



## A New World of Full Employment

BY LORD BEVERIDGE

WHEN I began to study social conditions in Britain fifty-five years ago, the outstanding problem was unemployment. Great numbers of men and women able and anxious to work for their livings were unable to find a regular job at any time. And every few years, in a trade depression, the numbers unemployed rose steeply, from a minimum of about two per cent to eight or ten per cent for a year or two. This was the famous trade cycle.

Today, instead of chronic unemployment and the trade cycle, we have, in Britain, full employment. What exactly do I mean by those two words?

Fourteen years ago, in a book called *Full Employment in a Free Society*, I defined full employment in six words: it means having always 'more vacant jobs than idle men'. That seems to me the best definition still. As the six words make plain, full employment does not mean that there will be no unemployment at all, no idle men. For reasons given I argued then that in Britain we might have as much as three per cent of unemployment; that would not matter, if there were always a job waiting, labour exchanges to show where the job was, adequate maintenance till one got the job.\*

### The Way to Full Employment

The essential for full employment is 'more vacant jobs than idle men'. How can we make sure of that al-

ways? It means having always effective demand for goods and services, requiring for their production all the labour in the country. Effective demand means demand backed by money. Only the State can make sure of that. It need not itself become the employer of everybody, but it alone can make sure of adequate demand backed by money.

And it alone has the responsibility for the lives and happiness of all its citizens. The trade cycle of the nineteenth century happened because money was being managed by people mainly interested in money. I made my plea for a wider outlook:

A conscious control of the economic system at its highest level—a new type of budget which takes manpower as its datum—adequate sustained directed demand for the products of industry—organisation of the labour market—these are required in any modern society. These things the State must provide in any case, if the citizens want full employment.†

There are times when in almost every country the State does provide all these things as a matter of course—when it is at war. And full employment follows naturally. Our business now is somehow to get and keep full employment without war, by maintenance of effective demand for other things than weapons.

Assuming full employment established, what follows from it in the way of new problems?

\*See *Full Employment in a Free Society*, pp. 127-128. There might be more unemployment in a progressive changing community than in a stagnant one. Actually in Britain unemployment since 1945 has been materially below this theoretic figure of three per cent.

†*Full Employment in a Free Society*, p. 206.

### Practical Problems of Full Employment

I examined these fully in 1944, in discussing the international and the internal implications of full employment. Here I confine myself to one point of each type.

First, full employment is possible for a country largely involved in international trade, as Britain is. But demand from overseas consumers cannot be maintained directly by the British Government. The only remedy for decline of overseas demand is to expand demand at home—a thing that can be done but may take time, during which some unemployment may occur. The practical conclusion is that a country with international trade should budget for slightly more unemployment than a country that is wholly self-contained, say three per cent of an average rather than two per cent. At the moment we in Britain are threatened with some decline for our products by the recession in the United States. That may naturally send up our unemployment percentage unless and until demand grows elsewhere. This risk is a price worth paying for the economic advantages of international trade.

Second, among the internal problems of full employment, the most difficult is the method of determining wages. Full employment strengthens greatly the bargaining power of employees and their trade unions. If, with this change, wage bargaining continues to be conducted exactly in the same way as hitherto, the result may be unfortunate. There is a real danger that sectional wage bargaining pursued without regard to prices, may lead to a vicious spiral of inflation, with money wages chasing prices and without any gain in real

wages for the working class as a whole.'

So I summed up the wages issue in 1944. But, though I dealt with wage determination as an obvious new problem raised by full employment, it was and is by no means the only problem. Price fixing, monopolies, business rings, called for equal examination. 'Price policy', I concluded, 'must be an integral part of a full employment policy' for the State. 'It should be a policy of maintaining a stable value of money in terms of necessities, with wages rising both in money terms and in real terms as productivity per head increases.'

### Four Questions for Today

We have had experience of full employment and what follows from it in Britain now for thirteen years of peace. What do I think of it today?

First, do I wish to go back from full employment to unemployment? Emphatically and finally: No! Any one who doubts this answer and still clamours for 'a buyer's market for labour' should read what unemployment used to mean to the individual, as set out in Part VII of my book. If he feels worried about the effect of full employment on industrial discipline and readiness to work one's hardest, let him realise that in the past lengthening one's job by ca'anny or restrictive practices was the natural result of fear of being unemployed indefinitely when that particular job ended.

### Stable Money

Second, do I still think that action by the State to maintain stable money is an essential part of full employment policy? Emphatically and more strongly than ever: Yes! Stable money is the basis of individual liberty and responsibility of each

citizen for planning and managing his own life and the lives of his dependants. In a free society, to keep money stable is an inescapable duty of the State to its citizens, a third task ranking with the two familiar ones—of peace abroad and order at home.

Third, since full employment depends so much on action by the State, for maintenance of effective demand enough to use the total labour force or more, and for preserving stable money, is full employment possible without socialising most of industry? My answer today, as in 1944, is that full employment can be combined with private control of industry. How successfully and widely it can be combined depends on the spirit of those who work in industry, whether as employers or as employees. Full employment is possible in a free society and in a Socialist society alike.

#### Remorseless Inquiry

Fourth, do I think that the danger which I foresaw fourteen years ago, that sectional competitive wage bargaining under full employment might make stable money and prices impossible, is being realised today? This question I answer in two stages.

First, the recent rise of prices in Britain has been unparalleled in our history. In what used to be known as the Great Inflation, begun by Henry VIII and the influx of silver from America in the sixteenth century, prices rose three times, that is to say the £ became worth about six shillings for buying things. Our £ has just done about the same in the twentieth century. But the Great Inflation of the sixteenth century 'look about 120 years to make the £ worth six shillings only. We have gone much faster today, done the

same thing in twenty years—a disaster to our money that has no precedent.

Second, a disaster of this sort makes an overwhelming case for impartial remorseless inquiry: Who done it? In that inquiry no one must be spared—Government, bankers, employers, trusts, trade unions, organisers of hire-purchase. I should be quite prepared to learn from such an inquiry that not one only of these but several or all of them or others not mentioned above were helping to make our trouble, must somehow change their ways to make stable money possible again. I have my own ideas on all this. We need, however, not just ideas but facts and unanswerable arguments.

Full employment always, without going to war and without inflation, is not going to be easy. In some countries, it may prove harder to get than in others, because of their size or form of government. In all countries it presents the difficulty that it needs people to change their ways, and people who think they are doing well for themselves don't like to change. So I want this impartial remorseless inquiry not only to tell us who is causing inflation but to show the human misery that inflation means today to all who have to live on fixed incomes or on what they have saved for old age.

