, he said, a simple manufacturer like themselves. Few people who know Mr Garland will accept this view of him: he is very far from being an ordinary manufacturer. But his determination to present, with extraordinary ability, the problems and viewpoint of the ordinary man is the secret of the outstanding success of his two-years' presidency.

The National Union of Manufacturers, which stands particularly for the smaller and medium-sized firm, is not a shiny body. Severely democratic in constitution, accepting a flat rate of subscription from every size of firm and offering all an equal say in its councils, it works on a thickish shoe-string and represents uncompromisingly the opinions, strongly held, even at times wrong-headed, but never negligible, of what is collectively an immensely and perhaps increasingly important part of British Industry. It is just because this opinion, though important, might so easily remain inarticulate that the National Union of Manufacturers claims it has a vital job to do: and it is because Mr

Garland has expressed, and indeed personified, this body of opinion so admirably that he has been successful in presiding over and leading as fierce a body of individualists as ever got together under one banner.

Charles Samuel Garland was born in London and educated at Camberwell Grammar School and the Royal College of Science, South Kensington, where he was for a time Demonstrator and Lecturer, making a special study of the rare earths. He entered industry as manager of a factory producing incandescent gas mantles. When the supply of the principal raw material, thorium, was cut off by the 1914-18 War, he was associated with the establishment of what is still the only factory in England producing it. Gas mantles are still made and used; but in this atom age thorium has acquired a significance much greater than it possessed merely as their raw material; and in this factory lay the origin of what is now the Radiochemical Centre at Amersham. At about the same time Mr Garland began working on the production of high temperature refractories, which led in due course to that of high tension insulators and later of a wide range of highly specialised ceramic materials for use in electronic engineering.

Mr Garland has played a leading rôle in the educational and organisa-

tional side of industry as well as in practical production. In 1923 he was appointed to represent the Crown on the Board of Governors of the Imperial College of Science (of which he was one of the earliest students) and of the City and Guilds Engineering College. His services in this capacity were recognised by his election to an Honorary Fellowship of the College. Soon after the First War he took a leading part in setting up the Chemical Engineering Group of the Society of Chemical Industry, of which he later became Chairman. He has also been President of the Institute of Chemical Engineers, Vice-President of the Council of the Society of Chemical Industry and President of the British Association of Chemists. He was elected to Parliament as the Conservative member for South Islington and later took part in the formation of the Parliamentary and Scientific Committee of which he is still a member, and was for many years a member of the British National Committee of the World Power Conference.

His association with the National Union of Manufacturers goes back almost to its foundation during the first World War. All his firms

have always been members, and Mr Garland himself has been tireless in his personal service. He was Honorary Treasurer from 1925 to 1952 and Vice-Chairman of the Executive Council from the creation of that post in 1949 until he assumed the Chairmanship on his election as President.

He has represented the National Union on every sort of industrial and official body both before and since becoming President, speaking always from great experience and with that shrewd and never-failing grasp on the practical realities which makes him so excellent a representative of the hard-working, hard-headed, practical men he speaks for. His published comments on public and industrial affairs show the same quality of hard-hitting realism, and he has made some very effective television appearances. As a speaker on formal or less formal occasions he is in great demand, having the rare ability to combine great entertainment value with the forthright statement of carefully considered views. It is difficult to imagine a better representative of much that is so characteristic and so valuable in British Industry.

Anglo-French Co-operation in the Sahara

By MAURICE EDELMAN, M.P.

SINCE 1904 there have been two major developments in Africa. The first is the rise of nationalism, which both we and the French have dealt with in differing ways.

The second is the fact that the great central desert, the great void of Africa, the Sahara, has become, potentially at any rate, one of the great virgin sources for purposes of

which are in a sense a block to the economic development of that area.

Land Island

The resources are well known: petrol, oil, manganese, phosphates, uranium, the possibility of the development of solar energy. All of those have stirred the imagination of Frenchmen and many others beyond. The development that has been taking place in this waste area is something which, when one comes to inspect it more closely, is already embryonically something which is much further advanced than many people realise.

If you look around the periphery you have to the north Algeria, Tunisia and Morocco, each in different states of political development, and Libya, all in a sense blocking the access of Sahara products to the sea. Consequently, at one and the same time there is both a challenge and an opportunity. The challenge and the difficulties lie in the fact that, with the rise of Algerian nationalism and the fighting in Algeria, the potential hostility of Morocco and Tunisia, any private company which is thinking of investing in the Sahara may well give pause because of the thought that at some time, either some hostile Government may seek to acquire the Sahara territory, or it may deny the resources of the Sahara access to the sea. The same is true of Libya. It is no use producing oil in the Sahara if you cannot pipe it to the sea through one or other of those countries. As long as there is this conflict between the Mediterranean littoral and Great Britain and France, so long will there be difficulties in that area, and I am going to suggest very tentatively a possibility for Africa, which is based on our experience in Europe, and which I

think may well help in the solution not only of Africa's Sahara problem, but also may, by economic means, ultimately facilitate the political settlement of that area.

Frontiers and Institutions

The thought that I have is that in Europe we have discovered that the technical problems of our economic situation transcend frontiers—coal, iron and steel—and because of that we set up in Europe the iron and steel community, a functional agency which brings together France and Germany, who are prepared now to work effectively within the framework of a functional agency for the collective good. The reason is because the actual economic problem is much greater than can be bounded by any national frontier. We have several years' experience of the Coal and Steel Community. It works, and brings together those States which were formerly in hostile competition.

The first idea I would like to submit to you is that North Africa and Central Africa and French West Africa are really an area in search of institutions, and the first institution which I would suggest, which would bind and link those countries together, would be the creation possibly of an iron and steel and mineral agency, in which Britain, France, Tunisia and Morocco would all take part, and possibly any other interested countries which are concerned with participating in an agency comparable with the Coal and Steel Community. It would not be concerned with property rights, merely with the allocation of resources, with investment and matters of that kind.

Public and Private Effort

I propose this because if you look at the nature of investment in the

Sahara today, you will find that it is divided into two halves, the bottom of which is the infra-structure. The infra-structure is the provision of railways, roads, airfields and so on. By far the greater part of the infra-structure which already exists in the Sahara has been provided by French capital. There has been a certain amount of mixed activity. I was interested to see that the French engineers, *la Compagnie saharienne de l'Ingénierie*, are in a sense hired out to private companies in the Sahara, to build roads for them and develop areas. That is something with which we are not familiar in this country. It shows that the most energetic private company cannot get on unless it has this form of Government backing regarding economic material resources. It has been estimated that the basic figure for the immediate need in the development of the Sahara is £400 million. Relatively speaking it is a small figure for Governments, but a large figure even for a large company like the United Africa Company, who are interested in the area.

Iron Ore

Speaking in connection with the interests which Britain has in the matter, we are seriously concerned with the question of iron ore. We need iron ore, and I am told on excellent authority that we would be in a position to take as much iron ore from the Sahara as the Sahara is able to supply, according to present prospects. For us it is extremely important: we do not know for how long Swedish ore is likely to remain available, and not only ourselves, but indeed the United States is seriously concerned with the shortage of iron ore. The figure I have heard is that the United States, which

extracted 77 per cent of their iron ore in 1956 from their own soil, will only have 62 per cent in 1965, which is a very serious and substantial reduction. I quote those figures in order to show that both Britain and America have a very substantial interest in the progressive development of the Sahara.

Go South, Young Frenchman!

One of the fascinating things about France herself since the war has been what I think the French call *la poussée démocratique*. By 1965 France is going to be the youngest country not only in Europe but in the whole world. This sudden emergence of a young France has had a fascinating psychological effect. In 1945 her philosophy was one of existentialism, decadence and despair. Today you have a completely different mood in France. There is today something which is much more stirring, much more stimulating, and for me personally very much more like the frontier mentality of the United States in the nineteenth century.

Africa is the frontier: it is the place where the energies of this young France are directing themselves to. Here is a great opportunity for a renewal of the *entente cordiale* through co-operation in Africa. I think that all our jealousies and rancours of the past have been ironed out by wars, and also by the recognition that it is possible for nationalism to be, in my view, at least as reactionary as colonialism. I speak as one who challenges the traditional assumption that nationalism is always a progressive force. I believe that nationalism can be as reactionary as colonialism. International co-operation, which has already started in Europe, may well bring the solution for Africa.

STERLING: Key to World Prosperity

BY EDWARD HOLLOWAY

Sterling is the dominant medium of world trade. It could finance 70 per cent of that trade and so prosper the whole of the Commonwealth. But there is need first for greater co-ordination between Commonwealth countries in the development of their vast resources.

THE COMMONWEALTH Trade and Economic Conference to be held in Canada in September presents a great opportunity for Britain as the leading nation of that important trading group known as the Sterling Area. Given wise and informed guidance (and I particularly stress the word 'informed', for the Commonwealth knows too little about its own potential), it would be possible to initiate policies which could result in a period of expansion and prosperity such as the world in general and the Commonwealth in particular has rarely known. The pre-eminent position of sterling as an international currency makes this possible, but there are certain changes in our approach to current problems which are a necessary pre-requisite if this is to happen.

First, let us take a look at other major world currencies. Since the end of the war the vast productive capacity of the United States has caused the rest of the world to be dazzled by the seeming importance of the U.S. dollar when compared with sterling and other currencies. Yet the dollar is not nearly as important as sterling when it comes to the part it plays in financing international trade.

Internal Currencies

The U.S. dollar is essentially an

internal currency. Being far less dependent upon imports than is the United Kingdom, U.S. policies have tended to make the dollar a currency which does not remain in international circulation. Sterling, on the other hand, being the currency of a nation so vitally dependent upon imports, is a currency used and held by a large number of other countries, and Britain's policy has been to foster and encourage this development.

The rouble, the currency of the U.S.S.R., is even more committed to being an internal currency; the Russians have succeeded in completely isolating the rouble from outside pressures. In fact, the Russians use sterling to a considerable extent in settling their trade balances, for which they provide us with gold. It is the great paradox of our time that, in spite of the size and productive capacity of these two giants, neither of their currencies as at present administered can fulfil the role of a satisfactory international currency.

No Alternative

There is, therefore, virtually no alternative to sterling as the main international currency, and this fact is being increasingly recognised. Even in the United States, where official opinion was very anti-Sterling Area in the years immediately after the war, the value of the continued

From New Commonwealth, July 1958

existence of this group is now being increasingly recognised. Mr G. F. Thorold, Executive Director of the International Monetary Fund, speaking to a New York audience at the end of 1957, said: 'If full advantage were taken of all the facilities available, sterling could be used to settle nearly 70 per cent of world trade.' He went on to say: 'It is difficult to see how post-war expansion of trade could have been so great if sterling had not been available for making day-to-day payments required for its settlement.'

This statement shows how very far adrift were the experts' plans enshrined in the Bretton Woods Agreement and other post-war plans which were accepted after the war, which aimed at the disintegration of the Sterling Area. Clearly, we have a position of strength on which to base Commonwealth trading policies. Make sterling healthy through a strengthening of trade in the Sterling Area itself—surely that is self-evident?

New Awareness

There are, in fact, encouraging signs of a new awareness of the value of Commonwealth trade. It is a natural reaction after the disillusion of Bretton Woods. This new awareness comes at a crucial moment. The recent report by the Commonwealth Economic Committee shows that though in 1956 Commonwealth countries still accounted for over one-quarter by value of world exports and 30 per cent of world imports, this was slightly less than in 1955. The splendid initiative of the Canadian Prime Minister, Mr Diefenbaker, gives the right sort of lead. Canada's awareness of the value of her Com-

monwealth connections in trade could be one of the great events in history.

