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The International Bank for Reconstruction and Development, by Alec Cairncross. *International Finance Section, Department of Economics and Sociology, Princeton University N.J.*

No. 33 in the series *Essays in International Finance*. (1064)

Australian Progress

Free Enterprise and Rising Living Standards. The Institute of Public Affairs, Victoria, Aust.

Shows the tremendous gains in Australian living standards in the last 30 years. (1065)

E.C.S.C.

Seventh Annual Report of the High Authority of the European Coal and

Steel Community. High Authority Information Service.

A record of achievement. (1066)

Commonwealth

Commonwealth Trade 1950—57. The Commonwealth Economic Committee (3 6d.).

A Memorandum prepared in the Intelligence Branch of the Commonwealth Economic Committee. (1067)

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Economic Conditions in the World and in Western Germany at the end of 1958. Concluded in Essen on 12th December, 1958.

Joint Analysis of the economic situation by members of the *Arbeitsgemeinschaft deutscher wirtschaftswissenschaftlicher Forschungsinstitute e. V. Bonn*. (1069)

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MONEY - THE DECISIVE FACTOR

BRITAIN'S HANDICAP IN THE ECONOMIC RACE WITH RUSSIA

by DESMOND ALLHUSEN and EDWARD HOLLOWAY

Foreword by SIR ARTHUR BRYANT
Published by CHRISTOPHER JOHNSON

10/6 (Postage 1/-)

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The International Plastics Exhibition

17th-27th June, 1959. Olympia.

AT this important exhibition to be opened by Mr. Reginald Maudling every aspect of plastics technology will be represented by more than 270 manufacturers and suppliers of materials, equipment and products, and no less than thirteen countries will be represented. Materials to be shown will include all the well-established thermoplastics and thermosetting with a wide variety of products made from them. Many of these materials will be in improved and more diversified grades, while among materials recently introduced in the U.K. and shown in quantity for the first time in the exhibition will be polypropylene, high density polythene, and cellulose propionate.

One of the most impressive aspects of the exhibition will be the equipment section which will contain many advanced machines. Developments in injection moulding equipment during the past two years have been directed in the main towards the more general use of plasticizing equipment of both large and small machines and to the construction of large capacity equipment capable of injecting up to 200 ozs. of material.

In the extrusion field, developments have been towards increased outputs with a consequent increase in power consumption requirements.

Machines are neater and more compact and greater attention has been given to the problem of service and facility with which major components can be removed for service or replacement. A marked increase in the use of film packaging has highlighted the market for film plant and a number of leading manufacturers will show complete film installations.

The applications of plastics in industry and the home continue to grow and visitors to the exhibition will be able to see examples of elaborate technical mouldings and extrusions and every form of fabricated plastics. Increasing progress is being made with the quantity and variety of products for the home and a section at Olympia will show the newest plastic toys, tableware, kitchen appliances, clothing, curtaining, table cloths, floor and wall coverings, the latest designs in laminates for furniture, everything for the house and garden. It will be possible to see some of these products actually being made.

An outstanding feature of the exhibition will be the International Design Display. This will contain a collection of the best designed products for use in the home and will be drawn from twelve different countries.

PLASTICS are about 100 years old. Since the discovery of celluloid a tremendous range of materials have been produced and a complex technology has grown up with them. Development has been particularly rapid in the last twenty years. The total output in the U.K. just before the war was less than 30,000 tons per annum; about twelve years ago it was approximately 100,000 tons, and now U.K. production tops the 400,000 mark.

Much of the rapid increase in plastics output has been due to successful selling overseas. In 1958 more than £32 million worth were exported, a quantity of 122,000 tons, which is more than 30% of the U.K. output. These exports have increased steadily over the years and the 1958 figure is about 10% up on 1957. Britain's biggest customer is currently Australia who took 13,000 tons, and close behind is New Zealand (8,700 tons). In Europe, France was our biggest customer in 1958 with 7,800 tons, with Sweden 6,200 tons and Netherlands 6,000 tons.

What are Plastics?

All plastics materials are chemicals and the manufacturing processes and the nomenclature used are derived from the chemical industry. Many of the varied processes available for shaping plastics have been adapted from other industries; a new and

A Hundred Years of Plastics

complex technology has grown up around these as well.

The plastics materials which are commonly used are normally divided into two groups, the thermoplastics and the thermosetting. Fabrication techniques are basically different for each group. Thermosetting materials usually call for a curing process achieved by heating and pressure, or by chemical curing during which a chemical change takes place setting the material into a hard mass. When this is done in a mould or in sheet the resulting product cannot be softened by heat, but will undergo chemical decomposition if excess heat is applied.

The thermoplastic materials, on the other hand, as their name suggests, soften when heated and most of the fabrication techniques are based on this property.

The various types of plastics materials in common use are divided into the two groups as follows:

Thermosetting:

Amino plastics, Epoxides, Phenolics, Polyesters, Silicones.

Thermoplastics:

Acrylics, Cellulose, Polyamides (nylons), Polystyrene, Polythene, Vinyls.

This is an impressive range of materials bearing in mind that thirty years ago only the aminos, cellulose and phenolics were commonly used.

How is the British Plastics Industry Doing?

SALES of plastics for 1958 are estimated at 415,000 tons, a mere 6% above the 1957 figure. Imports of plastics, on the other hand, are 30% above the 1957 figure, being estimated at 44,000 tons. Last year's consumption of plastics materials in this country has been calculated at 340,000 tons, of which imported materials may have supplied about 13%. There is a hint, more than a hint perhaps, in these figures of domestic overproduction and of intensified foreign competition.

The export position of the British industry has, however, been steadily improving in recent years. Exports to the Common Market countries almost doubled between 1954 and 1958—from 13,070 tons to 25,300 tons. This was a greater increase than that for the rest of Europe—14,900 tons to 23,300 tons. Total British exports have climbed in the same four years from 73,300 tons to 120,000.

The British Plastics Federation recently stated that exports of plastics raw materials from Britain were worth £32,000,000 in 1958, a price which represented 122,600 tons. This was an advance of over 10,000 tons and more than £2,250,000 on 1957. The volume of these exports has more than doubled in five years (the 1953 total was 56,000 tons) and is more than five times the tonnage for 1947, when it was 21,000 tons.

Output and Sales up

The value of the industry's total output in 1957 was £110,000,000. The

total quantity was 393,100 tons. As the first figure above shows, there has been an impressive increase in output and sales. The following table shows the growth in production of the four main thermoplastics:—

	Tons 1957	Tons 1958
Polyvinyl chloride (p.v.c.)	66,200	100,000
Polyethylene (polythene)	55,000	65,000
Polystyrene	31,100	33,000
Acrylics	12,000	15,000

The thermoplastics are the compounds which can be re-softened for manipulation. One of the most familiar is p.v.c. which has a wide variety of uses, ranging from the insulation of electrical cables to flooring materials and conveyor belts. Productive capacity of this polymer in Britain is now running at about 80,000 tons per annum, with actual output and sales at around 65,000 tons. Stocks of this material have remained at a high level during 1958, with about one fifth of the home market being supplied from imports.