This answer brings me back to my title. Full Employment is a new world of hope and opportunity, in place of the old world of fear and grab and hate in which many of us learned our ways. It is a world with a different climate from the old one. Let us realise that a different climate calls for different clothes, that what may seem necessary in Arctic regions is wrong for a temperate zone. Let us stop thinking in terms of money and

think of productivity. Let us stop and restrictive practices of all kinds on both sides and make of them a team for getting things done.

## Utilizing World Abundance

An Address by L. ST CLARE GRONDONA  
(who was the subject of Digest Spotlight in our June issue)

THE importance of continuity of supply of commodities at realistically-stable prices, and a means of achieving this, was the subject of an address, at a dinner at the House of Commons on June 10, by Mr L. St Grondona, whose recent book *Utilizing World Abundance* is being widely discussed in political and business circles. Those present included Parliamentarians of all Parties and representative business men. The dinner was arranged for the Economic Research Council by Mr John Biggs-Davison, M.P., who presided.

Mr Grondona said that reasonable stability in the industrial superstructure—and in the cost of living—was unlikely until there was stability at the base of our economy. Since post-war decontrols, prices of raw materials and basic foods have fluctuated in a bewildering manner: copper by 102 per cent, tin by 184 per cent, jute by 214 per cent, cocoa by 218 per cent, sugar by 188 per cent, wool by 590 per cent, and rubber by 798 per cent. A stable economy could not be built on such shifting sands. Wild fluctuations were disconcerting both to producers and to user-industries. They frustrated intelligent budgeting and choice of materials, disrupted reciprocal purchasing power, militated against investment in basic production, and imparted a de-stabilising palsy to the

flow of trade and international payments—with ever-recurring crises.

#### Price Stabilising Corporation

The remedy, said Mr Grondona, could be provided by a British Price Stabilising Corporation (P.S.C.)—a statutory body as aloof as the judiciary from interference—financed by Government-guaranteed 'stabilising bonds'. It would be concerned only with basic products not likely to deteriorate if properly stored—industrial metals, textile raw materials, grain and many others. Each such commodity would have a 'valorising' index (by applying a simple formula to prices in recent years); and the P.S.C. would then stand ready to buy, on delivery of pre-specified large units of quantity, but with payment only at 10 per cent below index (the low 'point'); and, if and when it acquired reserves on that basis, it would sell on demand—but only at 10 per cent above index (the high 'point'). The initial low 'point' would always be substantially below market price at date of the system's inception. If the price did not fall to the low 'point', P.S.C. would not acquire reserves; but, if it did so fall, reserves would certainly be established—and the high 'point' would become effective.

However, if P.S.C. accumulated what would be termed a 'block' (equivalent to one-eighth of the

nation's annual needs of any product) there would be an automatic drop of 5 per cent in that product's index and 'points'; and there would be a further drop of 5 per cent at the intake (if any) of each additional 'block' of that product—with the process going into reverse if the number of 'blocks' diminished. No one would sell to P.S.C. excepting as a last resort; and (when stocks were held) none would buy from it excepting as a last resort. Hence, the normal volume of trade would continue as usual in the markets—with a range between the low and high 'points' that would provide ample scope for profitable dealing and brokerage. The P.S.C.'s functioning would be automatic, and as predictable by sellers and buyers as by itself.

#### Storage Provided

In the absence of such a system, a small surplus to current market needs—say 2½ per cent—might lead to a fall in price of 10 per cent, or much more; and, conversely, a small real (or presumed) shortage could cause prices to rise out of all proportion to its cause. Under P.S.C. auspices, if prices fell to the level of the low 'point', user-industries and merchants could buy with the knowledge that competitors could not then under-buy them. Therefore, to encourage user-industries and others to establish their own reserves, P.S.C. would provide storage facilities in its depots at net cost of space occupied by commercial owners—but only in the quantity-units it

would be prepared to buy. Depositors would receive the P.S.C.'s warrant (or receipt) for each lodgment, and this would be a firm security for bank loans up to the level at which a deposit could be sold *in situ* to P.S.C. at any time. But, in the event of prices (of any deposited product) arising, in any recognised British market, above the level of the relevant high 'point', the warrant would have to be surrendered and P.S.C. would pay at the level of the low 'point', and then stand ready to sell at the *high* 'point'. It would be unlikely that anyone would allow this to happen; but such a proviso was essential to obviate attempts at cornering. However, it would not apply to any *bona fide* user who had prudently established reserves exclusively for his own use.

Mr Grondona said it was demonstrable that no appreciable strain, internal or external, on the nation's finances would be involved; and his explanation of the administration showed it to be designed to achieve maximum economy. Because P.S.C. depots for dutiable goods would be bonded, it would not be hampered by tariffs; and the fact that it was always in the background ready to function would not conflict in any way with trade agreements, existing or in prospect. If and when P.S.C. had accumulated substantial and diversified reserves, sterling would have both minimum and known maximum values in terms of commodities essential to world economy—an order of affairs for which all would wish to strive.

## Commonwealth Survey

### (1) BUTTER—AND BANKS

ONE useful effect of the controversy over butter prices has been to focus attention rather sharply upon the need to clarify our ideas about Commonwealth trade before the delegates to the Economic Conference assemble in Montreal next September.

There has been widespread sympathy in Britain for the plight of the New Zealanders on the other side of the world. Mr Skinner, the Deputy Prime Minister of New Zealand, could hardly complain that he has lacked support and the British Government finally accepted his case.

Nevertheless the fact is that the economic ties have been weakening, not merely between the U.K. and New Zealand but between Commonwealth countries as a whole. True, total Commonwealth trade has increased in the post-war years but the relative importance of inter-Commonwealth trade is steadily declining.

#### Clear Warning

If this process continues there is no knowing where it may stop. New Zealand's difficulties have given clear warning of the danger.

Nor does it follow that better times would see a restoration of the old patterns of trade. Import restrictions nearly always give a fillip to domestic secondary industries. This is not a bad thing if such industries develop on economic lines, but if they can survive only when sheltered by high tariffs then, in the end, they will have added little to the aggregate economic strength of our Commonwealth family.

Another disturbing feature of the situation is that in fields where Britain might be expected to do well in Commonwealth markets—in engineering goods and constructional projects—her competitors are beating her not on price or quality but because they can offer more advantageous credit terms.

*The question is what can be done to stimulate normal and healthy trade between Britain and her Commonwealth partners?*

It will be the purpose of the Commonwealth Economic Conference to furnish the answer. At this stage, however, it is not easy to forecast what will appear on the agenda, let alone what will emerge from the discussions.

For this there are at least two reasons. First, it is impossible as yet to judge what the world economic climate will be like in the autumn, for so much depends on whether the American recession is halted by then and expansion resumed. Second, although we do not doubt that the European Free Trade Area, or something like it, will materialise in the end it now looks unlikely that any definite steps will be taken this summer.