Gold and Dollar Reserves

One of the major problems confronting the Sterling Area since the war has been the acute shortage of gold and dollar reserves. The U.S. holds approximately 60 per cent of the world's gold, and as a result a large part of world trade has been carried out with a very small backing of gold. This has led to periodic suggestions that the U.S. should increase the price of gold from the artificially low level of \$35 per fine ounce which is the present price paid by the U.S. Treasury. There is no doubt that this proposal will be discussed when the Commonwealth leaders meet, and certainly it is true that an increase in the price of gold would materially assist the Sterling Area by increasing the value of its gold reserves, thus making the position of sterling more liquid. So long as trading policies in the U.S. persist on present lines, however, this would provide only a short-term respite, and not a long-term solution to the problem. We must look elsewhere for the solution.

What then needs to be done? If the first essential is to strengthen the existing Sterling Area, we must give clearer recognition to the fact that sterling in its international role is backed, not only by the ability of Britain to produce goods and services, but also by the vast capacity, actual and potential, of other Sterling Area countries to produce wealth. This means that, internationally, sterling is backed by the vast resources (including gold) of the Commonwealth Sterling Area and is therefore a currency of enormous

actual and even greater potential strength *in its own right*.

Sterling Area Advisory Council

Recognition of this fact could best be given by the establishment of a Sterling Area Advisory Council, comprising the Finance Ministers of the countries concerned, to co-ordinate policy. This should be a consultative body which would meet at regular intervals to discuss problems arising from the use of sterling in international trade, and to make recommendations to their home governments in the light of the needs of the prevailing situation. This would, to some extent, obviate the difficulties which have arisen through contrary policies being followed in the countries concerned, for all have an overriding interest in the preservation and continued strength of the Sterling Area. The day-to-day management could well be left in the capable hands of the Exchange Equalisation Account, but in the task of keeping steady the international value of sterling they would be helped by the existence of this advisory body.

Importance of Canadian Initiative

The next task is to bring Canada, with its vast underdeveloped resources, into the closest possible economic association with the Sterling Area, and here the initiative of Mr Diefenbaker should be vigorously seized and acted upon. To bring Canada into full economic partnership with the Sterling Area it is essential that the countries concerned should trade on a reciprocal and balanced basis. Canadian policy has been greatly influenced by the fact that progressively their industries have been coming under external

ownership and control, due to their perpetual trade deficit with the U.S. This has already resulted in 60 per cent of Canada's main manufacturing industries and an even larger proportion of mineral and oil production coming under the control of U.S. interests. If continued, this would lead to Canada losing control of economic policy. A recent example of the effects of this is the prevention on U.S. orders of the export of 1,000 cars to China by the subsidiary Canadian Ford Company.

It is essential, therefore, to make every effort to implement the Canadian proposal to switch 15 per cent of her imports to Britain. If this is achieved, a balanced and reciprocal trading relationship will have been established, and the balance of payments problems between sterling and the Canadian dollar would tend to disappear. There would then be nothing to prevent Canada from adding her immense resources to back the Sterling Area and, if she so desired, becoming a member of the proposed Sterling Area Advisory Council.

Key to Prosperity

In fact, this problem of establishing balanced and truly reciprocal trade between the nations of the world is the real key to world prosperity. Here the initiative and leadership of the Commonwealth, with its unique position in world trade, is vital. If this object is to be achieved it is necessary to recognise the true purpose of international trade, which should be a mutually advantageous exchange of goods and services for goods and services. Unfortunately, the aim and object of trade has become perverted to a pursuit of a so-called 'favourable' balance of trade,

i.e., to export more and import less.

This tendency is shown by the following statement made in the British House of Commons in June last year by Mr Peter Thorneycroft, then Chancellor of the Exchequer. He said: 'We export about 20 per cent of our gross national product, which is a very much higher percentage than that of most countries. I know it is a commonplace to say that we need these exports to repay debt or to buy necessary imports, but it is sometimes forgotten that we need them to keep the jobs for our people and that *our very full employment depends on them.*'

A Vicious Circle

It is inescapable that if, in search of full employment, some nations succeed in getting 'favourable' balances of trade, then other nations must of necessity get 'unfavourable' balances. The nation which finds itself getting deeper into debt is bound to take action to defend its position, and it immediately cuts down its imports. In doing so, it not only causes difficulty and upset in its own internal economy, but also causes major upsets in the internal economy of the exporting nations. We have been running round in this vicious circle for years.

It is particularly unfortunate that we have some examples of this at the present time in inter-Commonwealth trade. The New Zealand Government has had to take vigorous steps to curtail its overseas spending. As she certainly requires the imports which she now has to cut, her economy will suffer from her inability to buy them.

... it ought not to be beyond the wit of man, in the twentieth century, to devise a system of international finance which would work in a more efficient and rational manner than does the present machinery.'

From Editorial: Overseas Review Barclays Bank D.C.O.

Decline in Commonwealth Trade

Yet, equally, the economies of those countries, particularly Britain, whose exports will be scaled down will also suffer. Other Commonwealth countries, particularly Australia, have taken similar action, and it is this which has contributed to the decline in Commonwealth trade. Let us get back to the real purpose of trade, and instead of competing with other Commonwealth countries for a 'favourable' balance of trade, which only results in some being creditors and others debtors, let us think in terms of balanced reciprocal trade. *And that means planning at the highest level—there is no escaping the conclusion.*

British Leadership

Surely the time has come for Britain to give imaginative and courageous leadership by showing how this may be done within the Commonwealth and Empire, leaving the door wide open for other nations and particularly those of Western Europe to join us? A Sterling Area Advisory Council, a strengthening of the economic link with Canada, an over-all plan aimed at balanced, reciprocal trade—these are the priorities. From such initiative could spring an era of prosperity, economic security and expansion. To dismiss the idea of balanced and reciprocal trade as idealistic and utopian is to condemn us all to bitter economic warfare, each nation struggling to capture markets, to undersell its rivals, and thus to recession and perhaps to final disaster.

Commonwealth Survey

(I) COMMONWEALTH OIL PROSPECTS

WITH a large and rapidly expanding oil consumption, the Commonwealth has a keen interest in the development of its indigenous resources, and during the post-war period a considerable measure of success has been achieved. Total production has been raised from just over 4,600,000 metric tons in 1946 to more than 36,300,000 tons last year. The major contribution comes from Canada, which supplied about 25 million tons in 1957: the present position and future outlook of that country's oil industry were briefly reviewed in last month's News Letter.

Among other areas, the first in terms of existing output is British Borneo—now supplying about 5½ million tons annually. Apart from a very small yield from the Miri field in Sarawak, this is all derived from Seria in Brunei. Sustained efforts to locate additional oil reserves have so far proved disappointing and the main hope of major new discoveries appears to lie in offshore exploration. This has already extended for a distance of some miles out into the China Sea and will shortly be extended still further from the shore as a new mobile drilling platform capable of operating in waters 150 feet deep is scheduled to come into use by the end of the present year.

Largest Producers

In Trinidad, for many years the largest producer in the Commonwealth, output remained fairly static for a number of years after the war. During the past two years, however, it was increased by nearly a third and in 1957 amounted to almost five

million metric tons. Following past discoveries of oil in the Gulf of Paria—between Trinidad and Venezuela—future plans are especially concerned with offshore operations, despite the fact that these are considerably more costly than similar work on the mainland, because the prospects of important finds being made appear much more promising.

Two other long-established oil producers in the Commonwealth are India and Pakistan. Output in the former was a little more than 400,000 tons last year, but when the fairly recently discovered Nahorkatiya-Hugrijan oilfield and other formations are fully developed, it is expected that a total production of about 3 million tons annually will be obtained. Meantime further exploration work is proceeding, with the Government as well as private companies being active. In Pakistan the major success so far achieved lies in the finding of natural gas at Sui and Sylhet, for the only oilfields are relatively small, and although present annual yield is nearly as much as that of India there is little scope for expansion. Further drilling for new fields is now proceeding but, as in the case of India, although there is a prospect of substantial new deposits being located ultimately, much costly exploration work is likely to be required if potential resources are to be realised.

Nigeria

The most encouraging recent results are associated with Nigeria, where commercial production com-

From P.I.B. News Letter, June 1958

(3) RACE RELATIONS IN SOUTH AFRICA

By H. V. ROBERTS

I BELIEVE that racial tension is a permanent feature of South African life or, at any rate, a feature which will be there for the foreseeable future, no matter what government we have in power, even a multi-racial government and even an all-black government. All, or the best, that can be done, I believe, is to devise means from time to time to enable these various racial groups to live harmoniously together. The Commonwealth and the Western world could help enormously in the creation of such harmonious relations by a more informed and constructive attitude and criticism of this most complex problem.

Such criticism would tend to help

the more moderate elements of white and black in South Africa. Violent and ill-informed criticism, on the other hand, by a malevolent reaction encourages and strengthens the more violent elements in the country, both white and black. South Africa is to some extent a microcosm of the world problem; it is a laboratory, waiting for interested international scholars and those interested in human relations. The achievement of racial harmony in South Africa would be of immense benefit—not only to the Western world in its present struggle against Communism, but also to the world of tomorrow in the adjustments that each nation will have to make in its own sovereignty.

(Conclusion of an article published in 'International Affairs', the journal of The Royal Institute of International Affairs)

(4) BRITAIN'S CONTRIBUTION TO THE COLOMBO PLAN

THERE arrived in Britain in the last week of May the 2,000th trainee in the United Kingdom under the Colombo Plan technical co-operation scheme.

It is in the field of training technicians that Britain makes the most valuable contribution to the Plan. Assistance takes three main forms:

(a) The provision of training places in universities, technical institutions, research establishments, industrial undertakings, etc., where students can acquire an up-to-date knowledge and skills of value in connection with development activities in their own countries.

(b) The supply of experts to help,

From A Monthly Survey of Commonwealth and Colonial Affairs, June 1958

menced early this year at Oloibiri and Afam. Future plans include development of these two fields and exploration in various other parts in the Eastern and Western Regions. Drilling is also scheduled for the swampy area of the Niger River.

Apart from the U.K. with its yield of only 80,000 tons in 1957, there is no other production in the Commonwealth despite prolonged efforts to find oil in several other regions—including Papua and Australia where activities have lately been somewhat curtailed in view of lack of success. Somaliland, Kenya,

(2) THE COMMONWEALTH AND STERLING AREA IN FREE WORLD TRADE

1. *The Commonwealth in World Trade.*—Last year the countries of the Commonwealth 'did' between them a quarter of all the world's trade, nearly as much as Continental Western Europe and more than the United States.

2. *Commonwealth and Sterling Area.*—One-fifth of the Commonwealth's trade was done by Canada; of this three-fifths was dollar trade with the U.S.A., and only one-fifth with the U.K. and other sterling countries. For the rest of the Commonwealth countries, sterling trade ranks highest; these constitute in fact the great bulk of the sterling area; last year they sold £7,200m. of the £7,500m. of exports from all sterling countries.

3. *U.K. and the Rest of the Sterling Area.*—Of this £7,500m., £3,500m. was shipped by the United Kingdom, £4,000m. by overseas sterling countries. Over two-fifths of U.K. exports were bound for other sterling coun-

From Bulletin for Industry, July, 1958

tries; and one-half of their exports either for the U.K. (£1,200m.) or another sterling country (£800m.). Taking the whole sterling area together nearly half the exports of its members stayed in the area, and another fifth went to Continental Western Europe.