Another familiar thermoplastic is polythene, with a wide range of domestic applications. It is expected that capacity for the production of polythene will go up by about 10,000 tons this year, when the Monsanto plant at Fawley goes into full production. By next year production may be over the 100,000 ton mark.

Polystyrene

Polystyrene, too, has a wide and increasing range of uses, in the manufacture of refrigerators, in the electrical and radio industries, in packaging, household goods, toys and now

From View (Investment Publications Ltd.), April, 1959

for shoe heels, which at present consume as much as one twentieth of the total. Future uses are likely to include furniture and terrazzo flooring. Generally then, the outlook for the thermoplastics is quite good, provided that the threat of overseas competition is met and matched.

The thermosetting plastics are those which cannot be remoulded once they have set. Their consumption and output has not grown quite as sensationally as those of thermoplastics, but nevertheless the table below shows that they are far from static.

	Tons 1957	Tons 1958
Polyesters	3,200	5,000 (est.)
Alkyds	43,500	46,000
Aminoplastics	56,500	52,000
Phenolics and cresylics	66,700	66,000
Casein	1,700	1,500 (phenolics only)

The phenolics, which have hitherto been a popular moulding material, may have reached saturation point. They can be produced for the most part only in the darker colours, whereas preference nowadays for such things as electric fittings, toilet seats, radio cabinets and so on, is to have them in the lighter colours—white, cream and pastel shades. For this purpose the newer materials,

such as polythene and polystyrene, seem to be taking over.

Untried Material

A thermoplastic not yet on the market which is said to have a great future is polypropylene. Both Shell and ICI have offered sample quantities of this as yet untried material, and it is possible that in a few years it will have taken its place alongside high density polythene in such applications as moulded household goods, cable sheathings, piping and even bottle making.

The polythenes and polypropylene together belong to the group of polymer materials known as the polyolefins. This group has a big future in the plastics industry. Recently the journal *British Plastics* forecast the following state of affairs in the share of applications between these materials in the five years from 1957 to 1962.

	Low density polythene—1962%		High density polythene and polypropylene—1962%
	1957%	1962%	
Moulded household goods	30	32	29
Other mouldings	2	27	16
Film and sheet	30	11	5
Cables	17	15	13
Piping	12	7	16
Bottles	2	1	2
Coatings	7	1	13
Monofilaments		2	

DRIVERLESS TRUCKS

The Western Region of British Railways is experimenting at Newton Abbot with two driverless trucks. They are being used to convey goods which have been discharged from wagons to chosen points for loading into cartage vehicles for outward delivery.

Development in the Plastics Industry

Specially contributed by A. R. DEVEREUX, Technical Sales Manager of The Plastics Division of Spa Brushes Ltd.

TWENTY-FIVE years ago the plastic door handle was a new thing. Today plastics in one or another form are in every room of the house—we eat from plastic dishes, listen to plastic radio sets, wear plastic clothes and clean our teeth with plastic brushes. What is now a vast industry started in Great Britain with the supply of resins to paint manufacturers. 1928 saw the establishment of plastics as a definite industry when the principal plastic available was the "Bakelite" type of hard fusible (or thermosetting) plastic. The following years of research by British and American chemical manufacturers produced a range of materials including the softer fusible (or thermoplastic) materials such as polystyrene and polythene, which because of their electric properties were vital to radar in the last war.

Post War Plastics

The British Chemical Industry seizing on the general acceptance of plastics invested large capital sums in research and introduced new materials in quick succession. Nylon became available in quantity and not only revolutionised the textile industry but was found by engineers to be an excellent substitute for steel and other alloys when used for gears, bearings, and accessories used by the engineering and aircraft industries. Swords were beaten into ploughshares, and polythene, originally used

into some disrepute and for a time the word "plastics" was often associated with shoddiness. Other manufacturers were more careful, and as new materials were introduced the industry stabilized gaining strength from the selective process of manufacturing specialization which set in.

Big strides have been made in recent years; here are a few specific examples of development in materials and processes. A group of newly discovered plastic resins known as polyesters were found capable of extrusion (like meat from a mincer) into fine filaments. These threads possessed great strength and durability and could be woven into the so-called non-iron garments of attractive appearance. Engineers soon found that this plastic resin could be successfully mixed with fibres of glass and shaped into motor car bodies and boats possessed of immense strength and durability. Soon this material was fabricated into furniture, baths, petrol tanks, kitchen sinks and luggage; and its lightness commended it to the aircraft industry for major parts of aeroplane structures.

Chemists, traditionally lovers of long names, synthesised another plastic and named it polytetrafluorethylene. Engineers renamed it simply p.t.f.e. and discovered this remarkable but expensive material to have an astonishingly low resistance to friction. As an experiment, the bottoms of skis were coated with this material, and the skier glided much farther and faster over the snow than would have been possible with untreated skis. Engines were fitted

with bearing made of it with impressive improvement in efficiency.

Trend towards Automation

In the plastics industry, as in others, the trend is towards "Automation" but the processes involved are more readily adaptable to the technique. New machines have been developed that, fed with the basic raw materials in the form of pellets or powder, produce finished products at a prodigiously fast rate. An example is a machine, converting plastic powder into bottle stoppers at the rate of 3,000 per hour: a battery of twelve such machines tended by one man only will manufacture 36,000 completely finished products per hour. Machines of this class which are becoming increasingly used are capable of vast outputs, and combined with the trend of the last few years towards lower raw material prices, are helping to provide plastic products of closely controlled quality at low prices.

The size of plastics mouldings has until recently been largely limited, (apart from the new structures of plastic glass and fibre) by the weight of the finished product. A plastic moulding of 60 ozs. was considered uncommonly large until a few years ago when bigger machines made mouldings possible of 160 ozs. and, more recently, of over 200 ozs. In the United States plastic mouldings of over 300 ozs. have been made, and large articles like refrigerator linings and plastic domestic laundry baskets, dustbins, etc., are now in production.

These technical developments, coinciding with a rise in the living standards, have helped the growth of the industry in the United Kingdom. But equal or even better progress has been made in America and on the Continent. This of course has meant a diminishing market for British exports there, but United Kingdom plastic exports to Commonwealth countries have been strong and are steadily increasing.

Present-day Plastics

The industry in Great Britain today is divided roughly into four main groups consisting of, (1) basic chemical supplies; (2) plastic material manufacturers; (3) processing plant and mould makers; (4) fabricators and moulders of plastic material.

Groups 1, 2, and 3 represent the largest capital investment, and the highest concentration of skilled labour whereas group 4 consists in the main of some dozen large and several hundred small manufacturers. This group may be divided into two parts: — "Custom moulders" concerned with the manufacture of plastic components for assembly by other industries, and manufacturers of consumer goods. The rapid rise of

the industry as a whole has induced competitive conditions for all groups calling for not only strong marketing effort, but also a high degree of production efficiency.

New uses are being constantly found for plastics. The writer's own firm for instance, have developed in the past few months nylon cutlery handles that will stand up to boiling water, polystyrene radio knobs in bright pastel colours, components for the textile industry of greatly improved durability, and motor car components at a fraction of the cost of their steel counterparts. Perhaps the most intriguing use of plastic in recent years was in the production of plastic coffins!