In a real sense, this gives the Commonwealth room for manoeuvre and it is to be hoped that the opportunity will be seized with courage and imagination to discuss ways and means of strengthening the economic ties of our unique family of nations.

#### Commonwealth Bank

By reviving the suggestion that we  
From *The New Commonwealth*, May 26th, 1958

should establish a Commonwealth bank, Mr Harold Macmillan seems very well aware of this. Twelve months ago, the idea was rejected by almost all the Commonwealth Governments on the not unreasonable grounds that what was wanted in a capital-hungry world was not a new institution but new savings. Admittedly, no one has yet defined what would be the precise functions of such a bank. It should not be just an agency through which finance capital could be channelled into worth-while projects of a kind that would strengthen the Commonwealth system as a whole, but also an instrument for shaping and coordinating the economic policies of Commonwealth countries.

There is, in fact, a less ambitious but certainly practical idea which might do a great deal to stimulate inter-Commonwealth trade. This is the proposal for a British Import-Export Bank from which overseas Commonwealth countries could obtain short-term and medium-term credit for their essential import requirements. The condition would be that such credit would be tied to purchases from the United Kingdom.

#### Providing Capital

The capital for the Bank could be

### (2) CAPE WINE TO FRANCE

SOUTH African wine will be exported in such quantity to Europe later this year that it will be pumped, like petrol, into special wine tankers for transport by sea. A representative of French wine interests has flown home after concluding an agreement with two Paarl wine firms for the supply of dry red table wine in bulk for the French home market.

The manager of one of the firms

found possibly by the United Kingdom earmarking funds out of the growing surpluses which the improved terms of trade are now providing at the expense, largely, of Commonwealth primary producers. Alternatively, Commonwealth countries with sterling balances in the United Kingdom might be asked to subscribe, perhaps on an equity basis, an agreed part of their balances, the U.K. contributing say £ for £.

We are attracted by such a scheme, which appears to have three practical advantages. First, it would enable Britain demonstrably to help the primary producing countries at a time when the terms of trade are running against them; but when the movement is in the opposite direction and Britain is having to pay more for her imports, then her contribution to the Bank might be reduced in relation to the amount by which the sterling balances increase. Second, by providing better credit facilities for specific projects our exporters of goods and services would be given valuable help against their competitors.

Thirdly, the scheme would give a new impetus, a new direction and purpose to Commonwealth economic relations at the very time when these are most needed.

said in a newspaper interview that about 720,000 gallons of red wine of the *vin ordinaire* type has been ordered because of the scarcity of wine in France. As a result of two successive poor seasons in France, during which temperatures fell to 32 degrees below zero, many vines had been killed and the country had been left with a serious shortage, particularly of *vin ordinaire*.

### (3) CANADA IN 1980

THE desire to know what lies ahead stirs all of us at one time or another. But it is a desire seldom satisfied. We know too little of where we are or even of the broad direction in which we have moved in recent years, let alone the obstacles or opportunities ahead that may divert us from our present course, to be able to predict the future with confidence. Nevertheless, while accurate forecasts are difficult to the point of being almost impossible, they must frequently be attempted, for it is necessary to form an impression of what the future holds in order that plans may be laid today to meet the needs of tomorrow. The task of forecasting is a challenging one. And no greater challenge has been faced in this field than by the Royal Commission On Canada's Economic Prospects, which in 1955 was appointed to investigate and report on 'the probable economic development of Canada and the problems to which such development appears likely to give rise'.

There are few subjects that do not have some bearing on the economic future of a country like Canada. The Commission travelled back and forth across the country, conducted public hearings in fourteen cities and received over 330 submissions from organisations and individuals. In addition, thirty-three separate studies on various aspects of the Canadian economy were prepared at its request. The results are summarised in the recently issued Final Report (a Preliminary Report having been published in 1956) which is at once a comprehensive survey of the Canadian economy, a history of its development, and an appraisal of

how it is likely to grow over the years to 1980. The report also contains a number of recommendations which, if implemented, would in the opinion of the Commission help Canada to realise its full potential.

To summarise the whole report would be beyond the scope of this Review. But for those of our readers who cannot spare the time to read its 509 pages, highly readable though they are, the salient features of those parts that apply to the future are presented in condensed form, without comment, hereunder.\*

**How much will Canada's population grow?** Assuming a net immigration of 75,000 a year, the population of Canada in 1980 will be in the neighbourhood of twenty-seven million—nearly ten million more than at present.

**Will population growth create any special problems?** The report concludes that there probably will be times 'when we will be glad to take advantage of the need to provide social capital' in order to stimulate economic activity. At the same time, a growing demand for goods and services should facilitate technological change and increase productivity, thus offsetting the inflationary pressure. A larger population should also lead to the establishment of new industries and a broader diversification of the Canadian economy.

**Will the labour force expand as rapidly as population?** The labour force—all civilians over fourteen years of age who are employed or looking for work—is expected to grow somewhat more rapidly than

\*We publish only the conclusions—Editor, E.D.

From the *Bank of Montreal Business Review*, May 27, 1958

population and may rise to nearly ten million people by 1980, an increase of almost eighty per cent over 1955. But the low birth rate of the 1930s will result in a relative scarcity of both males and females in some of the age groups that participate most fully in the labour force.

**Should immigration be encouraged or restricted?** The report concludes that a substantial flow of immigrants, particularly skilled and professional workers, will be required at least until 1970, and that steps should be taken to encourage this. Indeed, it says that 'it is our conviction that the economic advantages of continued immigration are substantial enough to justify an attempt to maintain a stable immigration policy even through periods of mild recession in Canada'.

**How will agriculture fare?** While farm production will continue to grow, it will form a smaller percentage of the total output of the economy. Exports will decline in importance, for while Canada should be able to maintain its traditional share of a very gradually increasing world market for wheat, the U.S. will be the only market of any consequence for other farm products, and even this will not expand greatly. The main stimulus to demand will therefore come from the domestic market, and one consequence of this will be that livestock production will become relatively more important.

The report stresses the need to avoid any policies that would perpetuate uneconomic farming or stimulate over-production of agricultural commodities.

**What are the prospects for Canada's resource industries?** It is esti-

mated that by 1980 the output of Canada's resource industries—forestry, fishing, mining and electric power—may be nearly four times as great as in 1953-55.

**How will energy consumption be affected?** The total quantity of energy required will probably rise at a rate of some 4½ per cent a year. By far the greatest part of energy requirements—between two-thirds and three-quarters—will by the end of the period be provided by petroleum and natural gas. Consumption of natural gas is expected to show the most rapid increase.

In order that the best possible use may be made of our energy resources, the report proposes the establishment of a national energy authority responsible for a sound and comprehensive policy regarding the development, exports, imports and consumption of all forms of energy in Canada.