4. *More Trade with the Rest of the World.*—Sterling area countries have, however, been sending more of their exports outside the area than they did five years ago. Whereas exports within the area increased 12 per cent between 1952 and 1957, exports to the rest of the world increased twice as fast—to dollar countries more than twice as fast and to O.E.E.C. countries three times as fast. Canada's dependence on U.S. markets increased during this period, with an increase of 28 per cent in the value of her exports across the border, compared with a drop of 3 per cent in exports to the sterling area; but sales to Europe, too, were increased, by 18 per cent.

(c) The supply of equipment to expand training and research facilities in the area, with the aim of helping to increase the supply of technicians and specialists of all kinds at all levels.

The steady growth of Britain's contribution to the Scheme since its beginning in the autumn of 1951 is illustrated by the following figures of the annual intake of trainees:

1951-52	50	1954-55	229
1952-53	247	1955-56	328
1953-54	233	1956-57	399
		1957-58	453

The Sterling Balances

ONE ADVANTAGE which Britain enjoys over other nations competing for Commonwealth markets, is that the three new independent members are in the sterling area and that between them they possess substantial sterling balances. In due course, it may be supposed that these assets will be mobilised in various ways, to the benefit of U.K. manufactures. The value of the total trade of Malaya, Ghana and the West Indies is in the neighbourhood of £700 millions and Britain now accounts for approximately half of it. If this share is to be retained it will have to be earned. Business is not going to fall into the lap of the U.K. manufacturer or exporter merely because he is British. Previously conditions favoured this country because of the strong political ties; in future independence will almost certainly be used to drive hard bargains where imports are concerned.

Competition from European and American manufacturers is already keen enough in Nigeria, one of the

From Investors Chronicle, June 27, 1958

A Free Society

IN BRITAIN today nearly 24 million citizens are 'gainfully employed'. Of these 24 millions, less than ten millions belong to trade unions affiliated to the T.U.C. Where such unions establish a Closed Shop a citizen's right to earn his living is governed by his possession of the appropriate Union card. If, for any reason, that card is taken from him by the Union his job goes with it. That is one aspect of the moral issue I raise. The other is this: What just reason can there be for ensuring that

those who belong to these Unions should be shielded against the ordinary vagaries of life by regular increases of pay based solely on a rising cost of living when the vast majority of those who work and earn enjoy no such privilege or protection?

The free society in Britain rests upon the possession of equal rights and the absence of a privileged class unjustly exploiting the rest of us. Is not the excessive power of the great trade unions putting it in danger?

From The New Horizon, June 1958

Steel and Labour

BY ERIC WIGHAM

APART from the General Strike in 1926, it is more than forty years since there was an important conflict in the industry involving production workers. The contrast with the records of many of our other major industries has often been noted. In the nine years from 1949 to 1957 the average number of working days lost through disputes in the iron and steel industry was 76,000. In the same period the average in the coal industry, with about three times the number of workers, was 576,000.

Comparison with Other Industries

To say that relations in the industry are good because of the tradition of peaceful settlement of disputes and of common interest in the industry's prosperity is to beg the question, however. The real problem is why these traditions grew up in this industry in Britain and not in other industries and not in the iron and steel industry in some other countries.

The fundamental answer is probably to be found in the nature of the industry itself. Making iron and steel, handling monstrous weights of molten or malleable metal, is a big job and a man's job, and one that gives the satisfaction that comes from team work. The worker feels that he is co-operating with the employer in something that is a test of brain and brawn and something worth doing.

Getting coal from the bowels of the earth or working heavy railway trains has something of the same psychological effect, but in those cases there does not seem to be the same feeling of common endeavour. The coal company and the railway

company have always seemed further away from the workers than the iron and steel boss.

Unwise Concessions

Another characteristic inherent in the industry is the high cost of capital investment, the heavy loss involved in any interruption of work and the relatively small proportion of labour costs to total costs—somewhere about 25 per cent. The incentive to the employer to avoid conflict is extremely strong and he can more readily afford to make small concessions than employers in other industries. Indeed, in recent years difficulties have been more apt to arise through unwise concessions than through unreasonable resistance to demands.

On the men's side, the productive worker is always conscious that the skill acquired by years of experience is of no use in any other industry, any more than that of the miner or the engine-driver. Indeed, because of the rigid seniority rule accepted by both sides, he cannot hope to put it to much use in another iron and steel firm. His present and future is bound up with the firm for which he works. The incentive to avoid strife is no less great for him than for his employer.

Paternalistic

In most countries these features have tended to make the industry paternalistic. In some cases, as perhaps in France, it has become excessively so. There is a tendency on both sides to resent any outside interference, and one expression of this has been resistance by employers to the formation of national unions

Extract from 'The Steel Industries Labour Record'

and slowness of iron and steel workers to combine in them. That struggle was still going on in the United States after the last war.

Yet the trend towards national organisations cannot be resisted in the long run. Perhaps the outstanding achievement of the British industry in labour relations has been the acceptance of national organisations on both sides and their adjustment to the particular needs and traditions of individual firms and sections of the industry.

Negotiating Machinery

The procedures for fixing wages and settling disputes are both designed to leave the maximum to specialised and local negotiations. Major claims for higher wages or changes in conditions are negotiated with employers' associations for the various sections of the industry. In practice, settlements in the heavy steel section are usually followed fairly closely by others, but they may make variations according to their particular requirements. So far as wages go, however, these national negotiations as a rule do no more than fix the minimum labourer's rate. The adjustment of the other rates is done at local level by men directly involved.

A very high proportion of the process workers, probably more than 75 per cent, are on some form of incentive payment.

In the same way, every possible effort is made to settle disputes at local levels, even to the provision by some sections of an informal method of arbitration by a Neutral Committee consisting of two representatives of employers and two of workers chosen from works not concerned in the dispute. The very few disputes

which reach national level and are still unsettled go to arbitration.

Both sides make a point of conducting negotiations in strict privacy, so that neither is handicapped by public commitment to any particular line.

Sliding Scale

The restlessness among workers in other industries resulting from increases in the cost of living is largely avoided in the iron and steel industry because of the cost of living sliding scale, which gives them an immediate rise of 1-3d. a shift for every point increase in the cost of living. This is just over 7½d. a week of six shifts.

Such sliding scales are disapproved by some economists, and have on occasion proved an embarrassment to Governments trying to impose wage restraint, but it must be recognised that the increase does not fully compensate for the rise in living costs. So far as labour relations are concerned, there is no doubt of its tranquillising effect.

Wages

Wages in iron and steel are consistently among the highest in the country on average, and those of the senior process workers are exceptionally high. Two years ago, for instance, first-hand melters were averaging more than £20 a week. There are serious objections to the system of promotion by seniority adopted in the industry, but there can be no doubt that it does make for stability. The worker can work in the confident knowledge that his status and financial position will improve over the years, a prospect which is not available to a worker who reaches his highest earnings in early manhood.

1958 Foreseen in 1859

By ODYSSEUS

THE principle of utility allowed John Stuart Mill to make narrow distinctions between tyranny and licence. He saw dangers on either side, but considered the perils of interference greater than the perils of neglect. Even when it does not infringe on liberty, Government interference is open to three objections. First, the individual normally knows his own business best. Secondly, if he does not, his freedom to choose is his only means of education and development. Thirdly, the effect of State guidance is to dwarf the individual; and it is of individuals that society is composed.

Nationalisation?

Mill might have been painting a picture of 1958 when he wrote in 1859: 'If the roads, railways, banks, insurance offices, great joint stock companies, universities, and public charities, were all branches of the Government; if in addition, the municipal corporations . . . became departments of the central administration; if the employees of all these different enterprises were appointed and paid by the Government, and looked to the Government for every rise in life; not all the freedom of the press and popular constitution of the legislature would make this, or any other country, free otherwise than in name. . . . If every part of the business of society . . . were in the hands of Government . . . to be admitted into the ranks of the bureaucracy and, when admitted, to

rise therein, would be the sole object of ambition . . . the absorption of all the principal ability into the governing body is fatal, sooner or later, to the mental activity and progressiveness of the body itself. . . . Working a system which necessarily proceeds in great measure by fixed rules, officials are under the constant temptation of sinking into the indolent routine, or . . . of rushing into some half-examined crudity which has struck the fancy of some leading member of the corps. . . .

Remarkable Instinct!

Coming from one who could not have foreseen the scandals of the notorious Socialist ground-nuts scheme in East Africa, of Crichtel Down in the U.K., or of the Life Insurance Corporation in India, this sentence shows remarkable instinct. Criticism of the efficiency of the Centre, and of State administrations, in India has been growing in the press. Is the explanation to be found in the following words of J. S. Mill? . . . A state which dwarfs its men, in order that they may be more docile instruments in its hands, even for beneficial purposes, will find that even with small men no great thing can really be accomplished; and that the perfection of machinery to which it has sacrificed everything, will in the end avail it nothing, for want of vital power which, in order that the machine might work more smoothly, it has preferred to banish.

From *The Eastern Economist*, July 25, 1958

The Economic Facts of Life

A LARGE measure of New Zealand's present economic difficulties, and most of the regrettable and unnecessary dissension between various sections of the community, stems from an abysmal ignorance of the most elementary financial and economic truths. Most New Zealanders pass through a period of from ten to twelve years in primary and secondary schools and emerge with no more equipment to face the economic facts of life than some competence in reading, writing and arithmetic, a limited knowledge of languages and the sciences and precious little knowledge of even general commercial practice.

It is a strange thing that so little attention is given to the study of economic principles which affect production, distribution and exchange or to the working of our money and banking system which is an integral factor in all of the activities of our daily lives—the reward for our labour, our standard of living and our recreational and cultural pursuits. As most adults have only a most superficial knowledge of the operation of our money system, generally no more than that learned in the course of their own occupation, it is no wonder that there are conflicting views and opinions which bring about misunderstandings and ill-feeling between the various units in our social order.

Mentally Lazy!

Most people regard our money system as one of the darkest mysteries, something to be left to the experts and not to be studied by the ordinary man in the street. Others

Editorial Review from the New Zealand Mirror, June 1958

believe that money functions according to natural laws, ebbing and flowing like the tides, hence being so mysterious that ordinary people must not pretend to understand its functioning. The truth of the matter is that lacking the most elementary education in these matters which should have been given to them at school, and being too mentally lazy to find the truth for themselves, such people take refuge in the 'far too difficult to understand' excuse when asked for an expression of opinion.

The elementary facts of our money system can be ascertained by all who study the simplest of economic text books or more conveniently still the Reserve Bank's annual table of changes in the money supply and the causes of those changes. It will be seen from these tables, which any secondary school child could understand, that the banks create and destroy the nation's money supply, hence the preoccupation of all governments with controls of various kinds applied with the intention of limiting the anti-social consequences which stem from inherent faults in our present system. Those consequences are recognised as inflation or deflation, resulting in rising costs of living and cost of production, exchange crises, and even unemployment.

Plundering Savings

In giving evidence before the New Zealand Monetary Commission, the eminent economist, Colin Clark, Director of the Institute of Agricultural Economics, Oxford, said that some of those who are responsible by their actions for bringing about

the rises in prices could be excused on the grounds that they are *too ignorant* to understand fully the consequences of what they are doing. He expressed the opinion that any politician, public servant, economist or banker who, with a full understanding of what he is doing, deliberately plans for or *condones* a continued rise in prices, is guilty of plundering the savings of the poor—an offence which in the opinion of the moral philosophers should be ranked equal in gravity with murder or other criminal offences.

Basic Criterion

The Labour Party has persistently subscribed to the doctrine that the power to create money and recall money should be the prerogative of the State and not rest with private banking institutions, and that the basic criterion for the issue of money should be to stabilise and preserve the purchasing power of wages, pensions and savings. Now that Labour is in office, it has the opportunity to implement this sound and highly desirable policy, a policy it has advocated for more than a quarter of a century.