The Future

Future commercial developments will be largely dictated by the prices of raw chemical materials, which represent the greater part of the cost of the finished plastic article, but owing to the wide diversity of markets absorbing its output the industry is healthy and less easily affected than many others, by changes in the economic weather.

PLASTIC GOLF CLUB TO REDUCE SLICES AND HOOKS!

When a golfer is "off his game" the cause may be damp atmosphere rather than a temporary loss of skill! Tests have proved that moisture absorbed from the air causes distortion and keeps changing the face angle of any wooden golf club head. Even one degree of misalignment can make a perfectly stroked ball veer off 40 feet in a 225 yard drive. A new kind of golf club which eliminates such distortion will be shown at the INTERNATIONAL PLASTICS EXHIBITION.

European Integration

A WEST GERMAN VIEW

WHILE the top political issues connected with the Foreign Ministers' Conference are capturing headlines all over the world, politicians and businessmen alike have not ceased looking for practicable solutions of the pressing problems of European economic integration. In his recent speech before the Council of Europe in Strasbourg Professor Erhard was confident in Europe being at the threshold of a new era of expansion free from inflationary dangers. Touching upon the problem of the Free Trade Area, he said that though he fully backs the aims of the Common Market of the Six, he firmly believes that this market must never lead to a partition of Europe and that any and all OEEC members must endeavour to develop ways and means of as liberal a co-operation as possible.

In view of the tasks facing it, Europe just cannot afford any economic quarrels. While it would be unwise to minimize the difficulties which have so far arisen during the FTA talks, it should very well be possible to find a solution which takes into account both the EEC's rôle as the nucleus of a political unification of Europe as well as the drive towards an association embracing all free European countries. Actually, the talks within OEEC have already brought about a basic understanding on quite a number of issues. Added optimism stems from the recent decision of eleven European countries to make their currencies convertible.

Thus, a sound compromise should be aimed at, perhaps in the form of a multilateral commercial agreement, to bring about the much needed strengthening of Europe and create the conditions for a closer co-operation of the Western world.

Fair Competition

German industry shares these views. It abhors any narrow-minded policies of national "self-sufficiency" and protectionism. It can rightly claim that due to the low-tariff policy of the Bonn Government it has been exposed to the sharp winds of international competition, and it does not shun away from this competition provided, of course, competition is fair and not distorted by artificial aids.

From Economic Report from Germany, May 1st, 1959.

Commonwealth Survey

(1) AUSTRALIA WILL DOUBLE PRODUCTION IN 10 YEARS

by COLONEL SIR WILLIAM LEGGATT, Agent-General for Victoria

WHEN I returned to Victoria last December after three years' absence, I was dazzled at what I found. Symbolic of the change was Queen Street, one of Melbourne's principal business streets, which I scarcely recognized—along its length great new office blocks are being built to replace many of the old buildings I had known. Spring Street has its new nineteen-floor ICI building, which overlooks the whole of Melbourne; and also the splendid new Commonwealth office block.

In other cities and towns I visited, such as Ballarat, Bendigo, Hamilton, Mildura and Portland, I found not only physical signs of industrial development, but a sharp change of atmosphere. Three years ago many of the smaller communities, still looking to primary industry for their main income, were reluctant to welcome new secondary industries. Today they clamour for them—not only for the prosperity they bring but to stem the otherwise inevitable population drift to larger industrial centres.

Many British Companies

There are already in Victoria some 200 major British or British-associated companies, and many more have plans for development there. Among

those I visited during my 3,000 mile tour—at one time in a temperature of 104° F.—were household names both here and in Victoria: Birmid Industries; Thomas Borthwick; British Nylon Spinners; W. J. Bush; Cerebos; Guest, Keen & Nettlefold; John Heathcoat; Leyland Motors; John Oakey and Villiers Engineering. But I wonder whether there is not also opportunity for British funds to provide factories to be rented out to the smaller British concern. There are openings for the smaller manufacturer in, for example, the fruit-processing and fruit-juice industries, or in off-shoots of the textile industry. Many British manufacturers who might well be interested in these fields cannot perhaps afford the considerable capital outlay required to start a new factory, but they would be glad of the opportunity of renting factory space. In their turn, they would be warmly welcomed by local authorities throughout the State.

In this connexion Australia's continued adverse balance of trade must be remembered. So far it has been possible to avoid new import restrictions; but should such steps become necessary, British manufacturers with on-the-spot facilities would be in an immeasurably stronger position than those without.

From News from Melbourne (Victoria Promotion Committee, 47 Princes Gate, London, S.W.7), May, 1959.

the development of an entirely new deep-sea harbour at Portland which, when completed, will be a vital pivot between Melbourne and Adelaide. First stage of the project, which in all will cost £5m., will be completed this year.

What of the future? I predict that the level of industrial production in Australia will double itself in the decade ahead. In that increase my own State will continue to play a major part with the help, I hope, of ever-growing investment from the Mother Country.

Industrial Developments

I was particularly interested in two new major industrial developments. The first concerns the steel industry. Despite a comparatively high level of Australian production, the ever-growing demand for steel by industry means that we face an annual import bill of £45m. Now a determined search is being made for larger deposits of iron ore, coupled with experimental production of metallurgical coke from the abundant brown coal deposits in the Latrobe Valley in Victoria. The second is the rapid progress being made on

(2) COINAGE CHANGE IN SOUTH AFRICA

THE Union Government has decided that in decimalizing South Africa's coinage it will adopt a unit of 10s., which will be divided into 100 cents. The unit will be known as the 'Rand'—a name which has the advantages of being the same in Afrikaans and English, and of enshrining the importance of South Africa's gold-mining industry.

The Government has also accepted in principle the Decimal Coinage Commission's recommendation regarding compensation to owners of sterling machines, which have to be converted or replaced, and to machine companies for services rendered in connection with the change-over. The details will be worked out by a Decimalization Council, which will be set up to exercise such

powers and perform such functions with regard to the changeover as will be prescribed by statute.

The millions of coins now in circulation will continue to be used at their equivalent decimal value when the Union's new decimal coinage system is introduced in 1961, according to Mr. J. P. Roux, Director of the South African Mint. The coins will not be over stamped with their new value.

The design and weight of the new coins, when they were minted, Mr. Roux said, would be precisely the same as those of the existing coins. The only difference would be that the new coins would have their value in cents engraved on one side and that the halfcrown would disappear.

From South African Progress, April, 1959.

(3) CO-OPS STRESSED IN INDIA

INDIA'S Second Five-Year Plan stresses the importance of co-operatives.

The Plan has the following targets:

1. Increase membership of village co-op societies from 5 to 15 million;
2. Creation of over 2,000 marketing societies with 350 warehouses and

From International Federation of Agricultural Producers, April, 1959

Nationalise Steel?

by LEWIS CHAPMAN, O.B.E.