**What are the prospects for secondary manufacturing?** On balance, it is felt that secondary manufacturing should grow to the extent that by 1980 it will account for 25 per cent of the nation's total output of goods and services compared with 22 per cent in 1953-55.

It is suggested that the competitive position of these industries would be improved through consolidation, and that special depreciation allowances should be granted in some cases in order to encourage a greater mechanisation of operations.

**How fast will productivity rise?** Because of technological changes, productivity—the output of the average worker—is expected to rise very rapidly. Output per man-hour in the business sector should grow at a compound rate of between 2.5 per cent and 3.25 per cent a year, compared with an average 2.68 per cent

during the period 1949 to 1955. In agriculture, the rate of growth may be 3 per cent annually until 1970, but subsequently may decline to around 2.5 per cent as the scope for further mechanisation diminishes.

**What level of output in 1980?** The Commission estimates that between 1955 and 1980 the increase in farm production should be of the order of 25 per cent; Government and community services should double in size; and output in the business sector may be more than three times that of 1955. Assuming that full employment (defined in the report as a condition in which 97 per cent of the labour force have jobs) will generally be maintained over the period, it is estimated that the gross national product, measured in dollars of 1955 purchasing power, will be approximately £76 billions in 1980 compared with \$27 billions in 1955 and \$29 billions last year.

**What benefits will Canadians receive from this growth in output?** The answer given to this question is that the average Canadian will have, after tax, about two thirds again as much net income in real terms as in 1955. Other benefits will take the form of earlier retirement and more leisure, with average weekly hours of work in agriculture declining from 55.3 in 1955 to 43.75 in 1980 and in business from 41.3 to 34.3.

**What changes are in store for Canada's foreign trade?** Between 1927-29 and 1953-55, imports fell from 30 per cent of the gross national product to 23.6 per cent, while the proportion of exports to G.N.P. declined from 28 per cent to 21.6 per cent; by 1980, these relationships are expected to fall still further to 19.8 per cent and 18.5 per cent respectively. However, exports will still be domi-

nated by commodities such as pulp and paper, lumber, non-ferrous metals and asbestos. Petroleum, natural gas and iron ore will increase in importance, while exports of agricultural products will decline relatively.

**Should Canada's tariff policy be revised?** The answer that the report provides to this question is that there should be no substantial increases or decreases in the level of the tariff but, in order to keep pace with changing conditions, a continuing re-examination of the whole tariff structure is recommended. An investigation into the question of dumping of goods from abroad at less than their fair market values, and a revision of the Customs Act for this purpose if necessary, is also advocated.

**Will we be as dependent upon foreign capital in 1980 as we are now?** As in the past, the report says, there will be an inadequate supply of Canadian equity capital; to help offset this it suggests that the limitations and restrictions on trustees and life insurance companies in making equity investments be modified. But even if this is done, Canadians will not be able to provide 'all or even a substantial proportion of the capital which will be needed for equity financing in the years to come' and we shall continue to rely upon a heavy inflow of foreign capital, although our dependence in this respect will be relatively less than it is today.

**Could foreign control of Canadian industry create problems?** Non-resident investment, the report points out, has made an important contribution to Canada's development in the past and will continue to do so in the years ahead but, while any problems that might arise seem



Mr Ellinger is careful to emphasise that he is writing for the beginner who knows nothing of the subject. He makes no attempt to cover the whole field of Stock Exchange investment, but covers fully the various types of company security—debentures, preference and ordinary shares—also the reader is told how to interpret a balance sheet. The book is full of information for those who want to know how to make the best use of their savings.

#### ENCOURAGING WORLD TRADE

*Utilizing World Abundance*, by L. St Grondona. (Allen and Unwin; 21s.)

Mr Grondona's latest book has met with a really significant reception, from the press and on all sides in Parliament. He gives a detailed explanation of the system he proposes, to establish accessible reserves of essential commodities so administered to achieve continuity of supply with reasonable price stability at realistic levels. The author of this important book was the guest of honour at the Economic Research Council's dinner at the House of Commons on June 10, and a précis of his scheme is published on page 203 of this issue.

#### REPORTS ON 'BOFFINS'

*The Sources of Invention*, by John Jewkes, David Sawers, and Richard Stillerman. (Macmillan; 31s. 6d.)

The authors of this book have posed the questions: 'Where and under what conditions have industrial inventions arisen in modern times?'—'Have important changes taken place in their sources as between the present and the last century and, if so, why?' Part I covers a general survey of inventors

and inventions in the nineteenth and twentieth centuries, and examines such questions as the contribution made by the research laboratories of the bigger corporations.

Part II gives summaries of case histories of inventions including Automatic Transmission, Cinerama, Cyclotron, Fluorescent Lighting, Insulin, Nylon, Synthetic Detergents, etc. In the reference to the 'Fluid Flywheel' the authors wrongly describe Mr Harold Sinclair as an American engineer, but Mr Sinclair is, in fact, British.

*Automation in North America. Department of Scientific and Industrial Research.* (H.M.S.O.; 4s.)

This report is a follow-up of the D.S.I.R. report on Automation of May 1956. The aim is to put into perspective the technical progress of the U.S.A. and Canada with that of the United Kingdom. A D.S.I.R. staff engineer spent six months in these countries visiting a wide range of industries and over forty factories. The report does not deal with economic and social problems arising from the introduction of Automation but it is an essential for background reading.

J.P.

#### THE BIKINI BOMB

*The Voyage of 'The Lucky Dragon'*, by Ralph E. Lapp. (Muller; 18s.)

This is a factual account of the adventures of the twenty-three Japanese fishermen who were caught by the fall-out from the hydrogen bomb which was exploded on Bikini Atoll in March 1954. Ralph Lapp, who spent some considerable time investigating the story, has told it in graphic style. The trawler was a hundred miles from the scene of the explosion,

outside the official danger area. The subsequent illness of the men, one of whom died, and the effect on the economy of Japan as a result of the contamination of the fish brought into Japanese markets make a dramatic story which had political repercussions all over the world.

#### INDIAN PLANNING

*Poverty and Capital Development in India*, by D. K. Rangnekar. (Oxford University Press; 42s.) (U.K.)

In April, 1956, the Second Five Year Plan was launched in India with the aim of increasing the national income by 25 per cent within five years. This ambitious target has been criticised as unrealistic, and events have tended to confirm this view. In this survey of the course of capital development in India in recent years, Dr Rangnekar stresses the vital importance of agriculture, which he says is basic and vital to the Indian economy. Something like 72 per cent of the working population is engaged in agriculture and animal husbandry which contributes about half of the national income.