Even if there were no other urgent reasons for introducing a sound and adequate money system, the serious situation created by the sensational decline in the value of our dairy exports demands the early consideration and action of our legislators. To keep the farmer on his farm producing the necessities of life and at the same time ensuring for him an economic recompense for his labour is a task and duty that will require all the skill and ingenuity the Government can muster.

Sound and Honest System

The guaranteed price controversy alone gives weight to the need and urgency for New Zealand to implement the money and banking reform which both the Government and Opposition have promised the people over so many years. Even a casual study of our economic and financial problems leads one to think that there should be no need to urge the Government into action; indeed, this is Labour's great opportunity to

the rises in prices could be excused on the grounds that they are *too ignorant* to understand fully the consequences of what they are doing. He expressed the opinion that any politician, public servant, economist or banker who, with a full understanding of what he is doing, deliberately plans for or *condones* a continued rise in prices, is guilty of plundering the savings of the poor—an offence which in the opinion of the moral philosophers should be ranked equal in gravity with murder or other criminal offences.

The ignorance to which Colin Clark accepted brings people to a passive acceptance of such things as restriction of production when masses of under-privileged people in some countries are practically starving; to the inevitability of major changes in productive effort just because market manipulations of one kind or another affect the orderly distribution and marketing of the world's production; and facing with what fortitude they may command the prospect of a lower standard of living and even unemployment just because of some mysterious working of the economic and financial system. Adequate education is the only counter to such ignorance.

One of the greatest tragedies of our day has been the Christian acceptance of the notion that a man can be decently educated as a Christian without his education having the slightest reference to the laws of God. To destroy food or to limit its production when children are crying for sustenance is a crime against God and against man. This is why it is so important that when the present Government's inquiry on education is conducted next year, the means by which New Zealand children may be

implement and pursue its own monetary policy dating back to the days of the late Michael Joseph Savage, who firmly believed that it was the sovereign prerogative of the State to create and issue all new money necessary to meet national requirements on the principle of keeping money and production in balanced relationship.

It is to be hoped that the Govern-

ment will carry out its monetary policy in spite of the views held by Treasury and a bureaucracy steeped in orthodoxy. This combination has in the past succeeded in thwarting the will of the people instead of serving them by giving effect to a Parliamentary mandate for a sound and honest monetary system, the fundamental basis for good Government and good administration.

Uncle Sam at Ottawa

THE speech delivered by President Eisenhower to the Canadian Parliament on the 9th July was briefly reported in the United Kingdom press but received very little further publicity. It was, however, of some importance. Mr Eisenhower evidently felt that the accumulating complaints of Canada against the treatment meted out to Canadian minerals, Canadian oil and Canadian wheat, needed both explanation and defence. What in fact they needed was some gesture of relaxation, but this was not forthcoming. Indeed, the President's explanations were somewhat naive and, although they were received with applause by the Opposition in Parliament, reactions outside were by no means so definite.

Import Switch

One remark had an obvious reference to Canada's avowed intention of switching 15 per cent of her U.S.A. trade to Great Britain, an intention quite honestly explained as

From C. & E.I.A. Monthly Bulletin, August 1958

marks', adding that he was 'pleased with the purport of the speech'; his answer was greeted with laughter.

To Feed Hungry People

It is well known that American wheat policy has hit Canada hard. The President's explanations that the wheat had gone to feed hungry people, that if it had remained in storage it would have had a depressing influence on world market prices and that the funds made available would help to raise the standard of living of the recipients, thus creating enlarged markets 'for all of us', might have been more convincing if it were not well known that American traders have taken advantage of these deals to establish themselves in markets not previously occupied.

The fact is that President Eisenhower did not give one inch on the subject of Canadian complaints and

obviously resented her efforts to switch her trade in the interests of a more equitable balance.

It would seem that America resents any interference with the commercial policies she has set herself, that any move to discount the undoubted domination which she has been able to exercise on world commerce would be frowned on, that she considers herself entitled to maintain the financial and commercial advantage which the war, or rather two wars, dropped gratuitously into her hands.

There is a lesson here for the Montreal Conference. Unless Great Britain goes to the conference with a plan which will knit the Commonwealth countries into such a coherent whole that they are able to talk to the U.S.A. on equal terms and not individually as supplicants, the conference might as well not be held.

Consumer Credit and the U.S. Recession

IT GOES without saying that the use of consumer credit, as of any form of credit, contributes to cyclical fluctuations in business.

If the use of credit were abolished altogether, business fluctuations would be lessened. But the American economy as we know it would be unthinkable under such conditions.

Thanks to the use of consumer credit, many millions of American families own automobiles and other consumer durable goods they could not buy without liberal credit terms. The great rise in the standard of living that has resulted has itself made the economy more vulnerable to cyclical fluctuations. But this is a

small price to pay for the economic progress that has been achieved.

The sustaining role in the economy of new consumer credit extensions indicates that such credit is a stabilising factor in the recession, even though repayments of outstanding credit may contribute to the down-turn to some extent.

The current recession experience with consumer credit, as well as its vast long-range contribution to economic progress and higher living standards, should be taken into account when proposals to curb the use of such credit by minimum down payment and maximum maturity regulations are advanced.

From The Journal of Commerce

Rural Economy

FARMERS TO TURN SALESMEN

Specially contributed by JORIAN JENKS

AGRICULTURE HOUSE, an impressive new building in Knightsbridge, symbolises the strength which the National Farmers Union has acquired in its first fifty years of growth. Accompanying the transfer of the Union's headquarters from the more secluded Bedford Square, there has also, it seems, been an important change in its outlook.

For nearly twenty years the British farmer has kept his production geared to national needs, on the understanding, of course, that he would be adequately, if modestly, rewarded. That period, as Government spokesmen have repeatedly pointed out, is now over. For the present, at any rate, he is to be treated simply as a competitor in the cosmopolitan market which Conservative Governments have been at such pains to restore, protected only to a strictly limited extent against the more serious economic hazards which that market involves.

A Retrograde Step

Many farmers, and quite a few who are not farmers—or Socialists either—regard this change in agriculture's status as essentially a retrograde step; but the N.F.U. would clearly be lacking in its duty towards its members if it did not re-orientate its own policy to meet the new situation. The nature of this re-orientation was summed up by Mr J. K. Knowles, General Secretary of the Union, when he observed in a recent speech that the main emphasis must now be laid on salesmanship,

rather than on production as hitherto, and that the first concern of the farmer must be to study the requirements of the consumer.

To those unfamiliar with the agricultural economy of this country such an observation may seem merely to stress the obvious; in general terms, the farmer has always had to produce what the consumer requires. But, apart from the fact that his production policy must also be shaped, to some extent at least, by the conditions under which he farms, he has found the gap between himself and his ultimate customers gradually widening as the system of distribution has become more complex. Probably less than five per cent of his sales are now made direct to consumers; and though the prices he receives from the merchants, commission agents, processors, wholesalers and other intermediaries who handle his produce do to a large extent reflect consumer demand, this is by no means the same thing as daily or weekly contact with the housewife. Under these circumstances, it is well-nigh impossible for the farmer to develop the art of salesmanship, even if he had the necessary time and talent for it.

Salesmanship and Marketing

At this point it may perhaps be as well to make a distinction between *salesmanship*, which is essentially a combination of service and persuasion, and *marketing*, which may be defined as the disposal of produce

to best advantage through existing channels of distribution.

As regards the latter, the N.F.U. has, of course, long been active on the farmer's behalf through the various Marketing Boards which it has been instrumental in bringing into existence and, more recently, through its alliance with the agricultural co-operatives and its sponsorship of the Fatstock Marketing Corporation. This last, it should be noted, is a large-scale trading organisation, neither a statutory Board nor a co-operative, though many N.F.U. members participate in its activities as clients and shareholders.

Marketing in this sense, however, has little direct impact on consumers. While it can do much to increase the saleability of products and ensure an even flow of supplies, it still has to entrust to intermediaries the actual selling of them. Milk is an exception here, simply because it is all home-produced; any publicity scheme adopted by the Milk Marketing Board, such as its recent poster campaign, therefore benefits exclusively those who pay for it, namely British dairy farmers. The same is largely true of shell eggs. But in the case of most other products, home-produced and imported articles are sold side-by-side over the same counters, and few retailers have a financial incentive to promote sales of the former. Many of them, indeed, frankly admit to a preference for the imported article by reason of its greater uniformity and more attractive presentation.

It is this gap between wholesale marketing and retail selling that the N.F.U. has to try to bridge on behalf of the British farmer if the latter is to compete successfully with the many other suppliers with whom he is now required to share his market. It

cannot itself embark on trading ventures; but it can, as in the case of marketing, exercise a far-reaching influence through other organisations and private firms.

Home-Grown

On the face of it, home-grown produce should start any sales campaign at a considerable advantage, especially in cases where freshness is a factor. Other things being equal, most people would buy it in preference to imported food. But the product itself must be of good and reasonably uniform quality; it must suit modern tastes and requirements; it must be in regular supply; and it must be backed by national advertising. Such conditions are not quickly or cheaply achieved: they involve much education and organisation of producers, processors and distributors, and considerable outlay on publicity. But that they are worth striving for is shown by the demand which has been built up for Danish bacon and New Zealand lamb. What farmers should be after is the premium which housewives are prepared to pay for named or branded goods which they have come to prefer. Vague descriptions such as 'English' or 'home killed' are of steadily diminishing value, especially when associated with goods of inconsistent quality.

Can we look forward to the day when the British housewife will regularly 'buy British', not merely as a matter of patriotic sentiment but as a matter of deliberate choice? There seems no good reason why we should not, provided the N.F.U. uses wisely the resources at its disposal, though we must not expect big results this year or next. The efforts now being made to popularise English cheeses and butter are a

welcome move in the right direction; and apple-growers are working hard to get a publicity scheme going this autumn.

Demand Inelastic

It would, however, be a great mistake to assume that salesmanship alone will suffice to secure a stable market for all home-grown produce at prices which adequately reward producers. This might be so if all that the British farmer had to meet was competition in the classic sense, with an expanding demand awaiting those who can supply the right article at the right price.

It is a well-established fact that the effective demand for articles of food is so inelastic that even a small excess of supplies exercises a disproportionately depressing effect on prices; and so long as it is Government policy to refrain from physical regulation of imports, such excesses are all too apt to occur, as we have seen in the case of butter. The kind of market situation that results cannot effectively be countered by salesmanship, no matter how energetic or well-planned.

'Surplus' Produce

Quite a substantial proportion of shipments, moreover (often quite enough to demoralise a market), are not competitive in any true sense of the word. They are not sent here in the regular course of trade, but simply because this is virtually the only country which will accept unlimited imports. They represent 'surplus' produce sent here in order to relieve congestion of markets in the country of origin; or produce de-

liberately withheld from consumption there and shipped to Britain with the object of obtaining much-needed foreign exchange on the London money-market. The Finnish housewife, for instance, has been paying the equivalent of 5s. a lb. for locally-produced butter in order that more of the latter could be shipped here; and in Argentina there is talk of re-instituting the meat-less days of Peronista régime in order to leave more beef for export.

Political Considerations

Even where import quotas exist, as in the case of certain horticultural products, they are liable to be used by the Government for political purposes without prior consultation with the producers concerned. A recent example is that of apples from the Lebanon, for which quotas were granted without any economic case being made out, and which, incidentally, had to be cleansed of arsenical spray residues to render them fit for human consumption.

Such shipments can hardly be said to represent normal trade; and their effect on market prices is commonly such as to occasion international ill-feeling rather than goodwill. But presumably, so long as Britain's position as an international financial and commercial centre is given priority, Britain's farmers and her regular oversea suppliers of food must continue to put up with the consequences.