CRITICISM of the steel industry has not been accompanied by any serious attempt to show how nationalisation would benefit the country or by a responsible statement of the method or form of any future nationalisation which can be objectively examined. It is significant that the new Labour Party pamphlet says nothing about the preservation of the present company structure, but states that ownership and with it power and responsibility for long term planning policy must be in the hands of a single Corporation. The Industry fears that with power concentrated in one monopolistic body having final financial authority, there would be more and more interference in the day-to-day working of the operating units. Initiative and decision-making in this diverse and complex industry would pass more and more to the central authority, resulting in delay and frustration to those working in the Industry at all levels and leading

Extract from Presidential Statement, Annual General Meeting, British Iron and Steel Federation, 27th March, 1959.

to a gradual rundown of efficiency. It fears the adverse effects this would have on the Industry's competitive ability with both overseas producers and alternative materials, particularly if the spur of competition between companies is lost; the prestige and goodwill carried by famous names impaired; and the producer/consumer links built up over many years at home and in the export market broken. To introduce such disruption would be of the utmost harm to the export trade, already difficult enough with its ever growing intensity of competition.

If individuality and initiative are to be stifled by State ownership; if the benefits of the urge to compete are to be frustrated by bureaucratic centralised management; not only will the industry and those to whom it gives employment be adversely affected; harmful repercussions on the economy of the country as a whole, and therefore on its general prosperity, are bound to follow.

Cyprus : A Near Eastern Singapore

by The Hon. PATRICK MAITLAND, M.P.
(Chairman, The Expanding Commonwealth Group)

IF Cyprus left the Sterling Area many complications would follow. For one thing the island's main road from Famagusta to Nicosia passes through the British Enclave. It would hardly be practical for Cyprus to stay out if between its own port and the rest of the island the Sterling Area intervened. On the other hand the adhesion of the Republic of Cyprus might then have important repercussions on the position of Turkey and Greece. The day could well come when they would seek to join the Sterling Area too.

For if the British Enclaves are developed with imagination and drive, the free port will prosper (and earn invisibles for Britain), and it will inspire the Republic of Cyprus to emulate its prosperity.

So after the deep water harbour, there are other things. The airports are primarily for military use. But they could be converted to be the greatest airport of the Middle East. It is possible that flights from Eastern Europe to Southeast Asia might be attracted through Cyprus instead of Beirut as now; Cyprus could rival Cairo and Beirut as a staging post. The most important airfield is to be within one of the British Enclaves.

If port and airfields are developed, there is a proposal afoot for creating alongside these both tourist and other amenities, in the first place at least one modern hotel. Here

Colonial Development and Welfare funds could be applied to the British Enclaves. A modern tourist hotel would both attract the ordinary run of tourism and provide some comfort for the many British merchants and engineers employed all over the Middle East and even East Africa. It could become the natural place for these people to take their annual leave.

The climate is less trying than in the tropics and than some parts of the Middle East. This, then, could be an admirable site for a British school or series of them. They would cater for the sons of British merchants throughout the Levant and East Africa who would rather have their children schooled within reach than send them home.

A good British prep school and eventually a tolerable secondary or public school could do wonders throughout the area. As in the territory now to become the Republic of Cyprus, strict British schooling has a commercial value that Greek and Turkish merchants have always been quick to discern. If good schools are run in the British Enclaves, they will attract others than Britons and spread our outlook alongside our attitude to commercial ethics.

All such facilities demand the provision of proper banking arrangements. It seems automatic to expect Barclays DCO, and maybe the Ottoman Bank, to expand there.

Condensed from an article in The Director, May, 1959.

And if these things are done within the enclaves, their influence will be spread throughout the island and even spread to Greece and Turkey themselves.

For it became clear in the House of Commons debate on Cyprus just before Easter that one key to the success of this whole concept is some arrangement for freedom of movement. Britons, Turks and Greek nationals must all be able to come and go easily. The same is true of Cypriots.

Relationship to Commonwealth

Yet when the Republic of Cyprus is set up its subjects will be aliens to Great Britain and to the Commonwealth for it will start by being an alien state. Thereafter there are three possibilities. It could remain alien, with few Commonwealth ties save membership of the Sterling Area, already extended to foreign

countries. It could become a full Member of the Commonwealth, with an automatically interchangeable citizenship. Or it could be the first country to accept the projected status of External Associate, sharing many obligations and services beyond those of the Sterling Area—Commonwealth preference for instance, access to the work of the Agricultural Bureaux, of the Telecommunications and Shipping Committees, of the Commonwealth Press Union and the Commonwealth Parliamentary Association.

With such 'external association', the suggestion is now being made, citizens of the Republic of Cyprus might be granted by the Commonwealth some right of easier access to naturalisation as Commonwealth citizens without renouncing their Cyprus nationality. And a like arrangement might be contrived between the Republic, and Greece and Turkey.

Readers' Commentary

From M. PARRINGTON, Lawford, Manningtree, Essex

THE article *Why Restrict Output?* in the April issue of *Economic Digest* raises the question of a 'higher standard of living'. I suggest that this has reached a point where it requires a very much clearer definition. Does it mean, as many seem to think, that we eat more exotic food, have several cars each, many suits of clothes and generally live an idle existence in a world given over to machinery? Or does it mean

Rural Economy

(1) FOOD AND THE BALANCE OF PAYMENTS

THE main question which arises from a study of the Economic Survey is how much stimulus the British economy can take without running once again into an inflationary situation. If this were to happen it would undermine the increasing confidence in sterling which in recent days has been going from strength to strength. As the Survey rightly points out it all turns on continued stability of the purchasing power of the £, and our ability to pay for an increasing flow of imports by increasing our exports.

The first of these vital questions should be within the competence of the authorities to deal with. If they are to succeed however, it would seem that much more needs to be done in the provision of up-to-date statistical information. While there is agreement on the need for expansion, there are considerable differences of opinion on how much stimulus is needed to do the trick. It is true that the Economic Survey refers to "a provisional scheme . . . whereby the liquidity of the banking system could be restricted, should the need arise, through a call by the Bank of England for special deposits to be made with them by the banks". This should obviate the need for the imposition of a new 'credit squeeze', but the effectiveness of such a measure is dependent on correct timing and it is not clear how the authorities will be able to judge this.

Considerable controversy existed in both official and unofficial circles during 1958 as to whether the economy needed stimulating or whether inflation was still the danger. Some much more scientific approach to this problem is badly needed. Perhaps the Radcliffe Committee appointed by the Government to study questions relating to credit and currency will have some recommendations to make which will assist the authorities in this difficult but vital task. Certainly some new and more scientific mechanism than exists at present is an urgent need.

Exports

The second of these questions, how to maintain a satisfactory flow of exports in an increasingly competitive world could present an even greater difficulty. It is true that exports to the United States were 15% higher than in 1957, but exports to Europe were 7% lower and to the sterling area 3% lower. The Survey says:—"While the United Kingdom's export performance as a whole was encouraging in the second half of 1958, there can be no doubt that competition is likely to become stiffer, especially in Europe as the Common Market develops". Can we be sure that our present level of exports to the United States will be maintained? What happens if and when their automobile industry

From *The Commonwealth and Empire Industries Association Monthly Bulletin*, May, 1959.

starts the production of small cars which at present account for such a useful proportion of our exports to that country—surely we are vulnerable here?