The extreme poverty of the Indian people is clearly shown by the estimate that real income per head of the population is about one-eighth of that in U.K., and nearly 30 per cent of the population is normally undernourished. The production of food has not kept pace with the increase in population, and Dr Rangnekar is critical of the tendency to give priority in the economy to rapid industrialisation. Referring to the Second Five Year Plan, he comments: 'It is a great pity that the path of sobriety and steady advance from the agricultural base enunciated in the first Five Year Plan has now been abandoned in the dubious hope of jet-propelled industrialisation'.

15\*

*The New India, Progress Through Democracy*, by *The Planning Commission, Government of India.* (Macmillan Company; \$5.00.)

The pressure on the Second Five Year Plan, the efforts made by the Government of India to borrow abroad and the arrival of a Communist régime in the State of Kerala, have made the world wonder whether Sri Nehru and his colleagues will succeed in constructing a modern economy in conformity with democratic and Gandhian principles.

The development of agriculture, industry and welfare services are here examined in what is perhaps the best popular account of the Indian economy. The text is packed with information and statistics and relieved by attractive illustrations.

#### SHORTER NOTICES

*State of the Union: Year-Book for South Africa*, 1958. (Culemborg Publishers, Cape Town.)

None the worse for not being a Government publication, though it has benefited from the help of the State Information Office at Pretoria, this is a useful work of reference of particular interest to those doing business in or with the Union of South Africa. The material contained in earlier editions has been brought up to date and new chapters added.

*The Battle for Oil*, by *Stanton Hope.* (Robert Hale; 18s.)

Mr Hope writes scrappily but with vigour and he provides entertainment as well as information about that substance which is such a blessing and a plague to modern man. He has travelled widely in the oil regions of the world and was recently in Arabia and British Borneo. Mr Hope is the



author of *Tanker Fleet*, the marine war history of the Shell Group.

*The House of Lords and Contemporary Politics, 1911-1957*, by P. A. Bromhead. (Routledge and Kegan Paul; 30s.)

The Bill to give the Upper House new vigour and appeal by the addition of life Peers, to include women, has stimulated thought and discussion on the subject of this book by the Senior Lecturer in Politics at the University of Durham. It is claimed for Mr Bromhead's work that it is the first attempt at a detailed analysis of the Upper Chamber.

*The Theory of Committees and Elections*, by Duncan Black. (Cambridge University Press; 30s.)

In this book, the author, who is Professor of Economics in the University College of North Wales, makes a valuable contribution on a subject of topical interest. The question of introducing alternative methods of electing Members to Parliament has been much in the news, and this book gives a comprehensive survey of the relationship between the opinions held by members of a committee and the decision they reach as a result of voting. He defines a committee as a group of people who arrive at a decision by means of voting.

*Applied Statistics for Economists—A Course in Statistical Methods*, by P. H. Karmel. (Pitman; 65s.)

The author, who is Professor of Economics at the University of Adelaide, has based this book on a course of about fifty lectures and it is designed to provide a one-year course for second- and third-year economics and commerce students. The first half of the book deals with

statistical methods which have a general application, and the second half is concerned with more specialised technique. Examples and illustrations are drawn from Australian data.

*Canada's Economic Development, 1867-1954*, by O. J. Firestone. (Bowes and Bowes; 45s.)

This study on the economic development of Canada is one of a series published for the International Association for Research in Income and Wealth under the general title 'Income and Wealth'. The author is Economic Adviser to the Department of Trade and Commerce in Canada, and in this book he analyses Canadian development from the Confederation in 1867 up to 1953.

*Australian Hopes and Fears*, by Colin Clark. (Hollis and Carter; 30s.)

Of Australian descent, Mr Colin Clark was formerly Under-Secretary of State for Labour and Industry and Economic Adviser to the Government of Queensland. He is therefore singularly well qualified to write this invaluable introduction and guide to Australia in which he gives an overall picture of the whole country. The book will provide much useful information for prospective settlers and those who are engaged in business with Australia.

*The Truth about Co-operation*, by J. A. Hough and K. Sandiford. (Phoenix House Ltd. (A Background Book); 2s. 6d.)

The Co-operative movement, now more than a century old, has grown very great since the Rochdale Pioneers and has spread throughout the

Commonwealth and the world. In Great Britain it has its own political party linked with the Trade Union and Parliamentary branches of the Labour Movement. The methods of voluntary co-operatives of agricultural and industrial producers and of consumers are contrasted with the collectives in Communist countries and in the State of Israel.

*A Textbook of Economic Analysis*, by Edward Nevin. (Macmillan; 18s.)

The author of this useful text-book is Lecturer in Economics at the University College of Wales. He has aimed at providing the reader with a sound grasp of orthodox economics and makes no attempt to comment on current problems. The book is intended primarily for the student preparing for G.C.E. at advanced level. It is written in clear concise language, and makes a useful addition

to the text-books available for the student and the lay-man who wishes to know more about economics.

*Dare Democracy Disengage?* by Peregrine Worsthorne. (C.P.C.; 1s. 6d.)

An examination of the present situation between the West and Russia. Mr Worsthorne concludes: 'Russia must prove that she accepts the rules that make diplomacy possible before we can really start negotiating'.

*Taxes for Today: A Bow Group Pamphlet*; 2s. 6d.

Sets out the views of seven members of the Bow Group on taxation.

*God's Business*, by Edward Rogers. (Epworth Press; 7s. 6d.)

A study in the relationship between economics and theology.

Reviews continued on page 228

## 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

Author of *Empire Stocktaking*, *Britons in Partnership*, *National Reserves for Safety and Stabilization*, *Commonwealth Stocktaking*, and other books

'will mark the beginning of an era as surely as did the introduction of the gold standard' *Editorial—'The Manager'*

'may well prove to be one of the most important contributions made in this generation' *'Economic Digest'*

This book may be ordered through ECONOMIC DIGEST  
23s 3d (post free)

## Rural Economy

THE CHEAP-FOOD BOYS  
BY LAURENCE EASTERBROOK

BUTTER-MAKING is not one of the most vital aspects of our farming. But the official attitude towards the dumping of butter, before the weight of N.F.U. protests led to Government action, was only too clear an indication of this Government's attitude towards farmers generally. Whether or not it is true that there are two opposing points of view in the Treasury, I do not know. I am not hidden under the table at these high-level talks.

It is said that whereas some believe that the world is not going to be permanently embarrassed with surplus food and therefore we must continue to cultivate our own garden, there are others who adopt the traditional view that our main interest is the cheapest possible food to exchange for expensive manufactures.

The truth of this does not matter much to farmers, for it is only too evident that, for the time being at any rate, the cheap-food-at-any-price boys have won the day.

For if butter produced in countries not normally suppliers to Britain and sold here patently at a loss at half its price in their own countries is not dumped butter, then dumping has no meaning.