That is why even the best salesmanship in the world will not obviate the need for farm produce price guarantees, supported by State subsidies to the extent necessary.

Utilising World Abundance

BY L. ST CLARE GRONDONA

Critique by A. A. HOOKER and Mr Gronдона's reply

1. Mr Gronдона is to be congratulated on presenting a clear and detailed thesis, although, as I shall endeavour to show, he overstates his case and, in my view, his proposals involve uneconomic expenditure and, if implemented, might prove disastrous to the economy of this country.

2. His plan is to create a number of National Buffer Stocks of certain basic commodities currently in surplus. These stocks would be accumulated by a 'British Price Stabilization Corporation' which would buy 'on scale down' for sterling or deferred sterling.

3. It is arguable that the purchasing power of some under-developed countries might be increased by the exchange of unsaleable commodities for sterling, but, as by far the greatest stocks of surplus commodities are held in the U.S.A., a transfer from the 'Commodity Credit Corporation' to the 'British P.S.C.' for deferred sterling, would not result in greater utilisation of those stocks which would merely be transferred from one stockpile to another.

4. It must also be realised that such a transaction would violate the F.A.O. 'Principles of Surplus Disposal' which have been accepted by thirty-six countries.

5. For example, if the U.S.A. decided to fill up the P.S.C.'s silos with wheat, when prices rose we should use that wheat and buy none from Canada.

6. The author states that the operations of his Corporation would be 'as

aloof as the judiciary from political, departmental or other interference or influence'. As the Corporation would be spending millions of pounds guaranteed by our government, this suggestion is unrealistic. It must, at all times, be subject to Treasury control, and therefore political interference.

The author estimates the H.Q. cost of the P.S.C. at from £25,000 to £50,000 per annum. In my view, this would barely cover the cost of office accommodation.

8. The annual operating expenses cannot be estimated. If the newly-built stores remain empty, these expenses would comprise interest on capital, maintenance and insurance of buildings and plant, and there would be no income. If these stores were filled, we must add interest on the purchase money, insurance of the stocks, and, in the case of many commodities such as grain, conditioning and periodic replacements. There would also be the cost of double handling to be borne by someone. The income to cover these costs is entirely problematical. In fact, it is dependent on a successful gamble.

9. So that our balance of payments should not be prejudiced, it is a condition of the Gronдона plan that P.S.C. purchases should be made in sterling only and that foreign currencies should not be used.

10. How is it proposed to prevent shippers and importers who buy our normal requirements in foreign cur-

rencies, from reselling to the P.S.C. in sterling?

11. In para. J.7, the author claims that his proposals would result in a 'continuously expanding multilateral trade'. In fact, there would be an initial expansion of trade when the P.S.C. bought and an exactly similar reduction when it sold.

12. The effect of the P.S.C.'s operations on sterling are impossible to foresee. If large purchases were made, the supply of additional sterling in foreign hands must create a potential menace to its stability. In the event, it would depend on whether the rest of the world thought our gamble was coming off or not.

13. The importance of the U.K. as the world's largest importer has been argued out of context with the size of world surpluses. For example, North America alone holds more than 42,000,000 tons of surplus wheat; we import 4,800,000 tons p.a. The U.S.A. and Argentina hold more than 30,000,000 tons of surplus maize, we import 1,600,000 tons p.a. In these circumstances, the importance of P.S.C. purchases as a stabilising influence has, I submit, been badly overstated. In fact, if the U.S.A., tired of carrying huge stocks,

decided to fill us up, the effect on international prices would certainly not be a rise.

14. The success or failure of a 'scale-down' buying programme depends mainly on the point in a price decline at which the operation is started. Commodity traders throughout the world have, for a hundred years, been trying to find a 'formula' to indicate this point, and there is no reason to believe that the 'Grondona Formula' is more likely to be accurate than any other. In addition to the risk of mis-timing purchases, some commodities, for a variety of reasons, might fall below the P.S.C.'s low point and stay there.

15. The basic idea of accumulating buffer stocks at declining prices is, I believe, perfectly sound, but the risks inherent in such an operation are far too great to be underwritten by the U.K. in isolation.

16. An international plan (which I am convinced is possible) would provide compensating advantages for any losses incurred by the operating body. There would be no such compensation for the U.K. if the British P.S.C. lost millions of pounds.

THE AUTHOR'S REPLY TO A. A. HOOKER

NOTE: Marginal numbers refer to those in Mr Hooker's Critique

MY system aims to give each of the chief durable essential commodities a minimum sterling value and (ultimately) a maximum sterling value—both such values to be subject to adjustments in prescribed circumstances. Special legislation is required to give effect to this system—appointed Price Stabilising Corporation (P.S.C.). Finance—as and when needed under the precise terms of the

Statute—would be provided by the issue of Government-guaranteed stabilising bonds.

P.S.C. would be responsible (a) for accepting and paying for specified commodities at the behest of delivering-sellers, on conditions and at prices specified in the Statute; and (b) (if and when it held reserves), for the sale *in situ* from these—always at the behest of collecting-buyers, on conditions and at prices (at a stand-

ard rate of premium) likewise specifically defined in the Statute.

P.S.C. would have no discretion as to the price paid to a seller (the low point) or—when it held reserves—as to the price charged to a buyer (the high point). It would itself employ neither buyers nor sellers. Though, when called on to function, each of its transactions would involve a substantial sum (because it could accept or sell only prespecified large units of quantity) the closest analogy to its functioning is that provided (in reverse) by a Post Office which, selling a shilling postal note for its face value plus postage at 2d., will redeem that same postal note for one shilling. P.S.C. would be as aloof from influence or interference—political or other—as is a postal official, or 'as is the judiciary'. Parliament can alter a law; but there can be no political or other interference with the administration of a then existing law.

Each commodity brought within the system (and, as applicable, each standard type of one commodity) would automatically at once have what would be called an initial valorising index, with the initial low point (at which P.S.C. could buy on delivery) 10 per cent below index; and with the 'conditional' initial high point 10 per cent above index (at which P.S.C. would sell on demand) 'conditional' because it could not be effective unless P.S.C. had then acquired stocks at the low point.

The formula for automatic determination of the level of the initial valorising index (and resultant points) as stated specifically in the Statute (referred to in my book as its 'Charter') would be in some such uncompromising terms as these: 'The initial index shall be at 12½ per cent

below a *datum* which shall be the lowest of three figures comparing: (a) market price at close of business on day prior to valorisation; (b) average of market prices at close of business on the Wednesday in each of the preceding 52 weeks; and (c) the average reckoned in the same way in each of the preceding 104 weeks. The initial low point shall be 10 per cent above index.' Hence, the margin between the low and high points would invariably be 22.2 per cent of the low point.

Thus, if the *datum* for one product was £100 per ton, the initial index—lower by 12½ per cent—would be £87 10s. The initial low point—10 per cent below index, and 21½ per cent below *datum*—would be £78 15s. Therefore, in the ordinary way, market price would have had to fall at least 21½ per cent (below market price at date of valorisation) before P.S.C. was called upon to buy. Having bought, it would stand ready to sell on demand, but only at the high point—10 per cent above index and 3½ per cent below *datum* (than which market price at date of valorisation could not have been lower, though it might have been higher).

The Statute would go on to provide that if P.S.C.'s intakes of any product aggregated a block (and it is proposed that one-eighth of the nation's normal annual requirements should comprise a block) its index and points fall automatically by 5 per cent; and by precisely the same values at the intake (if any) of each subsequent block of the same product. In the event of accumulations being reduced, this process goes into reverse. Hence, because all P.S.C.'s holdings would be regularly publicised, its automatic operations would

be as predictable by sellers and buyers as by itself.

P.S.C. would also afford storage for commercially-owned stocks—for which its Warrant (or receipt) would be a firm security for bank advances up to the level of the value of the then low point—at which deposits could be sold *in situ*. But, endorsed on the Warrant would be a proviso that, if the market price of commercially-owned deposits ever rose to the level of the relevant high point, the Warrant would have to be surrendered and the depositor receive payment at the low point when P.S.C. would stand ready to sell at the high point. However, this proviso would not apply to a depositor who satisfied P.S.C. that he was a bona fide user and that his deposit was for use exclusively in his own enterprise.

A.A.H. 1. There must have been an increase of 2½ per cent in the purchasing power of the £ in terms of any essential commodity before P.S.C. was called on to buy it. No producer in any part of the world would sell (anywhere) at a lower price in terms of his own currency than that he knew he could net by consigning to Britain and, as a last resort, selling to P.S.C. Each such acquisition would demonstrably strengthen our national economy.

A.A.H. 2. P.S.C. is inert. All the initiative must come, first, from sellers who are the arbiters as to the extent of sales to P.S.C. Payment in 'deferred sterling' would apply only to commodities in proclaimed surplus under the U.S. Commodity Credit Corporation; see next reply.

A.A.H. 3. If the U.S. C.C.C. consigned to P.S.C., its first such consignment would reduce British market prices by at least 3½ per cent;

when consignments to P.S.C. aggregated a block market prices would fall by at least 8½ per cent; at the intake by P.S.C. of two blocks, by 13½ per cent; at the intake of three blocks, by 18½ per cent—and so on. Thus, if P.S.C. acquired four blocks, the inevitable reduction in costs of commercially-imported wheat would be £25m. per annum lower (volume for volume) than in 1957 or in any one of the past ten years; or (on the basis of costs in the first half of this year) in 1958. P.S.C.'s commitments to C.C.C. in respect of four blocks—in the form of bonds maturing three years after each consignment was delivered, and including interest on those bonds—could not be more than £55m. But, during those three years, commercial imports would have cost less by £25m. per annum—a total of £75m. Hence, as a nation, after those three years—and after honouring our bond commitments—we should have enjoyed an over-all saving of £20m. in external expenditure chiefly in dollars and be then holding six months' reserves of externally debt-free wheat. And our future external commitments—so long as such reserves were held—would continue to be at least £25m. per annum less than before P.S.C. was established. It has been the (almost) wholly in hard-to-come-by dollars which has led to the increase in patently uneconomic additional production of home-grown wheat, not only in Britain but in all wheat-importing countries. With a reduction of some 25 per cent in imported wheat costs (and the holding of a half-year's reserves) we could reduce our own uneconomic wheat production—subsidized by from £8 to £10 per ton—and our farmers could turn their valuable lands to more advan-

tageous production. Moreover, world wheat prices, thereafter, could never be higher than the cost at which supplies could be had from P.S.C.; and, thereby, there would certainly be greater utilization of world abundance in wheat—and in any other commodity that came to be held in reserve under P.S.C. aegis.

A.A.H. 4. There is no infringement of F.A.O. principles involved; though these have already been violated, e.g. by U.S. disposals to India and Pakistan, on deferred terms with payment (in rupees) at 66 per cent below what the U.S. C.C.C. had paid to American producers.

A.A.H. 5. This distorts the effects of this system. None of the wheat in P.S.C. reserve could reach the market excepting at a premium of 22.2 per cent.

A.A.H. 6. P.S.C. would be a mere agent acting under Statute.

A.A.H. 7. For all practical purposes, P.S.C. could be housed in a cottage on the top of Snowdon. Finance Corporation for Industry (controlling investments of hundred of millions in diverse industries) is successfully administered from a small suite of six rooms, with a Chairman and part-time Board and a total staff of ten—including typists and the commissionaire. It would be a long time before P.S.C. would require as 'large' a staff as that.

A.A.H. 8. These are the reactions of a trader. P.S.C. is not a 'trader' in the sense of being concerned with a profit motive. It does not incur any handling costs. If its automatic functioning led to what in ordinary commercial accounts would figure as a 'loss on trading', this would invariably be far more than off-set in the 'National Balance Sheet' by the already enjoyed financial savings by the nation—as is

shown in respect of wheat (above). And the 'rate' of annual national financial advantage would continue to be the greater in proportion to greater investment in reserves in P.S.C. (i.e. public) ownership.