One of the methods of maintaining our balance of payments position is by increasing exports. Another is by increasing production from home resources, and to that extent saving ourselves from having to import. It is strange therefore to find that in one sphere where there is capacity for increased production—that of food production—no expansion is envisaged. On the subject of agriculture the Survey says:—“In agriculture the main object is greater efficiency rather than an increase in total output”. Recognising that competition is likely to become stiffer especially in Europe with the development of the Common Market, one would have thought that increased production of food from home sources would have helped in remedying the balance of payments problem. We have also to remember that many of those countries from whom we import food are themselves developing manufacturing capacity and are becoming exporters of many of the things they had formerly to import.

An effective Preference

It is clear that Britain can never become self-supporting in food but that is not an argument against producing as much as we can. It is also argued that by producing food at home we may cause difficulty to our Commonwealth and Empire suppliers. The best answer to this was

given by L. S. Amery in his splendid book *A Balanced Economy*. He wrote, “To the argument that the policy of increasing our own home food supplies is inconsistent with a policy of Empire development there are two simple answers. The first is that, however much we develop agriculture here we shall always need to import considerable quantities of food products of the temperate zone, not to speak of tropical and semi-tropical foodstuffs and raw materials. An effective preference securing this supply to our partners in the Commonwealth may well be worth more to them than a less adequate preference on a larger total import. The second is that the provision of capital for development is no less essential to them than a market, and that we can only go on providing that capital if we can close the gap in our balance of payments”.

The National Institute of Economic and Social Research makes the point that the volume of imports during the past five years has been increasing in proportion to national output. They suggest that there has been a substitution of imports for home-produced goods “at the rate of some £40—£50 million a year from 1954 to 1958, which appears to have continued more or less independently of output changes”. Expansion of output now planned may therefore lead to an even greater volume of imports, and the danger to our balance of payments is obvious. In these circumstances can we afford to ignore the possibility of increased food production which can save im-

These and many other questions will become increasingly important as expansion takes effect. It would

be better to consider the implications now and act accordingly. Tomorrow may be too late.

(2) AFFORESTATION IN U.S.S.R.

New Variety of Tree will Flourish in Deserts

AFFORESTATION, both by planting saplings and sowing seed, is to be carried out over an area of nearly one and a half million acres in the Soviet Union this spring.

Measures to facilitate natural re-afforestation will be carried out over an area of one and three-quarter million acres in some areas of the North, the Urals, Siberia and the Far East in the autumn.

The area of forest in the U.S.S.R. is to be extended by over 27 million acres during the present seven-year period (1959-65).

A large-scale afforestation programme is to be carried out in the steppes. The next few years will see the completion of the planting of forest shelter belts in the Volga areas to protect the fields from dry winds.

Nor have the deserts been forgotten.

A new broad-leaved tree for planting in desert regions has been evolved by nurserymen of Poland, Hungary and the Soviet Union.

“Peace”

Remarkable for its extraordinary endurance, this tree, which has been named “Mir” (“Peace”), will grow in deserts without being watered. It is very fast-growing, reaching a height of nearly 15 feet in its first

year. Within five years it can overtop a five-storey building.

This tree has been developed in nurseries of the three countries over a period of about 10 years from the wild *turang*, a member of the poplar family, which grows in the Amu Darya valley of Central Asia. Through artificial pollination and vegetative grafting, the *turang* has been made to impart its extraordinary endurance to many varieties of poplar and has itself acquired new properties, including rapid and erect growth.

In addition to its other qualities, its timber is valuable for building purposes.

Scientists are of the opinion that saplings of this new tree will be most extensively used for afforestation projects in the deserts of Central Asia.

The extent of these desert afforestation schemes can be judged from the example of Uzbekistan, where 39 million trees are to be planted this year alone.

Deserts account for the bulk of Uzbekistan's territory and in the republic there has always been a shortage of timber, which has had to be brought in from outside, mainly from Siberia. Uzbekistan intends to overcome this shortage during the present seven-year period.

From Soviet News, May 4th, 1959.

Advantages and Disadvantages of the Gold Currency

by DR. RUDOLF SPEICH, Chairman Swiss Bank Corporation, Basle

THE most comprehensive international system on the monetary plane was created with a gold currency as basis and in close association with the rôle of Great Britain as a world commercial power. England was, in 1816, the first country to adopt gold as the sole currency basis and to make it common standard of value in her entire Empire.

With the increasingly effective expansion of the gold currency, the provision of currency on the basis of one single metal became possible throughout the whole world economy. The currency of one economic area could be exchanged into that of every other one. Certainly monetary value and prices developed under the influence of gold production, but the distribution of gold over all areas created an international standard of prices.

Under the rule of the gold standard, industrialisation and especially world trade made unprecedented advances. The qualities inherent in a gold currency may have specially favoured this development, namely the stability of external value of the associated currencies as based on the stable exchange rates and their unlimited acceptability as international means of payment.

Three Fixed Principles

The system of stable rates of ex-

change rested on the maintenance of a fixed relationship between the individual national currencies and gold. It functioned thanks to the assurance of three generally accepted principles:

- (1) the fixation of gold parities, i.e. the determination of a constant ratio between the gold price and the different currencies;
- (2) the obligation of the Banks of Issue to buy or to sell gold at the fixed monetary parities against their national currency;
- (3) the free import and export of gold.

In addition to these minimum requirements, free right of mintage for current gold coins was assured, at least during the era of gold currency circulation which lasted until the first world war.

The maintenance of these principles was most intimately associated with the greatest possible freedom of exchange for goods, services and capital; it governed and furthered the economic balance between the countries concerned. Today it seems strange to us that these pre-conditions, the re-establishment of which has cost us such efforts for a generation, were in existence before the first world war. Let us however not forget that London was the undisputed financial centre of the world and the pound sterling held a position of

From an address at the 87th Ordinary General Meeting, 6th March, 1959.

such pre-eminence as a world currency, that a great proportion of international payments was settled by the medium of one single currency and without exchange.

The Other Side

The gold currency system of the 19th century did however have its disadvantages. Owing to the dependence of the currency on a material value, the progress of gold production allied with freedom of minting beyond the immediate extent of monetary requirements had an influence on the general course of economic development. Gold discoveries at the other end of the world could cause price increases in the industrial countries conditioned by increases in the gold circulation to which there was no counterpart. They made it difficult to correlate monetary supply with the requirements of trade and introduced an element of unrest into the course of economic progress. On the other hand, the liability to meet banknotes in gold, which went with

the gold circulation, had a distinct advantage in so far as it set relatively narrow limits to the creation of credit by the State, the Bank of Issue and the private banks. In this respect, the expression "golden brake" on the creation of credit has been used.

The gold currency system came to a sudden end on the outbreak of the first world war, after its triumphal progress through the second half of the 19th century. To protect national currency reserves, export prohibitions were everywhere imposed and the obligation to pay in gold was abolished. Thus, the "golden brake" was also put out of action, and—to render war financing more easy—the way was cleared for inflation of the fiduciary circulation. This example also illustrates the lesson which is of such vital importance for the present effort, that an international monetary system can only exist when it is the expression of a certain harmony in national economic and monetary circumstances.

