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*mics and Sociology, Princeton University, N.J.*  
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**Sudan**

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 The first population census of Sudan 1955-56 (1041)

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## Economic Digest

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London Office: 28 James Street, London, W.1

## Digest Spotlight focuses on

### Dr A. J. R. van Rhijn

*High Commissioner for the Union of South Africa in the United Kingdom*

LONDON welcomes the Union of South Africa's new High Commissioner. His mission is difficult and important—difficult because South Africa gets a bad press and there is a tendency in many quarters not to give the Union the benefit of the doubt often readily accorded to other parts of the Commonwealth where controversial policies are pursued. Dr van Rhijn's mission is important because co-operation between Britain and the Union in those things upon which the two nations are at one is necessary to the safety and prosperity of both and indeed of the Sterling Area. The defence and development of Africa are interests common to the Union, the rest of the Commonwealth, to Europe and to the other independent nations of the Continent, within and outside the Commonwealth.

It is well that in Dr Albertus Johannes van Rhijn South Africa is represented by an able spokesman of varied accomplishments. Known as one of the Union's most versatile scholars, he has behind him a career that has ranged over four major fields in the country's public life—education, culture, politics and the press.

Sixty-eight years old, he was born at Vanruijnsdorp in the Cape and matriculated at Wellington. At the University of Stellenbosch he gained his B.A. and M.Sc. degrees and was then awarded the Webb bursary for further study overseas. He went to the University of Frankfurt, and there gained the Ph.D. degree, *Magna*

*Cum Laude*, in organic chemistry. Returning to South Africa, he started teaching and became a lecturer at Stellenbosch in 1920. He returned to teaching for a period to become principal of the Calvinia High School, but in 1925 was offered the post of editor of *Die Volksblad*.

In the twenty-three years that followed he built up this newspaper into one of South Africa's key Afrikaans dailies, a paper which played a large part in guiding the cultural and political destiny of the Free State.

But he was marked for higher honours. He went into Parliament in 1948 as National Party M.P. for Bethlehem and two years later was appointed Administrator of South-West Africa. When Dr Karl Bremer, Minister of Health in Dr Malan's Cabinet, died in 1953 he was invited to take over that portfolio, and after a Cabinet reshuffle became Minister of Economic Affairs and of Mines.

In the latter capacity he has had to give considerable attention to two of South Africa's greatest financial problems—the fixed price of gold in the face of continually rising mining costs, and the problem of the intensified industrialisation of certain major mining centres in order to overcome the effects of the expected closing down of some worked-out and marginal mines.

His hobbies include tennis, in which he is a first-class player. He married Miss Miriam de Villiers in June, 1917; they have a son and two daughters.

## The Discipline of Gold

THE U.S. dollar for many years after the 1934 devaluation was left insecurely tied to gold on what was called a '24-hour' basis, with its gold content subject to alteration at the President's discretion. But before the war's end it became understood again that gold had an importance. Presidential powers to revalue the dollar were allowed to lapse in 1943, encouraging foreigners to freely accept dollars in payment for U.S. imports. Even so the Allies found that gold had to be used for some essential war purposes where paper was not acceptable. Finance ministers had their banks scurrying around the world in quest of gold coins.

On the continents of Europe and Asia insatiable private demands for gold arose as people sought protection from paper money inflation. To steady confidence in paper currencies, governments and central banks found it desirable to deal in gold markets and stabilise market prices. No country in the world is on a gold coin standard today, though Canada and Switzerland have legal provisions for gold coins and a number of mints are coining gold for sale in free markets at premium prices. Even the Royal Mint, in 1949, resumed gold coinage 'to give practice to the younger generation of workers'. Today sovereigns carrying the queenly head of Elizabeth II are on sale in London. Gold coins figure in jewelry and decoration as perhaps never before.

**The Heavy Franc**  
Significantly, the French Government tied to gold, rather than to any foreign currency, when it revalued the franc last month. It chose to make its prospective new 'heavy' franc equal to 18/100 gramme of fine gold.

As Professor Harrod has duly noted: ... the collective wisdom of mankind has assigned a certain role to gold. No one can claim that any complete substitute has been devised or is in prospect of being devised. So that is where we stand. It may not be a perfect device, but on the whole it is a remarkably good one.

That a fixed gold standard imposes limits upon money creation was no new discovery of Keynes. The Chinese, nearly 1,000 years ago, as Marco Polo observed, used paper money inflation to finance projects and economise upon precious metals. From 1716-20 in France, John Law achieved a brief reputation as a fiscal magician by putting into practice a scheme for the government to pay its bills by printing money. These experiments foundered on the simple fact that if the power to create the means of payment is unimpeded, and not tied to a scarce precious metal, the temptation to overissue is almost irresistible. And money has value only if it is limited in supply.

### Tight Money Policy

Finance ministers and central

*From The First National City Bank of New York Monthly Letter, January 1959*

bankers adopt and cling to fixed currency values because devaluation not unnaturally has become identified in the popular mind with inflation; it reflects upon their financial competence. How far Britain has travelled since Keynes was demonstrated in 1949 when the Government put off corrective devaluation of the pound from \$4.03 to \$2.80 until action became unavoidable. Necessity for another devaluation in 1957 was successfully resisted by a tight money policy that involved increase in the Bank of England's discount rate to 7 per cent, highest since 1921. Englishmen who advocate dollar devaluation should understand in this background that the U.S. will hardly devalue in the absence of necessity.