The operating costs could, in fact, be accurately measured in advance. In respect of storage, P.S.C. would require notice of delivery by sellers. It would not build stores unnecessarily. Capital cost of storage of (for example) four blocks (six months' reserves) of wheat and maize would not exceed £8½m.—including air-conditioning etc.; and that sum could be amortized in 25 years with an annual charge of £625,000 equivalent to rather less than 3d. per head of population. If a store was emptied—by sales—these would always be at a profit of 22.2 per cent which would be equivalent to about double the capital costs of the storage space so vacated (and then available for later intakes). Likewise, £100m. worth of reserves could be amortized in 25 years with annual payments of £7,125,000—equivalent to less than three shillings per head of population. In short, the cost equivalent of one week's national insurance would amortize some £400m. worth of P.S.C. reserves.

A.A.H. 9. The fact that all P.S.C. payments were in sterling would have no different effect on our balance of external payments than if such sterling were first used to buy foreign currencies that were then to be used to pay foreign sellers for their disposals to P.S.C. What does matter is that—under P.S.C. auspices—to the extent that it was required to buy any product, the United Kingdom would receive some 20 per cent greater volume of that commodity for every £1 expended upon it than at date of P.S.C.'s inception—or during the

two years prior to its inception.

A.A.H. 11. Reply: All disbursements by P.S.C. are additional to commercial disbursements (at prices decreasing in inverse ratio to P.S.C. accumulations) whereby all such P.S.C. disbursements add to the reciprocal buying power of the producers (compared to what this would have fallen to if P.S.C. were not operating). Constantly cheaper raw materials enable prices of manufactures to be relatively reduced—i.e. increased production (and sale) of basics means increased real reciprocal buying power and increased usage of basics by manufacturers—resulting in continuously expanding multinational trade—all tending towards the full utilization of world abundance.

A.A.H. 12. Such gamble (if any) is by those who sell to the U.K., whether commercially or to P.S.C., because their real payment depends upon what they can buy reciprocally in Britain for every £ they obtain. And efficient British industry can safely be left to look after that side—

when assured of continuity of supply of raw materials within a known realistic price range—with customers waiting cash-in-hand.

A.A.H. 13. No such overstatement is in my book. See page 82. Nor could the market price in any other wheat-importing country be above that at which P.S.C. would then sell on demand (plus cost of freight and insurance).

A.A.H. 14. That the finding of a suitable 'formula' should be left to traders would be like leaving the terms of the liquor-licensing laws to brewers and publicans. The formula as now proposed (with subsequent adjustments in prescribed circumstances scientifically relating effects to cause), is designed to serve the best interests of all concerned—producers, intermediary traders, user-industries and ultimate consumers. To suggest that market prices could ever fall below the level of P.S.C.'s low point—less cost of delivery to P.S.C. depot—is absurd, unless sellers had taken leave of their senses.

UTILIZING WORLD ABUNDANCE

A SYSTEM TO ESTABLISH ACCESSIBLE RESERVES OF ESSENTIAL COMMODITIES SO ADMINISTERED AS TO ACHIEVE CONTINUITY OF SUPPLY WITH REASONABLE PRICE STABILITY AT REALISTIC LEVELS

By L. St CLARE GRONDONA

'will mark the beginning of an era as surely as did the introduction of the gold standard'

PUBLISHED BY ALLEN & UNWIN

21/- postage and packing 1/3d

from

INDUSTRIAL ADVISORY BUREAU, 2a QUEEN'S PARADE, LONDON N.10

'Atlantis did Exist'

Conclusions of a Moscow Professor

ATLANTIS, the legendary land overwhelmed by the sea, which was described by Plato in the *Timaeus* and the *Critias*, did actually exist, says Professor N. Lednev, a Moscow physicist and mathematician.

He has reached this conclusion as a result of research carried out over a period of twenty years. After making a very careful analysis of the most ancient sources and comparing the information they contain with the most recent scientific discoveries, Professor Lednev suggests that Atlantis was a vast island lying to the west of the Straits of Gibraltar and stretching for hundreds of miles. This mysterious land, which according to ancient writers was exceedingly powerful, also included a group of small islands stretching across the

Atlantic Ocean up to the American continent.

Professor Lednev considers that decisive proof of the existence of Atlantis is provided by the fact that the relief of the ocean bed to the west of the Iberian peninsula coincides in a remarkable way with the geographical description of Atlantis given by Plato in the fourth century B.C. on the basis of earlier sources.

Professor Lednev has reached definite conclusions regarding the site of the capital of Atlantis, which was in the western part of the island. He places the date when the archipelago of Atlantis, with its sixty million inhabitants, sank beneath the sea, somewhere around the year 1500 B.C., in a period of considerable geological and climatic changes.

From Soviet News

Economic Aid

THERE has been a one-third increase in the amount of economic aid given to under-developed countries during 1956-57. The total figure in this period put the value of aid given at the equivalent of \$2,800,000,000. This includes bilateral as well as multilateral programmes.

Economic assistance was given under various programmes to forty-nine countries. A United Nations survey has been made on the whole field of economic aid covering all nations except Mainland China, North Korea, North Viet-Nam, and Outer Mongolia.

Laos got the largest amount of aid on a *per capita* basis, receiving \$35 per head of population. The *per capita* income for that small Asian country is also about \$35. Libya received \$31 per head of population, South Korea \$15, Cambodia and Viet-Nam \$9 and Iran \$4.6. Of the total aid given out in the period under review, about \$28 million was multilateral aid and \$2,500 million was in bilateral aid. By far the biggest contributor to bilateral aid was the United States with a total of close to \$1,500 million in grants and loans. Number two honours goes to France which spent about \$800 million, most of which went to the countries and territories of the French Union. The United Kingdom paid out \$156 million, also predominantly directed towards its overseas territories.

From World Farm News, I.F.A.P., July 1958

Wagery

By JACQUES DUBOIN

MARX died in 1883, and our present means of production have nothing in common with those of his day. Their power is so much greater that in 1936, three years before the second world war, it had brought about the unemployment of more than thirty million completely unemployed workers in the western nations. That is the figure supplied by the International Labour Office. At the same moment, production had beaten all records!

Now what is an unemployed worker? It is a worker whose work is not necessary, because a machine is doing it instead of him. Is that a reason to plunge him and his family into the blackest hardship? To proclaim that the proletarians can only become well-off through the increase of wealth, and then stop the factories and pay off the workers on the pretext that too much wealth has been produced and stocks are piling up—isn't that, speaking plainly, to make fools of people?

Wages are incorporated into prices in the same way as raw materials, power, credit, taxes, the profits of the owner, agent, wholesaler and retailer—so does one have to be very learned to discover that the level of prices inevitably goes up faster than the level of wages? As wages limit

(Translated from an article in 'La Grande Révèle', 5th July, 1958)

SASOL IN SOUTH AFRICA

OIL from coal production for the first half of 1958 amounted to 12,376,000 gals., while it amounted to 19,665,000 gallons for the whole of 1957, the Minister of Economic Affairs has told Parliament. In view of the Middle East crisis, production of petrol from the Union's vast coal reserves will be intensified. SASOL is now producing at the rate of 90,300 gallons daily; the Union's present consumption is 426.5 million gallons yearly (in 1957), while SASOL eventually hopes to produce 66 million gallons.

From African Economic Newsletter, July 26, 1958

consumption, and as increased productivity cuts out wage-earners, must we be surprised if our economic system of wages-prices-profits is running off the rails?

An End To Wagery

So we have to put an end to wagery. Work must no longer be a sort of merchandise to be bought at the lowest possible price on the labour market. The existence of the worker must no longer depend on the profits of the owner.

Work must become a social service to be done by everyone in rotation; which would considerably reduce the active career of the worker. This is the only way to achieve full employment in the age of cybernetics and automation. Wages should be transformed into a social dividend which would allow the worker and his family to live decently. And this social dividend should be paid to the worker even when his work is no longer necessary. This is the only way to get purchasing power up to the level of the power of productivity.

In other words, we have to distribute to the workers the wages which the machines are not drawing. They do not claim them, and that is why they, rather than workers, are used.

Readers' Commentary

THE EXPORT CREDIT PROBLEM

From: M.L., NEW YORK, N.Y., U.S.A.

COMPLAINTS are made by authoritative British manufacturers that their Government does not do enough in helping provide credit and that the U.S. with its Export-Import Bank (internationally illegal under G.A.T.T.) and now Germany and soon Russia will beat us out of traditional markets, using credit as a weapon.

On the other hand, the U.K. alone obviously cannot fight a trade credit war with the U.S. The Commonwealth, combined, could; but such a

conflict would be damaging to all parties and might lead to the break up of the 'Free World' group.

Yet England cannot stand by while her vital trade is taken by her 'partner', to whom it is not vital. There must then be a Commonwealth approach. A Commonwealth United Front need have no fear; but England, instead of 'increasing her liquidity', must hugely expand her basic industries either at home or in other Commonwealth territories.

FINANCIAL ACCOUNTANCY

FROM H. WM BRITTAN, 46 Howard Road, Glen Hills, Leicester.

IN your April issue Miss Corke gave a lucid exposition of the Douglas analysis and, in your June issue, Mr Willox has aptly summed up her comments by the statement that, 'as financial accountancy now operates, money-prices are generated faster than money-incomes'. That this is so is due to the fact that the system of costing and loan finance which we use is not self-liquidating. It is continually running down, and stalls unless it is fed by ever-expanding debt.

It is certainly remarkable that none of the orthodox economists have been able to devise a money accountancy system that will make financially possible what is physically possible. Even that eminent exponent of monetary technique, Maynard Keynes, was lured by his compeers to adopt a false objective—'Full Employment'. In reply to a question I once put to him, he said: 'The Douglas proposals are perfectly feasible, but they are no

more likely than my own to be put into practice'. When questioned in a Committee room of the House of Commons, Dr Robert Eisler gave a similar reply, but he added a comment that his scheme would put more people into employment than would accrue from the adoption of Major Douglas's proposals.

The problem of production is solved. Why then this cry for full employment? The difficulty today is about the conditions under which men are allowed to get what there is so much of. Those conditions are work and money. Men fight for the opportunity to be remuneratively active. The root of this absurd and tragic dilemma is the presence in our society of a financial policy designed for no such true economic purpose as delivering to persons what is available. Its aim is to increase the extent and value of its own money-lending activity.

Financial self-sufficiency cannot properly be achieved until income is no longer associated mainly with employment, but is made to reflect a nation's production instead of its effort. At this point Mr Keynes's views break down. It is not really for employment of labour and capital that nations have to over-reach one another in trade; it is only because such increased employment is a condition of increased money-incomes. The real statement of the situation is, if nations can learn to provide themselves (not, as Keynes' writing, with full employment) but with full pur-

chasing power for their own considerable production by their domestic policy, then there need be no important economic forces calculated to set the interest of one country against that of its neighbours.

There is a Law of Righteousness, and if societies offend against it, they will sooner or later destroy themselves. When the beneficial ownership of Britain's credit is restored to Crown, Parliament and People, then it will be possible for the British Commonwealth of Nations to become truly Christian and set an example to the world.

Exploding Myths

THE STRANGE VIEW is sometimes encountered that Britain is living on its past. Here are some facts which suggest that this is not so:

Production in Britain has increased by a third in the last ten years.

Exports are double their pre-war volume.

Capital Investment now takes a much larger share of the national income than pre-war. Britain provides 70 per cent of the external capital of the Commonwealth, whose population covers a quarter of the world.