MONEY - THE DECISIVE FACTOR

BRITAIN'S HANDICAP IN THE ECONOMIC RACE
WITH RUSSIA

by **DESMOND ALLHUSEN and EDWARD HOLLOWAY**

Foreword by SIR ARTHUR BRYANT
Published by CHRISTOPHER JOHNSON

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New Issue of Currency Notes in Jersey

PRESENTING the Finance Committee's Bill to authorize the issue and recall of currency notes, Senator C. Le Marquand said that both Guernsey and the Isle of Man had their own currency notes. In Jersey there was no such authority to issue them and this was what the Bill was designed to do. "It had been suggested by a prominent Guernseyman whom I met recently that the fact that we did not have our own notes denoted that we were not completely adult," he said.

Guernsey's experience of using their own currency notes* dated back to 1816 and since then they had built a market place from the revenue and had financed many other projects. They issued half a million pounds of their own notes and this represented an interest free loan. About £25,000 a year was thus saved by not paying interest on it. In Jersey it was hoped to issue more than half a million but he could not say how much it would be—except that it couldn't exceed two million—until his committee had gone into the matter more deeply.

"I wish to point out that this is an enabling Act and that we will have to come back to the House before we can issue any Jersey notes. I trust that the proposals will receive the House's blessing."

A Retrograde Step

Deputy Le Masurier said that it was more usual for bank notes to be

From a Report in the Jersey Evening Post, Wednesday, April, 29th, 1959.

No Difficulties

Senator Krichefski said that the last two speakers had made difficulties that just did not exist. In Guernsey and the Isle of Man the system had been working successfully for years. No difficulties were created locally, for the money was legal tender and could be paid into a bank in the normal way. "I think it's a splendid idea and that we should go through with it," he said.

Chamber of Commerce to be Consulted

In reply to the debate, Senator C. Le Marquand said that Deputy Le Masurier failed to give credit to the Finance Committee for taking every precaution possible. They certainly would not issue the notes without first consulting the Chamber of Commerce and the heads of the local banks. "We are not completely stupid," he said. He continued that the committee would not introduce notes without taking everything into consideration. The notes would merely displace the same amount of English currency. "I must again stress that this is merely an enabling Bill," he ended.

The preamble was then adopted, with only two members voting against.

In the second reading Deputy Rider asked whether the Finance Committee would introduce any new denominations. Senator Le Marquand replied that it would not.

Reference Back

After the Bill had been taken in second reading Deputy Le Masurier said that he would like it re-lodged. The President replied that this was not possible as it had been lodged for the required number of days and had been taken in second reading. He could propose a reference back to the committee. This was done by Deputy Le Masurier, who said that he would like the opinion of the Chamber of Commerce and the bankers on the matter.

This amendment was defeated by a very large majority.

The Bill was then taken in third reading and the Act of Transmission passed.

*For the full story of this see *Money the Decisive Factor*, published by Christopher Johnson. 10/6d.

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The Meaning of Convertibility

At the end of last year the Government announced that sterling would be partially convertible. Many people were puzzled to know exactly what this meant and why it was necessary. In this article, Paul Barreau explains

ON December 29th last the British Government announced that any sterling acquired by people outside Great Britain and other countries of the sterling area (broadly the Commonwealth except Canada) would become convertible. Immediately a self-contradictory babel of voices arose. Some pundits told us that this was merely the official acknowledgment of something that had existed for quite a time and that the whole matter could be regarded as of technical rather than material importance. Others criticized it as a move that would put us more than ever at the mercy of foreign bankers and that might compel the Government, in order to defend sterling in the future, to take measures that would hold back industrial expansion and full employment in Britain. Where does the truth lie? Indeed, what is this 'convertibility'? Those questions baffle many people. Let us see if we can shed any light on them.

We can best grasp the meaning of true convertibility by thinking back to the monetary system as it existed in Britain before the First World War. The pound sterling was then a fully convertible currency in every sense of that word. A fully convertible currency is one which can be converted into gold, exchanged into any other currency without restriction and spent on goods imported from any part of the world.

From Esso Magazine, Spring, 1959.

Pre-1914

Before 1914 sterling could boast that it satisfied each one of these conditions. Anyone who held a £5 Bank of England note (there were no £1 or 10s. notes then) could change it into five gold sovereigns. Anyone who had a bank account in this country could, if he so wished, withdraw the balance in gold and take the gold out of the country without let or hindrance. Anyone holding pounds sterling could transfer his money to another country, buy dollars, marks, francs or any currency in the world. Finally, there were no import restrictions in Britain and no tariffs either, so that we could convert our pounds into any goods we wished to have imported from overseas. Freedom of payments, of trade and, for full measure, of migration, made up the convertibility of sterling.

Let it be inserted here that this convertibility of sterling rested on a gold reserve at the Bank of England of under £50 million. Today some people criticize a move to very partial convertibility because a reserve of well over £1,000 million plus credits with an International Monetary Fund (which did not exist then) is deemed insufficient for this purpose. The biggest gold reserve in Britain in those pre-World War I days were the sovereigns and half-sovereigns clinking in the pockets of

the people. But the real backing behind sterling was the complete confidence in which it was held the world over. No one wanted to convert sterling because there was nothing better in which to convert it.

World Creditor

Over and above this Britain was the great world creditor. It had lent money to almost every other country. The vast bulk of world trade was financed by London bankers. The City only had to call in such credits—which is what happened when Bank rate went up and London became a dear place in which to borrow—in order to set a tide of money and gold rolling into this country from the rest of the world. It used to be claimed that a 7 per cent. Bank rate would bring gold from the North Pole.

This complete, ideal convertibility of sterling, and of many other countries, was a casualty of World War I and though it made some kind of recovery between the wars it disappeared again in World War II. Wars are hard on currencies. Governments spend so much that the printing press is the only way to supplement the inadequate yield of taxation. In a nation at war gold has to be reserved to pay for absolutely essential imports of food and munitions; it cannot be left in so unsafe a place as "the pockets of the people". With too much paper money and bank credit in circulation and too little gold in reserve convertibility obviously had to go. Moreover, in the special case of Britain our

great strength as a world creditor was sapped because we had to sell large parts of our foreign investments and incur heavy debts to overseas countries. The second line of credit reserves which before 1914 supplemented the seemingly small reserve of gold, had been sadly depleted—in a good cause, admittedly, but depleted nonetheless.

Exchange Control

We emerged from the last war with a thoroughly inconvertible currency. Exchange control had been clamped on at the beginning of the war and, as far as people who reside in this country are concerned, it remains inconvertible to this day. There are restrictions on sending or spending our money abroad. The foreign currencies which the British trader earns when he exports abroad, have to be brought home and sold to the Bank of England. In addition import controls keep out of this country goods which the Government think we cannot afford—mainly those that have to be bought in dollar countries.

At the end of the war exchange control applied to residents and non-residents alike. Even foreigners who earned sterling by selling their goods to us could not freely convert that sterling. The Frenchman, for example, could not use his sterling to pay for Canadian goods but only to pay for purchases in Britain and other sterling countries. From the very end of the war, a gradual movement towards convertibility began. It had to take place if sterling was

to hold its position as a world currency. If sterling were for ever to endure in the form of the '57 varieties' in which it ended the war—one type for the Americans, one for the French, one for the Belgians, etc.—it would soon have ceased to be an international currency and Britain could have rung down the curtain on its great and valuable business as a world trader, banker and insurer.