### Passing Convenience

Few of us will question the justification for the New Zealanders to be angry about it. They had built up a steady, reliable trade with us, and it seems to me monstrous that it should be sabotaged by countries

*From The British Farmer, May 31, 1958*

that are only making use of our market as a passing convenience.

Incidentally, it was interesting to observe that quite a few people sat up and took notice when the New Zealand Government pointed out that the fall in prices paid to them by us for food would reduce their buying power for our goods by £50 million. But it is hardly considered worth reporting when reductions are made in the buying power of our own farmers, which is £800 million a year and practically all of it spent here or with British companies.

The twistings and squirmings by the Government to avoid doing anything about dumped butter have been one of the most unedifying turns in political acrobatics for a long time, and all directed against our own kith and kin.

I am no Empire Free Trader, but when we remember what countries such as New Zealand and Canada did for us in the war, when we were in trouble, how they went short themselves to help feed us, and let us have their produce at well below the prices they could have got from other countries, it makes you feel pretty sick at heart to see the way we have been behaving, when we think we can do without their help.

### All Boloney

But it is all of a piece with the present official attitude to farming. Let the food come in and knock down the prices, never mind if we hurt our friends, ruin thousands of our small farmers and bust the

bacon factories. Let who will mess up the land and farm it as badly as he likes; it was all boloney, that stuff about caring for our heritage and fostering pride in English acres.

The hill land which we won back from the bracken, amid praise that made us blush to the ears for our modest achievements, is slipping back to devastation again. The River Boards, presumably with official approval, are letting thousands of acres of invaluable marsh-land grazing go derelict because they cannot be bothered to keep up the estuary walls; even the foresters are having to fall badly behind on their planting programme.

### Deliberate Policy

No one any longer cares what happens to the land of Britain. No one in authority, that is. If it were

part of a deliberate policy to discourage home production, this attitude towards the land would fit in perfectly. If that is not the policy, what, then, is the explanation?

All that seems to stand between we farmers and complete disaster are the Long Term Assurances, negotiated in the nick of time by Jim Turner. What happens when the four-year period is up is anybody's guess, but already there have been some ominous raspings as the cheap-food boys sharpen up their daggers.

It is in this atmosphere of apparent welcoming of anything that will damp down production at home that farmers are being asked to show their gratitude for the wonderful doles by stepping out and making themselves more efficient.

That record has very nearly been played once too often.

## U.K. Share of World Trade

THE expansion of U.K. exports since the war has been less rapid than the expansion of world trade. From 1953 to mid-1957 world imports of manufactures rose by £5,000m.—a half. The U.K.'s share fell from 21 per cent in 1953 to 18 per cent in 1957. In this period Germany increased its share from 13 per cent to 18 per cent, and Japan from four per cent to six per cent. The recovery—in part at the U.K.'s expense—of

German and Japanese exports from their low post-war levels was only to be expected for a few years after 1950; but their gains are still continuing (May 1958).

The growth of world trade in manufactures is now slowing down. Between 1955 and 1956 its increase was 13 per cent; between 1956 and 1957 11 per cent; between the fourth quarter of 1956 and the fourth of 1957, five per cent.

(% OF WORLD TRADE IN MANUFACTURES)

|                | 1957 |      |      |      |               |
|----------------|------|------|------|------|---------------|
|                | 1953 | 1954 | 1955 | 1956 | Year 2nd Half |
| U.K.           | 21   | 20   | 20   | 19   | 18            |
| Germany        | 13   | 15   | 16   | 16   | 18            |
| U.S. ...       | 26   | 25   | 25   | 25   | 24            |
| Canada         | 7    | 6    | 6    | 6    | 6             |
| Japan          | 4    | 5    | 5    | 6    | 6             |
| Other O.E.E.C. | 29   | 29   | 29   | 28   | 28            |

*From Bulletin for Industry, May 1958*



## Austerity as Instrument of National Policy

*Extracts from an address delivered by GOVERNOR M. CUADERNO, Sr., of the Central Bank of the Philippines, at the Austerity Day Programme of the University of the East held on January 17, 1958*

EVER since our country became independent, it has been the consuming desire of our Government and people to have a more progressive economy. Toward that end, every effort is being made to change our country's defective economic pattern. I say that our economy is defective because it makes it necessary for our country to import large quantities of goods needed by the people, payment of which, however, is quite difficult inasmuch as we cannot sell enough of our products in foreign markets due, among other reasons, to the restrictive trade policies of the industrial countries. We want to change this pattern of economy not only because it gives us this persistent foreign exchange problem, but because, being predominantly agrarian, it cannot provide sufficient job opportunities to our increasing population.

It is for these reasons that we have been engaged in the task of developing a balanced type of economy which involves improvement of agricultural production, development of natural resources, and industrialisation. This is not an easy task. As Kenneth Boulding recently observed, the economic development of underdeveloped areas is 'the greatest single economic problem facing the world today'. Because our country is underdeveloped, it does not possess sufficient resources with which to undertake a very rapid programme of industrialisation, of developing its natural resources, and of improving

and increasing agricultural production.

### Over-Expansion of Bank Credit

In an integrated programme of economic development, investments are made by two major sectors: by the Government or public sector, and by private entities or private sector. The public sector undertakes projects such as power, irrigation, roads, communications, schools, and hospitals. The private sector establishes factories, develops the natural resources, and engages in agricultural production. To finance projects which the public sector undertakes, the Government has to rely mainly on tax revenue and, if this is insufficient, which invariably is the case, it has to borrow funds by direct loans or through bond issue. Underdeveloped countries invariably resort to this method of raising funds because they find it difficult to raise taxes. On the other hand, to finance projects undertaken by the private sector, the people concerned have to depend largely on bank borrowings because of the lack of sufficient risk capital. Credit institutions in our country (as in other underdeveloped countries) are not possessed of sufficient resources to meet the credit requirements of both the public and private sectors. The lending operations of the Central Bank enable the Government to sell bonds and the commercial banks to lend much more than their own resources.

Such operations make possible over-expansion of bank credit.

There is one thing worth remembering in connection with the financing of economic development. A balanced allocation of resources between the public and private sectors is essential. The limited resources that are available should be invested in those fields in which they will make the greatest contribution to production. Much of the investment in the public sector may be wasted unless there are complementary investments in industrial and agricultural production that will use the facilities established by the public sector. When a large proportion of the total resources available for development is used for public investment, what is left for private investment may be too inadequate to generate the desired momentum for economic growth. Moreover, if in such a case, bank credit is allowed to be over-expanded to meet the requirements of the private sector, the inflationary pressures which will be generated will aggravate those stemming from the public sector.