Sterling finances nearly half the world's trade and payments.

Britain invests overseas a higher amount per head than any other nation.

Britain invests more in defence than does any of her allies except the U.S.A. She has developed her own hydrogen bombs and the means to deliver them.

Output per man employed in manufacturing rose by about a quarter between 1948 and 1956.

Published by British Information Services, New York

Fewer hours are lost by strikes in Britain than in any other western country save The Netherlands, Western Germany, and Sweden.

Farm output per man rose by two-fifths between 1948 and 1956.

The first nuclear power station on an industrial scale went into operation at Calder Hall in 1956.

The world's largest nuclear power station, at Hinkley Point, which will be the first to produce electric power at a cost virtually competitive with that from conventional stations, is now being built.

The Comet was the first turbo-jet to enter airline service.

The Viscount was the first turbo-prop to enter airline service.

The Britannia is the biggest airliner in service in the western world and is the first gas-turbine plane in transatlantic service.

The first gas-turbine ship was produced by Britain. It was a naval gun-boat.

LEADING EXPORT MARKETS OF THE UNITED KINGDOM by value, 3 months ended March 1958, with comparable figures for 1957

Number in thousands, value in £M

Exported to	1958		1957		Previous Best Post-war Year in Volume	Year	No.
	No.	£M.	No.	£M.			
CARS*							
1. U.S.A. ...	37.1	14.9	19.9	8.1	1956	38.2	
2. Union of South Africa ...	14.2	5.3	8.0	2.5	1955	28.0	
3. Canada ...	10.0	4.0	5.7	2.3	1950	76.3	
4. Australia ...	13.8	4.0	10.4	2.8	1950	122.2	
5. New Zealand ...	10.0	3.5	8.6	2.8	1954	39.3	
6. Sweden ...	7.1	2.4	3.5	1.2	1954	40.4	
7. Irish Republic ...	5.4	1.5	0.7	0.2	1955	23.1	
8. Fed. of Malaya and Singapore ...	3.0	1.2	2.3	0.9	1951	13.9	
9. Rhodesia & Nyasaland ...	2.5	1.1	2.8	1.2	1955	11.7	
10. Belgium ...	2.9	1.1	3.9	1.2	1956	17.6	
11. Others ...	26.3	11.0	24.9	10.1	—	—	
Total	132.3	50.0	90.7	33.3	1957	426.3	
COMMERCIAL VEHICLES							
1. Union of South Africa ...	4.4	3.3	3.0	2.1	1955	13.0	
2. Australia ...	5.0	2.6	3.5	1.7	1950	48.7	
3. New Zealand ...	4.3	2.1	1.6	0.9	1955	10.2	
4. Ghana and Nigeria ...	1.3	1.0	1.5	1.3	1956	12.5	
5. British East Africa ...	1.3	1.0	1.2	0.9	1955	6.5	
6. Rhodesia & Nyasaland ...	1.3	0.9	1.0	0.9	1955	3.5	
7. Denmark ...	1.4	0.7	0.9	0.4	1952	7.6	
8. Irish Republic ...	1.5	0.7	0.1	0.1	1954	6.0	
9. British West Indies ...	0.8	0.6	0.6	0.5	1957	2.9	
10. Finland ...	0.8	0.6	0.1	0.1	1952	4.6	
11. Others ...	14.0	11.3	15.9	12.4	—	—	
Total	36.1	24.8	29.4	21.3	1950	145.3	
AGRICULTURAL TRACTORS							
1. Australia ...	3.3	1.6	4.8	2.1	1951	22.5	
2. Union of South Africa ...	2.9	1.5	2.0	0.9	1951	12.1	
3. Brazil ...	1.9	1.1	0.3	0.2	1956	2.1	
4. New Zealand ...	1.4	1.0	1.9	1.0	1954	9.1	
5. Sweden ...	1.7	0.9	1.0	0.5	1953	11.2	
6. Finland ...	1.2	0.7	**	**	1955	7.6	
7. Denmark ...	1.3	0.6	1.7	0.8	1952	11.1	
8. Irish Republic ...	1.0	0.5	0.7	0.3	1954	4.6	
9. Canada ...	0.9	0.5	0.6	0.4	1951	7.0	
10. Norway ...	0.9	0.5	0.9	0.5	1954	4.8	
11. Others ...	11.0	6.2	10.7	6.0	—	—	
Total	27.5	15.0	24.6	12.7	1951	115.9	

Source: Board of Trade

*Chassis, except for Australia and Belgium, are aggregated under 'others' for 1958.

†Kenya, Tanganyika and Uganda only.

‡Includes 190 Road Haulage Tractors valued at £469,506 exported to all countries of destination for 3 months March 1958.

§Jamaica and Trinidad only.

**40 at £20,000.

From The Motor Industry Bulletin, June 1958

Digest Reviews

BETWEEN TWO FIRES

Ecrits pour une Renaissance. By 'Le Groupe de la Nation française': Pierre Andreu, Philippe Ariès, Etienne Bordaïn, Pierre Boutang, Jean Brune, Francois Leger, Jules Monnerot, Gustave Thibon. (Plon.) L'Europe en Question. By Marechal Juin and Henri Massis. (Plon.)

These are Nos. 29 and 30 in the lively controversial series, 'Tribune Libre', which has given a free platform to such distinguished and diverse personalities as Raymond Aron, Jacques Soustelle, Guy Mollet, René Massigli, Milovan Djilas, and the late Imre Nagy. Both are vigorous assertions of French patriotism.

The 'Nation française' is a Royalist-Nationalist group and its representatives have here set forth with moderation their hopes and ideas for national reconstruction. Written and edited before the events of May, this book is nevertheless most timely. The failures of Republican régimes give such men and their opinions a claim to be heard which those who think of French monarchism in terms of *Action française* excesses have been inclined to refuse. They are traditionalist, yet forward-looking. They are aware of the changes in French Society. They believe in Europe—but a Europe of nations. If they can make terms with other strains of French patriotism, given new hope last May and stimulated by the prospects of France's new frontier in the Sahara, they may contribute something of value to the revival of which they write.

L'Europe en Question is, we learn, to be published in English and it merits attention on both sides of the

Channel. Marshal Juin's essay on European strategy, written by a commander who knows the inside of N.A.T.O., dates a little, but he brings out well that connection between nuclear weapons and great power status so well understood by Mr Macmillan and General de Gaulle and the necessity in the era of long-range missiles of more self-reliance in Europe. M. Massis, a Grand Old Man of French nationalist thought and literature, believes like the writers of *Ecrits pour une Renaissance* in a Europe built on national, not supranational, lines—strong to resist the encroachment of Soviet imperialism and the financial federalism of the United States.

REAPPRAISAL

The New Isolationism, by Norman A. Graebner. (The Ronald Press Company, New York, \$4.00.)

Wayward allies of the United States are sometimes warned that it might again withdraw into isolation as after the first world war and the repudiation of President Wilson. Times have, however, changed much since the second world war and, like the Frontier and unrestricted Free Enterprise, isolationism has become more a part of the American Myth than a reality of American policy. A new isolationism is unlikely while U.S. economic policy rests upon the stimulation of exports through dollar aid and lending and the need persists, albeit perhaps not permanently, for bases across the world.

Nevertheless nostalgia and myth influence a democracy and Professor Norman Graebner, a humane and intelligent student of international

affairs, holds that recent American diplomacy has been distorted by its appeal to neo-isolationism. Like many American intellectuals, the Professor is not fond of Mr Dulles and he exposes the error of trying to mould the free world—or indeed the world—in an American shape. That way lies disaster. He concludes with words with which Mr Kennan and many on both sides of the Atlantic would sympathise:

'Above all, it is necessary again that American policy be geared not to the creation of illimitable objectives, but to discovering the means at home and abroad which will allow the Republic to live in some peace and security in a world of imperfection and continuous challenge.'

1931 CRISIS RE-EXAMINED

1931 Political Crisis, by R. Bassett. (Macmillan; 42s.)

Ramsay MacDonald's action in accepting the commission of King George V to form a National Government in August 1931 has been the subject of a great deal of controversy. Some have called it a great betrayal, while others have described it as a masterly stroke of democratic policy. Certainly the period which this book reviews was one of great importance in recent British history, and Mr Bassett throws a great deal of light on the subject in this detailed re-examination of the crisis. He brings out some hitherto unpublished material, and pays particular attention to the period between the formation of the National Government and the General Election of October 1931.

One factor stands out very clearly from reading the book: the appalling ignorance of the leading political

figures of the day on the economic and financial issues which lay behind the crisis. The author comments: 'Much criticism has been directed at the financial orthodoxy of the period, and the banking policies which had been pursued. . . . MacDonald took the advice of the recognised financial experts after consultation, as he said "every shade of opinion". That advice was overwhelmingly in accordance with traditional policies.'

In his conclusions Mr Bassett gives his view that the weight of evidence clears Ramsay MacDonald of having any unworthy personal motives in taking his decision to lead a National Government. He says: 'In taking his momentous decision, MacDonald, whether or not he decided wisely, was moved primarily by his sense of duty.'

WAGES AND INFLATION

National Wages Policy in War and Peace, by B. C. Roberts. (Allan and Unwin; 15s.)

The question of the introduction of a National Wages Policy has been much debated in recent years, and recent events have stimulated the discussion. In this survey the author examines the experience of other countries, U.S.A., Sweden, Australia, the Netherlands and Germany, as well as policies followed in Britain under Labour and Conservative administrations.

Mr Roberts reaches the conclusion that a centrally administered national wages policy cannot be relied upon to prevent inflation, and that economic stability must be maintained in some other way. The book will be of value to all who are interested in this important question of the relationship between wages and the

problem of maintaining economic stability.

INTRODUCTION TO ECONOMICS

Economics: An Introductory Analysis, by Paul Samuelson. (McGraw Hill; 52s. 6d.)

This is the fourth edition of an introductory analysis to economics by the Professor of Economics of Massachusetts Institute of Technology. This new edition is extensively revised and a new chapter on the economics of nuclear energy and automation has been added. The author writes in a lively and interesting manner and succeeds in bringing out the effect of economic events on the lives of ordinary people. His chapters on international trade are of particular interest to British readers. He comments: 'America has not yet succeeded in adjusting herself to the fourth stage of being a mature creditor nation'.

The book is exceedingly well produced, there are many charts and graphs, and each chapter concludes with a useful summary and list of questions for discussion.

WORLD DISARMAMENT

The Arms Race: A Programme for World Disarmament, by Philip Noel-Baker. (Atlantic Books (Stevens); 25s.)

Mr Philip Noel-Baker has spent a considerable portion of his life taking part in international conferences and negotiations about disarmament. He puts this vast experience at the disposal of the reader in a cool and reasoned manner, and gives his assessment of the prospects of securing international agreement. The history of the negotiations over the years since 1946 are surveyed, and the changes which have taken

place in that period are detailed. Mr Noel-Baker makes no attempt to minimise the great complexity of the subject, or to whittle down the appalling difficulties which must be overcome if agreement is finally to be reached, but he maintains: 'There is no military defence today for any nation except in drastic measures of disarmament, embodied in a multilateral treaty to which all governments subscribe'.

MAN OF GENIUS

Pioneer of Sociology: The Life and Letters of Patrick Geddes, by Philip Mairet. (Lund Humphries; 21s.)

'If there was any man of that age who strove consistently to direct science to the service of life, to the protection of the humble and the elevation of mankind, surely it was Patrick Geddes.' Thus Philip Mairet sums up the notable contribution made by Patrick Geddes during a life-time of pioneer work in the field of sociology and civic experiment. The author traces the life and work of Geddes from his early days as a student in 1874 to his death in 1932 and succeeds in conveying to the reader the remarkable achievements of a man of genius.