Two Main Groups

By last December the varieties had been cut down to five. These fell into two main groups—the sterling belonging to residents and that belonging to non-residents. The result of the moves which came into effect on December 29th was to merge three types of non-resident sterling into one. They were American account, registered and transferable sterling. They have become one type which is called external account sterling and which is now freely convertible into dollars at rates which may vary day by day but which cannot stray beyond the limits of \$2.78 and \$2.82. If they show signs of moving outside these margins, the Bank of England is bound to intervene either by supporting sterling, i.e., buying at the lower of these rates or selling it against dollars at the higher.

The three types of sterling that went into this common pot were already legally or in practice convertible. Any sterling which was earned by an American or a Canadian could be converted into

dollars in the official market. Registered sterling was relatively unimportant. It was created when the gold market was reopened in London in 1954 and any sterling in such an account could be used to buy gold. Transferable sterling was sterling earned by people in all countries outside the dollar and the sterling areas—the Argentines, the Greeks, the Russians, the French, etc. This was not officially convertible but there was an extremely active market, operating mainly in New York and Zurich, in which this type of sterling could be changed into dollars and in which it had for many months been dealt in at very nearly the same rates as those quoted in the official market.

The most important aspect of the December 29th move was the merging of American account and transferable sterling. The new external account sterling is all eligible for dealing in London where the Bank of England can keep a weather eye on it far better than when that large part of it which used to be called transferable could only be dealt in outside this country.

A Near Miracle

Why, it will be asked, did Britain do this? The first reason is that a great currency like sterling cannot indefinitely be split up into different categories. It is a near miracle that in spite of its past inconvertibility sterling should still be the currency most widely used in international trade. About half the world's trade is done in sterling; but that state of

affairs would not have endured the continued 'fragmentation' of sterling. Twelve years ago there were the '57 varieties'; now there are three; one day there should be only one. We could make this move because we felt strong enough, because the balance of payments has been in surplus and the gold reserve has been strengthened. Yet another reason why we should have moved to this convertibility is that eleven other countries of Europe had agreed to do this together. The exact timing may well have been dictated by France, which had to devalue the franc in time for the coming into force of the Common Market on the 1st January this year and which wished to give the new franc the solidity and virtue of being a convertible currency. If we had stood out we would have been isolated. Those who criticize our move as being 'anti-European', do not know what they are talking about.

Unlike charity, this grant of convertibility has not begun at home; but it does open up prospects of more convertibility for us residents of sterling countries. It is the latest of a long series of concessions, such as bigger travel allowances, fewer import restrictions, more freedom to send money abroad, and it is by no means the last of them. We are, I am convinced, moving towards complete convertibility of sterling.

Britain's Responsibility

When the late Mr. Ernest Bevin became Foreign Secretary in the Labour Government after the end of

the war, he said that one of the objectives of his policy would be to recreate the state of affairs in which a resident in this country could go to Victoria station with some sovereigns or Bank of England notes in his pocket, and begin his journey to the Continent unhampered by exchange or passport regulations. We are still a long way from that goal but the changes which took place over the Christmas week-end take us quite a considerable step in that direction. By making sterling legally convertible, Britain must accept the responsibilities that go with this, namely, to keep the pound a sound and stable currency, to resist the temptation to inflate, to maintain confidence in sterling both at home and abroad. All these are sound reasons for welcoming what has occurred.

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Digest Reviews

Digest Book of the Month

MONEY: THE DECISIVE FACTOR by *Desmond Allhusen and Edward Holloway*

Reviewed below by Nicholas Davenport. Christopher Johnson; 10/6

LESSONS OF MONETARY HISTORY

Money: The Decisive Factor, by *Desmond Allhusen and Edward Holloway*. (Christopher Johnson; 10s. 6d.) With a foreword by Sir Arthur Bryant.

This is a very readable and informative book and the authors bring home the lesson of monetary history very clearly. Their theme, which should be framed on the walls of the Treasury bureaucrats, is that we must never allow money to become our master and call our economic tune. Whenever money is made to serve a purpose other than the proper one of a medium of exchange, they say, then sooner or later there is trouble. And how right they are! My only complaint is that they did not use Mr. Peter Thorneycroft more as a model to prove their case, for it was he who actually put into practice during his term at the Treasury the obnoxious doctrine of "hard money".

In September, 1957, after he had put the Bank rate up to 7% Mr.

Thorneycroft made a speech at the meeting of the International Monetary Fund on the other side of the Atlantic in which he said: "If people seek to take more out of the economy than they put in, the resultant strain should not be placed upon the value of the currency but on the levels of industrial activity". In other words, he was determined, by making money dear and credit tight, to create sufficient unemployment to smash trade union militancy and stop unreasonable claims. The folly of this policy was that it could not succeed in breaking the power of the trade unions without first breaking the whole economy.

To create the necessary unemployment meant that he had to suppress demand and that implied suppressing investment. To suppress investment meant denying British industry its efficiency and undermining its ability to compete successfully abroad. As the strength of the £ must ultimately depend on the competitiveness of our trading position in the world the "hard money" policy was all along a piece of suicidal folly. What made it so

ridiculous was that British industry at that time—late in 1957—was already suffering from over-capacity due to insufficient demand, as the authors point out.

Fortunately when Mr. Amory took office at the Treasury Mr. Thorneycroft's policy was thrown out of the window and, after waiting six months or so in order not to hurt the feelings of the "hard money" school, Mr. Amory decided to re-expand. This delay in re-expansion caused the rise in unemployment to over 550,000. However we must be thankful that Mr. Amory and Mr. Macmillan realised that a "hard-money" policy was not the right way to deal with a wage cost inflation if it meant suppressing investment and putting up industrial costs. Obviously any Government has a better chance of getting trade union leaders to co-operate in the attempt to avoid wages going up faster than production if their policy is one of expansion, not restriction.

I am not fully in agreement with the authors in attributing trade cycle movements entirely to monetary factors. There is no doubt that monetary mismanagement makes the cyclical movements worse than they need be, but in a private enterprise system the forces which tend to bring over-expansion and then over-restriction would still be operating even if money were properly managed. Nor do I agree that after an investment boom money "disappears" because the banks issued it as loans to enable firms to pay for the new capital goods and when the work was

finished they called in and cancelled the money". Banks do not make long-term loans for the production of capital goods. But the authors are right in stressing the fact that it is the Government's job to provide enough money to buy the extra consumer goods which follow on an investment boom. Last year, for example, the credit squeeze was unduly prolonged and there was not enough consumer demand to take up the slack in the economy.

The authors advance a plea for a commodity standard for the currency. It is obvious that we could not apply such a standard here while sterling remains the currency for 45% of the world's trade. But the authors have done a very useful work in making people realise that in the economic race with Communism the monetary system as we run it today is a self-imposed and dangerous handicap.

N.D.