### Cause of Inflation

These borrowing operations by the public and private sectors, if done to excess, are precisely the factors which can bring about serious economic instability. By instability I mean inflation and the consequent balance of payments problem. A too rapid increase in money supply caused by heavy borrowings and over-expansion of bank credit without a corresponding increase in actual production inevitably brings about a serious case of inflation. In an underdeveloped country like the Philippines, inflation causes a heavy drain in the country's foreign

exchange reserve. Increased purchasing power and heavy spending create excessive demand for goods most of which have to be imported because they are either not produced or are not yet produced in sufficient quantities in the country. The domestic production of the volume of physical goods necessary to meet this excessive demand cannot proceed at the same pace as the money supply owing to time-lag factors.

### Experience of India

The strain which inflation has exerted on India's international reserve has compelled its Government to adopt austerity measures. It has cut development expenditures and adopted more restrictive controls on imports. The difficult problem India faces now is how to continue developing its economy at a rate which could narrow down the widening gap between increase in population and production.

This experience of India indicates clearly that we cannot ignore the inexorable forces of economics. We cannot deceive ourselves into thinking that our country's desire for a more rapid rate of development will enable us to achieve such a rate beyond the level consistent with our available resources. A friend of mine, who is an outstanding world authority on the economics of underdeveloped areas, predicted as early as June 1955 that it would be very fortunate if India could increase its annual output by as much as 20 per cent by the end of the second five-year plan. A greater rate of increase, in his view, would be difficult to achieve in any country. Our present predicament now, as you can see, is not much different from that of India.

As in the case of the Indian second plan, our fiscal plan was based on certain assumptions, among which were that foreign induced inflation would subside; that certain tax measures were to be adopted so that the expected budgetary deficits from current operations could be avoided; that the \$65 million credit line with the Export-Import Bank of Washington could be utilised to relieve the dollar reserve from the pressure of the growing demand for dollars to import machinery and equipment for new industries; that credit for the private sector would be limited to only essential and productive purposes; and that our country's dollar receipts would be more or less the same as in previous years. Many of these assumptions did not materialise. The international reserve has had to forgo a substantial amount as a result of barter under which the country received luxuries and non-essential items in exchange instead of needed capital goods. Complicating this problem of dwindling reserves, the rapid growth of investment particularly in manufacturing for the home market required an increasing amount of foreign exchange for its capital goods and raw material. Most of these producer importers were unable to utilise the \$65 million credit line from the Export-Import Bank of Washington as most of their purchases were made in countries other than the United States where prices have been relatively cheaper.

Not only were the recommended tax measures not passed but the budgeted expenditures for operating accounts were exceeded. The impetus given by the Administration's development policies as well as the protection provided by the controls stimulated over-expansion of credit for the

private sectors.

As I have said before, to develop a country such as our own, it is not enough that physical resources, capital, and technology be available. These factors cannot bring about development by themselves. There are other interrelated elements which determine the pace of economic development, among which is a strong national determination to undergo sacrifices, such as curtailment of wasteful expenditures, in order that a greater portion of real resources could be devoted to development.

#### **Balance Between Commodities and Money**

I have gone at some length to explain the principal causes of our present difficulties, in order that you may have a better appreciation of the austerity measures our Government has recently adopted. Austerity is necessary not only to arrest inflation, but also to give the economy a breathing period in which to rephase its development spending to the limits of the country's available resources. Inflation cannot be arrested unless a reduction is effected in the present heavy spending of the economy. In adopting austerity as an instrument of economic policy, the Government wants to avoid a spiralling of inflation which will work more hardships to the people than what they will have to bear under austerity and which will likely defeat the very aims of our developmental efforts. Austerity is too small a price we have to pay to achieve these objectives. As stated by President Garcia in his radio broadcast to the nation on December 14 last year:

'Frugality and greater saving on a national scale are what we ask since these appear to be the only

reasonable way to keep a healthy balance between our demand for the limited supply of commodities and money available to the country. Thus we shall be able to con-

solidate and solidify the economic gains already achieved and resume our economic offensive without retreating in our programme of development and expansion.'

## **A Great International Match**

BY JACQUES DUBOIN

MR DOUGLAS DILLON, an American Secretary of State, speaking at a dinner in Detroit, expressed some views which caught the attention of the whole press and have surprised many readers. The former U.S. Ambassador to France considers that the threat of Russian intercontinental missiles is less dangerous than the economic competition of the U.S.S.R. This is the point of view of a great man of affairs for whom 'imminent aggression' is only a 'profitable' myth. He does not believe in it; but what disturbs him in the highest degree is the gigantic match now on between East and West: who will succeed in equipping the under-developed countries? It is clear that the goal is above all a political one, for many under-developed countries are what we now call 'uncommitted peoples': will they feel attracted towards the Western bloc or towards the China-Soviet bloc? The game is being played on the economic ground, and Mr Dillon was telling the guests at the dinner that the U.S.S.R. had unleashed 'an economic offensive' which made his hair stand on end: since Soviet exports have increased by 70 per cent in the course of the last four

years, why should they not be doubled or trebled in the years to come?

#### **Hungry Peoples**

The under-developed countries are those in which poverty is more or less widespread, and that is the case for more than half the human race. This observation allows short-sighted people to state categorically that our globe is already overpopulated, when the truth is we have hardly begun to develop it: is it not amusing that a biped, hardly two yards high, should be moaning at the thought that the wealth of the five continents, increased by that of the vast, deep oceans, will not be enough to keep his descendants alive? The hungry peoples of Africa, of Asia, of South America think in a rather more reasonable way: they have discovered that their territory was so rich that noble foreigners were drawings substantial profits from it, and their poverty resulted almost entirely from their own ignorance. In consequence, they are claiming independence, with industrialisation as a corollary. But if independence is a victory which concerns themselves, industrialisation implies foreign aid; hence

*Translated from an article in 'La Grande Réserve' for March 22, 1958*

the fierce competition between the two blocs, the Eastern and the Western.

### Capitalism or Socialism

Economists are solemnly asking one another whether the underdeveloped peoples—whose economic and social régimes at present vaguely resemble our old feudal system—will decide tomorrow for capitalism or for socialism. The question seems a strange one, for these backward peoples having hardly known capitalism except in its colonialist form it would be rash to believe that they find in it only matter for congratulating themselves. They will probably look more kindly upon Socialism, which they have the advantage of not knowing at all. Anyway, the Sputnik is not a bad advertisement.

### West's Heavy Handicap

The result of the world economic match? In my eyes there is no doubt about it, since the West has a heavy handicap. Let me explain: to equip a country consists of supplying it with the plant and power it needs in order to produce; this is an operation that private enterprise can only undertake if it is 'profitable', that is if it brings more money into the account than has been paid out of it. Private enterprise wants to get back its capital and its annual profits. As this recovery can only be made *in kind*, it is raw materials and goods that the West must receive from the underdeveloped countries, and this raises problems which are often

insoluble. Is not the example of the famous Point Four a conclusive one? Invented in 1949 by President Truman, to help the underdeveloped countries, it has produced only insignificant results. For lack of 'profit', there had to be substituted political clauses, mostly military, which were hardly satisfactory to everybody. The Eisenhower Doctrine failed for the same reasons.