FOR REFERENCE

The Company Director: His Functions, Powers and Duties, by Alfred Read. (Jordan; 25s.)

This is the third edition of a useful handbook, prepared under the authority of the Council of the Institute of Directors. It sets out the functions, powers and duties of directors in a concise and well-documented manner, and will make an invaluable book of reference, particularly for those who are newly appointed to the board of a com-

pany. Viscount Chandos writes in the foreword: 'In my opinion every director, whatever the size of his company, would be well advised to have a copy of this book upon his shelves'.

K.-H. LETTERS

Letters from Africa, by Stephen King-Hall. (Geoffrey Bles; 13s. 6d.)

This is a collection of letters, mainly addressed to readers of the 'K.-H. News Letter', which the author wrote on a journey covering six thousand miles which he made in the Union of South Africa, the Federation of Rhodesia and Nyasaland, Kenya, Tanganyika and Uganda. His purpose was to study the political, economic and social problems in these territories, and his comments and conclusions make interesting and worthwhile reading.

GERMAN DOCUMENTS

Germany and the Revolution in Russia, 1915-1918. Edited by Z. A. B. Zeman. (Oxford University Press; 25s.)

Dr Z. A. B. Zeman, Fellow of St Antony's College, Oxford, has collected together in 1945 concerning the relations between Imperial Germany and the Russian revolutionaries in 1915-1918. These documents are now published in translation. They give a fascinating picture of the attitude of the German Government towards Lenin and his fellow-revolutionaries, including such stories as the 'seated train' which conveyed the revolutionaries across Germany, the financial support given, and German reaction to the seizure of power by the Bolsheviks in October 1917.

MIDDLE EASTERNERS

The Later Herods, by Stewart Perowne. (Hodder and Stoughton; 25s.)

Jordan, by Ann Dearden. (Robert Hale Ltd; 21s.)

Young Egypt, by Desmond Stewart. (Allan Wingate; 18s.)

Middle East Indictment: From the Truman Doctrine, the Soviet Penetration and Britain's Downfall, to the Eisenhower Doctrine. By Arslan Humbaraci. (Robert Hale; 21s.)

The successor to *The Life and Times of Herod the Great*, published in 1956, has even greater general interest because it sketches the political and imperial background of the times of John the Baptist and Our Lord and graphically describes the heroism and horror of the destruction of Jerusalem and the ruin of Judaea for which Our Lord wept. Mr Perowne sees in the history of the Herods a prime example of the tension between religion and the State and the problem of balance between the claims of Caesar and of God.

The Idumean dynasty of the Herods and episodes from the ministry of Our Lord are part of the earlier history in Miss Anne Dearden's attractive account of a precarious kingdom claimed, with some exaggeration, to be the Land of the Bible.

Jordan, like the other Hashemite kingdom, that of Iraq, owed its existence to Great Britain. Mr Desmond Stewart records, but dislikes, what Great Britain did in Egypt. His is a scrappy and sentimental book, intensely readable. It will infuriate some, can teach most readers something. At times it descends to such freshman cleverness as '... the Sermon on the Mount, whose practice even the clergy do not recommend'. Mr

Stewart seems to prefer the *Ulema* to any Christian episcopate. He is in love with Arab, like Wilfred Blunt, on whose diaries and judgment he unduly relies, and has written a most successful piece of propaganda for the Egyptian revolution and its reforms in the shape of a brief and brilliant history of Egypt from the intervention of Bonaparte—Mr Stewart's impression of the French adventure is fascinating and perceptible—to that of Sir Anthony Eden. He dislikes Cromer as much as he likes Nasser.

It may be admitted that Egypt, unlike India, is a failure of British imperialism, but the faults were of omission. British interests were insisted upon, British responsibilities to the ruled not fully discharged. Yet Nasser is not Nehru and Arabs have not responded as magnanimously as Indians to acts of abdication. Few Egyptians found a spiritual home in England, as did Nehru and Jinnah and many an Indian and Pakistani nationalist. Mr Stewart records an interview with a gentle and plausible Nasser who professed a hatred of bloodletting and explained away *The Philosophy of the Revolution*. Recognising the imperialism of Muhammed Ali, Mr Stewart naively disbelieves the aggression of the U.A.R. although the motive for expansion, for demographic and other reasons, is no less—nor the opportunity!

Mr Stewart is a sympathetic outsider; Mr Arslan Humbaraci has seen the Middle East from the inside. A Turk of cosmopolitan origins, and Communist past, he has held many passports but has fallen under the spell of the England of freedom and order. He is yet a stern critic of British follies and frailties in the Middle East and of the Baghdad

Pact and has much of interest to reveal about the Aswan Dam affair and the possibilities of Anglo-Soviet co-operation in 1956. Mr Humbaraci rightly relies on, and commends, the work of Mr Walter Z. Laqueur.

ASIAN ADVANCEMENT

Democracy and Economic Development in Asia. By C. Loganathan. *Nadaraja Limited (Nadaraja Buildings, Colombo 3).*

Portuguese India Today. Second Edition. By *Agencia Geral do Ultramar.*

There is much woolly and sentimental talk and writing about the raising of standards of life in underdeveloped countries; but Mr Loganathan's idea of a Development Savings Bank, first formulated early in 1957 before the Financial Resources Committee of the National Planning Council of Ceylon, is backed by the practical experience he has gained as General Manager and Chief Executive of the Bank of Ceylon. The State must clearly do much in Asia, but Mr Loganathan's proposals for mobilising private savings for investment through the private sector recognises the value of individual initiative. For him nationalisation is an expedient which should be limited to cases where a desired result cannot be achieved by other means.

Progress as well as tradition are part of this interesting illustrated account of Portuguese India which has outlived both British rule and the French establishments in the sub-continent.

SHORTER NOTICES

Democracy versus Liberty: The Faith of a Liberal Heretic, by Salvador de Madariaga. (Pall Mall Press; 10s. 6d.)

The cure for too great a concern for ham and eggs and too little

this book, the authors give a lively account of the techniques of the 'take-over bidders'. Isaac Wolfson, Charles Clore, Hugh Fraser, and Harold Samuel are among those whose activities are described. The authors consider that 'the bidders as a whole have expanded the businesses they have acquired and have improved profits by bringing to their newly acquired companies exceptional managerial skill'.

The Middle East: A Political and Economic Survey. Edited by Sir Reader Bullard. (Oxford; 45s.)

It is becoming increasingly obvious that the area of the world known as the Middle East is vital to the rest of the world, whether looked at politically, economically or strategically. Events move with such rapidity that any survey which attempts to analyse the problems of the Middle East very soon becomes out of date. Hence this third edition of a book which brings the story up to the autumn of 1957.

Many distinguished contributors have supplied material to this new edition, which is issued under the auspices of the Royal Institute of International Affairs. The book will be an invaluable source of reference to both the specialist and also to the general reader.

BOOKS RECEIVED

Economic Synthesis, by Boris Ischboldin. (New Book Society of India; £2.)

Business Cycles and Economic Growth, by James Duesenberry. (McGraw Hill; 50s. 6d.)

about liberty shown by people living in countries where liberty is taken for granted is 'ten years in Pentonville prison with ham and eggs for breakfast every day'. Thus writes Salvador de Madariaga in this challenging book, which can be thoroughly commended to all who like stimulating and unorthodox ideas.

The Trades Union Congress, 1868-1921, by B. C. Roberts. (Allen and Unwin; 35s.)

This is a useful full-scale study of the T.U.C. from the date of its foundation in 1868 up till 1921, when its constitution was revised and a new era began. A further study by the same author, covering the subsequent period, is under way.

Productivity and Economic Incentives, by J. P. Davison, P. Sargent Florence, Barbara Gray, N. S. Ross. (Allen & Unwin; 35s.)

The results of investigations in factories, laundries and co-operative stores carried out by members of the Faculty of Commerce and Social Science at the University of Birmingham are published in this book. Professor Sargent Florence contributes the first chapter which deals with past and present incentive study. Other subjects covered by contributors include productivity and earnings in manufacturing attitudes and reactions of factory workers, incentives and shop productivity in co-operative societies and trade union and labour reaction to incentives.

Bid for Power, by George Bull and Anthony Vice. (Elek Books; 25s.)

Take-over bids have been much in the news since the end of the war. In

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).

For Accountants

Accounting by Electronic Methods—An Introductory Outline. The Institute of Chartered Accountants in England & Wales. (2s. 6d.)
Information on new equipment and problems surrounding its use. (998)

N.Z.—U.K.

New Zealand Company Law. Australian & New Zealand Bank Ltd. Compares New Zealand practice with that of the United Kingdom. (999)

P.E.P. Reports

The British Film Industry 1958. P.E.P. (5s.)

A report on the affairs and operations of the film industry. (1000)
Problems of Freer Trade in Europe. P.E.P. (2s. 6d.)

Comments on the underlying problems and speculates on the kind of arrangement which will ensue. (1001)
Refugees in Britain. P.E.P. (2s. 6d.)

A report on the problem arising from the influx of Hungarians and Anglo-Egyptian refugees. (1002)

Digest Spotlight focuses on**Mr A. de V. Leigh, C.B.E., M.A.**

Secretary of the London Chamber of Commerce

MR A. de V. Leigh, who has been Secretary of the London Chamber of Commerce for the last thirty-five years, is retiring on the 29th September.

When Mr Leigh became Secretary in 1923 the Chamber occupied the old headquarters of the National Telephone Company in Oxford Court, Cannon Street, of which, being designed partly as offices and partly as a warehouse, the rent was low—a vitally important matter to the Chamber in those days.

The Chamber had formed a company for the purpose of acquiring a suitable building by financing it through mortgages, debentures and passing the hat round. Fortunately however, Mr Leigh was always asked whether the prospective purchase would be suitable for the Chamber's purposes and to this he replied 'no' for the next eleven years. He took the view that it was wrong for a Trade Association, not trading for a profit, to incur debt. By 1933 it was possible to put the Building Company into voluntary liquidation, and the main part of the Chamber's present fine building in Cannon Street was opened by the late Duke of Kent in 1934, having been paid for entirely out of reserves. In 1939 the extension on the East side was completed, the cost being similarly met.

It must have been a very proud day for Mr Leigh when on the 17th June last the Lord Mayor opened the extension on the West side, so completing the building which had cost £160,000 all told, without any debt

being incurred, and providing the Chamber with an asset which, if sold, would probably realise £400,000. None of this would have been possible without the remarkable growth in the Chamber's prestige both in this country and overseas, accompanied by a doubling of membership and the building up of a first-class staff.

To readers of this journal, however, Mr Leigh will be specially remembered by the campaign which he has carried on for twenty-six years in an endeavour to bring home to business men all over the world the need to recognise that the nineteenth century system of international payments was killed stone-dead when the first shot was fired in the 1914-18 war, and could never be restored: that all attempts to do so could only lead to disaster—as indeed has been proved by events. He has emphasised that we can no longer, in this atomic age, afford to carry on the old system of international financial and economic aggression against each other, and that if there is to be any hope of peace in the world, we must have a system of international payments which will convert the present cold war between the nations into a peaceful and good-neighbourly system of exchanging goods and services to their mutual advantage. To do this he evolved and put forward, twenty-six years ago, a system of multilateral contra-account under which it would be up to each nation to square its accounts with the world under

[continued on page 271]

WITHOUT LAND

—Life is Impossible

WITHOUT LIBERTY

—Life is intolerable

*Send postcard for free copy
of the next three issues of*

LAND & LIBERTY

177 Vauxhall Bridge Road, London, S.W.1