CONTRASTS IN MODERN YOUTH

The Public School in the New Age, by *George Snow*. (Geoffrey Bles; 12s. 6d.)

The Shook-up Generation, by *Harison E. Salisbury*. (Michael Joseph; 18s.)

The Wykehamist Headmaster of Ardingly has had experience of Eton and Charterhouse and has written agreeably and with knowledge an

apologia for an English, and basically Christian, institution now adjusting itself to social revolution as in Arnold's day a century back. The argument is balanced and always reasonable and Mr. Snow does well to show that in this of all times lack of funds—which the State could relieve for five millions a year—are making the public school increasingly the preserve of the moneyed.

It is a far cry from prefects and fags and the sex problems of the public school to the depravity and despair of the addicts and delinquents, obscene orgies and gang feuds, clinically examined by Mr. Salisbury: but many of these disturbing young Americans are socially not inferior to Mr. Snow's young Britons. The problems of the "Shook-up Generation" are not confined to the United States and challenge the conscience of us all.

A SIMPLE GUIDE

Investing Simplified, by Edward du Cann, M.P. (Newman Neame; 15s.)

As Managing Director of Unicorn Trust, the first new British Unit Trust to be formed since the war, the author writes from inside knowledge on the history, progress and the possibilities of development of Unit Trusts in Britain. The current interest in the Unit Trust movement as an investment media makes the publication of this 150-page book

very timely. The foreword is contributed by Sir Edward Wilshaw who says "there has long been a need for an authoritative and disinterested guide to Unit Trusts. This book answers that need."

OIL MEN AND OIL LANDS

Adventure in Oil: The Story of British Petroleum, by Henry Longhurst. Foreword by the Rt. Hon. Sir Winston Churchill. (Sidgwick & Jackson; 21s.)

Britain and the Arabs: A Study of Fifty Years 1908-1958, by Lieutenant-General Sir John Bagot Glubb, K.C.B., etc. (Hodder & Stoughton; 30s.)

Nuri As-Said: A Study in Arab Leadership, by Lord Birdwood, M.V.O. (Cassell; 30s.)

Mr. Longhurst's graphic story of "B.P." opens dramatically with the Morgan brothers' chance discovery of gold in Queensland and goes smoothly and readably on to the discovery of something even more important in South-West Persia. This is a fascinating book, attractively illustrated; but the author glosses unconvincingly over such disasters as the loss of Abadan to Anglo-Iranian and makes the formation of the consortium after Mossadeq's fall seem almost a British triumph!

A strange optimism before, during and after catastrophe has indeed haunted British enterprise and policy in the Middle East. Glubb Pasha

has become very wise now that he is free to recollect in tranquillity and makes many useful observations in a third book which is, in our view, superior to his first but not so good as his second. He makes an excellent point when he declares that by the time they acquired influence over Arabs the British had lost much of their idealism and sense of gay adventure and, again, that the non-colonialist Americans accept the oil and the profits but assume no responsibility for the reform of gross tyranny and corruption within their spheres of influence. No Zionist, the author's discussion of the pledges given the Sherif of Mecca and the Sykes-Picot Agreement are a reasonable corrective to much nonsense on the subject. Once again the writer reveals the personality of a devoted, humane and chivalrous Christian soldier; but he makes the mistake of attempting too much in a book the stated subject of which is material for many volumes.

Lord Birdwood's Oriental service was further East than General Glubb's. The Indian Empire he knew was intermittently concerned with the special British position in Iraq and there was a frequent discussion and understanding of Iraqi problems in India. Lord Birdwood therefore has many qualifications for writing this biography; but he is not as much at home with his Arabs as General Glubb. Nevertheless this is a careful, thorough, thoughtful, and above all, a very readable, account of the life and times of Nuri Pasha. It should be widely and sympathetically

read in Britain; for few will be found even within the formal limits of the Commonwealth who have remained so faithful to a British connection in adversity and storm and danger. Even if good ends could ever justify evil means, who can honestly say that Iraq is freer or happier for the villainess and bloody cruelty in July, 1958, and the replacement of a burnt out British Embassy by a Soviet Embassy as a decisive political factor? History may even decide that the work of the Iraq Development Board is worth more than the Egyptian land reform and that Nuri as-Said who saw the emergence of independent Iraq from Turkish collapse and British tutelage and did so much for its security and defence was a better nationalist, and more progressive statesman, than Gamal Abdul Nasser.

300 CROWS!

Indian Killer—The Saga of Liver-eating Johnson, by Raymond W. Thorp and Robert Bunker. (Foulsham; 16s.)

This story of the rough Mountain Man of the Wild West of America who as a revenge against the Crow tribe of Indians hunted and killed 300 of them and having scalped them, ate their livers, may at first sight appear a needlessly gruesome subject for a book. Readers will find, however, that the subject matter throws a great deal of light on some of the characters who roamed the

Rocky Mountains only a century ago. He starts his account with the great depression which followed the 1914-18 war and he traces the steps taken by the Labour administration to overcome this, and subsequent events up to the present day. The structure of the economy, the economic functions of government and New Zealand's place in the world are carefully analysed. The author comments: 'If New Zealanders have any dominant theory of social and economic organisation, it is that economic prosperity must rest upon and promote human welfare'.

HUMAN WELFARE

The Welfare State in New Zealand, by J. B. Condliffe. (Allen & Unwin; 35s.)

New Zealand has the reputation of being a country with a very high regard for the social welfare of its peoples, and this study by Professor Condliffe contains a great deal of useful information on recent econ-

omic developments in that country. He starts his account with the great depression which followed the 1914-18 war and he traces the steps taken by the Labour administration to overcome this, and subsequent events up to the present day. The structure of the economy, the economic functions of government and New Zealand's place in the world are carefully analysed. The author comments: 'If New Zealanders have any dominant theory of social and economic organisation, it is that economic prosperity must rest upon and promote human welfare'.

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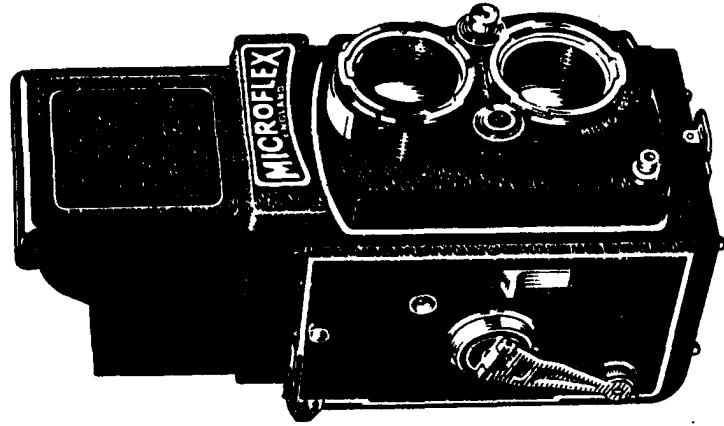
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The Work of the Organisation for European Economic Co-operation, April, 1959. O.E.E.C. Paris.

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The sixtieth annual report of the Association. (1077)

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Summary Proceeding of the thirteenth annual meeting of the Board of Governors, October, 1958. (1078)

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