### Without Profit

The U.S.S.R., on the other hand, does without 'profit', for it is the State that grants the necessary credits, at 2½ per cent, repayable in twelve annual payments. The credits opened in India will thus be used to build a factory to turn out heavy machinery, a second factory will produce coal-mining equipment, a third will supply optical glass; India will also build a thermal power-station, etc. Other credits have been granted in Syria on the same terms. Finally, the U.S.S.R. agrees to be paid in agricultural produce: she has absorbed 40 per cent of the rice exports of Burma.

So there is nothing to be surprised at if the latest official report of G.A.T.T. mentions that trade between the West and the underdeveloped countries was less in 1957 than in the year before. \*

In reply, the United States Government would henceforth give its guarantee to economic undertakings by Americans in the underdeveloped countries. . . . But that is one more pillar of 'liberalism' cracking up!

## In Praise of English Cooking

NOBODY listened when Cassandra prophesied the fall of Troy; yet Cassandra's warnings proved true. Many years ago her mantle was assumed by the columnist of the *Daily Mirror*; and whatever may be thought of some of his near-lethal commentaries, they have certainly attracted much attention. All the more reason, therefore, to note his recent praise of a much-criticised industry:

The hotel situation in London is, of course, quite appalling and how Uncle Sam manages to get a comfortable bed in the holiday season in the metropolis is beyond me. But there is an encouraging sign that I have noticed outside London. The hotels, the inns and the pubs are improving.

### Good Food

There is a steady and increasing band of hoteliers who do cook good food, who do serve it elegantly and who are proud of their care for their guests. In fact, if you know your way around, I believe that you can get better meals today in England than has been possible for decades. . . . With praise and blame allocated to the right quarter, we may yet save our poor reputation for food and drink.

Mr Drew Middleton, London correspondent of the *New York Times*, draws the same conclusion in his fascinating book, *The British* (Secker and Warburg; 25s.). 'British cooking is a standard music-hall joke, but the comedians are somewhat behind the times. It has

improved steadily since the war largely because the British had to learn how to cook to make their meagre rations palatable.' The difficulties of feeding the middle-class family and the drabness of post-war life combined, he thinks, 'to send millions of Britons out to eat. This has changed the character of a large number of pubs.' He believes that 'publicans are giving more thought to the catering side of their business. The bar, which was the heart of the pub, has become merely an adjunct to the "attractions," and the restaurant.' In writing these words, Mr Middleton had perhaps mainly the urban pub in mind. He emphasises that 'the pub's importance is as much due to its place as a public forum as it is to its position as a public fountain'; and ends with a memorable description of the country alehouse:

### Rural Bars

A sense of calm pervades the rural bars. The countryman is a long-lived, tough person. At the Monkey and Drum or the Red Dragon or the Malakof, named for a half-forgotten action in the Crimean War, the beer is set out for wily ancients in their seventies and eighties, masters of country crafts long forgotten by the rest of the population. The sun stays late in the sky on a summer evening. From the open door you can see it touching the orderly fields, the neat houses. It is difficult, almost impossible, in such surroundings to doubt that there will always be an England.

From *A Monthly Bulletin*, May 1958

## The Space Age is Here

BY L. J. CARTER, A.C.I.S.  
*Secretary of the British Interplanetary Society*

THE Sputnik satellites have focused attention upon the great implications of spaceflight, for it is now generally recognised that rocket technology is so far advanced that mankind's first steps towards the planets will be taken within the next few years.

Spectacular though they were, the Sputniks were only one stage in a programme of steady development which receives great attention by every major government. Rocket technology occupies a high priority in the military programmes of Russia, America and this country, to mention only a few, but exact results are almost impossible to obtain because military security surrounds this work. Consequently, we need to make intelligent guesses as to the course of developments, but this is not too difficult because the trend of events can be readily foreseen and estimates made of future progress in the light of other technological experience.

### Three Major Events

In the near future we can expect three major events which will set the seal upon the future exploration of space:

- (a) An unmanned instrument-carrying spaceship will circle the moon, and either pursue its own orbit around our satellite or return to earth again.
- (b) An attempt will be made to land an unmanned rocket on the moon, from which it could transmit back information to the earth by radio.
- (c) Rocket-propelled aircraft will venture into true space, i.e. distances of 100 miles or more above the earth's surface.

These three things are likely to

will not necessarily prevent the exploration of the nearer planets, Mars and Venus, both of which can be reached by unmanned 'probe' rockets, and this is the logical thing

to do before contemplating a manned expedition. These rockets will almost certainly be launched well before the end of the present century, and may possibly even be ready by the 1970s.

## London's Traffic Problem

FIRST priority, says a memorandum issued by the British Road Federation, must be a motorway encircling Central London on the lines of the proposed 'A' Ring road. Radial motorways could then be built to link the ring motorway with existing trunk routes to the rest of the country.

One such link should connect dock-land and the northern end of Blackwall Tunnel with the London-Birmingham motorway at present under construction.

To improve existing road junctions in the Central London area, it advocates greater use of two or more level separation of traffic streams,

such as that already planned for the northern end of Blackwall Tunnel and the flyover at Hammersmith Broadway. Expensive one-level improvements proposed for the Holborn-Kingsway intersection and St Giles Circus 'do not conform to good modern practice' it says.

Separation of pedestrians and local traffic at busy points in the central area must also be provided.

For the Outer London area, short by-passes and street widening are recommended to relieve traditional suburban shopping centres stifled by traffic hold-ups and parking restrictions.

## 'Tight Money' In U.S.A.

BY RICHARD PHALON

TIGHT money last year was the primary reason why the U.S.A. banks chalked up their coolest profits performance ever. Business borrowers expanded at a slower rate than that in 1956, but none the less shot to a record \$31,872,000,000!

Heavy demand for cash, coupled with Federal Reserve monetary restraint, pulled interest to the highest levels in two decades. . . .

This hit with pleasing impact on the banks' income sheets in New York City, where business loans climbed

to a peak of more than \$12,616 million. Commercial institution earnings jumped to a record of \$270 million. This was a 13 per cent gain over 1956.

Some of the banks were finding access to the capital markets easy for the first time since the '20s. National City, for instance, which boosted its quarterly from 70 to 75 cents, sold two million shares for a total of \$120 million. Similarly, Chemical Corn Exchange came to market with a 1,062,765 share rights offering. Also others.

From *The Fundy Fisherman*, January 1, 1958

### Before 2000

The time still required to devise means of protecting man for a space journey and ensuring his safe return

*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-