#### Worrying About Gold

Professor Harrod is disturbed

because Americans are not worrying about gold shortage. The reasons are not difficult to find. Gold has been ignored because we have had so much more than enough. Under Keynes' influence, it is still widely regarded as a mere historical curiosity.

It would be well if Americans were more concerned about the U.S. gold reserve position. Other nations, to avoid devaluations, tighten up finances when their reserves shrink. Our gold outflow is saying that the Government is spending too much. If we give heed, the gold standard will have served a valuable purpose.

To devalue in advance of necessity, as Professor Harrod would have us do, would deny gold any chance to be practically useful in checking inflation.

## Sterling and Dollars

THERE can be little doubt that the U.K. authorities have felt for a long time that, by expressing their reserves in terms of the dollar, they were paying an unnecessary tribute to that currency and at the same time, by implication, suggesting that sterling as an international unit was not in the same class. They probably felt that the technical changes in the presentation of the reserves called for by the establishment of currency convertibility provided an opportunity it would be foolish to miss to end this 'flattery' of the dollar and 'denigration' of sterling.

It is, of course, possible that they have also been motivated to make the change by the growing tendency for the dollar to fall under suspicion in the international currency markets.

*From The Statist, January 10, 1959*

For if, as it seems, the dollar's fall from grace is becoming so marked that people are beginning to start talking of the chances of a dollar devaluation and how it could be brought about—the American currency expert, Dr Pick, recently made a statement in an address to some U.S. business executives in which he came close to saying that the present parity for the dollar in relation to gold could not necessarily be regarded as safe beyond the next nine to twelve months—there is clearly much to be said for ceasing to quote one's reserves in this way. This is especially so if the great bulk of the reserves are held, as in Britain's case, not in dollars but in gold—which would not, of course, decline in relation to

*Continued on Page 81*

## Growing Interest in Barter Transactions

SINCE the announcement in November last year of the revised barter programme, under which United States agricultural surpluses would be exchanged for foreign materials, there appears to have been increasing interest in barter transactions as a means of circumventing marketing difficulties.

Apart from the much-publicised transaction—yet to be finalised—involving the exchange of 150,000 tons of Indian manganese ore and 75,000 tons of ferro-manganese for about 400,000 tons of United States wheat, a number of transactions are currently under negotiation. Chrome ore producers in particular are giving considerable attention to the scope for barter deals, though so far only a limited amount of ore has been disposed of in this way. A deal worth £1,400,000 involving American wheat for South African chrome, ferro-chrome and asbestos is reported to be in the final stages of negotiation. Some 50,000 tons of chrome ore, mainly of 44 per cent chemical grade, is believed to be involved. This deal, if concluded, might help to stem the flow of low-priced offers from the smaller Transvaal producers, which have been tending to depress the chrome ore market. It is believed that no Rhodesian ore has yet been bartered.

#### Ferro-Chrome For Raw Cotton

Five leading Japanese ferro-chrome manufacturers recently concluded contracts with the Commodity Credit Corporation of the United States for the export of a total of 13,300 tons of ferro-chrome in a barter deal against United States surplus raw cotton.

*From The Mining Journal, January 23, 1959*

## Barter Transactions

Contracts were expected to be signed early this year. It was further reported that leading Japanese ferro-manganese manufacturers were preparing to make an offer of about 100,000 tons of ferro-manganese for the United States strategic stockpile in barter deals against surplus agricultural products.

In a different category—as being outside the United States barter programme for the exchange of agricultural surpluses—is the United States deal with the Soviet Union involving 20,000 tons of steel sheets against 80,000 tons of chrome ore and a similar deal in which 20,000 tons of steel sheets from Canada are being exchanged for 80,000 tons of chrome and manganese ores. According to some trade sources, the chrome and manganese ores involved in the Canadian deal may also be destined for the United States. These deals could adversely affect sales of Turkish chrome.

Last month it was reported that about 15,000 tons of foreign lead had been involved in barter deals recently completed by the United States. The report added that the outlook was for further transactions in lead and zinc, though no such deals had been reported in regard to zinc. Metal traders in New York were said to be bartering the foreign lead not only for grain but also for cotton and other materials.

#### Pakistan and China

Barter deals recently concluded or currently under negotiation are by no means confined to transactions with United States interests. In November last year, Pakistan signed

a trade agreement with mainland China for the sale of cotton in exchange for Chinese coal. Provisional arrangements were reported last month for a deal providing for the import by Japan of 20,000 tons of Spanish rice in exchange for Japanese products, including steel and non-ferrous metals. Three Japanese trade firms recently signed contracts to import 240 tons of Soviet tin in barter for about 1,000 tons of wire rope.

It is understandable that ferro-alloy manufacturers or small ore producers should welcome barter as a possible means of overcoming the sales resistance of overstocked consumers. In the long run, however,

demand and prices can only be restored by increased consumption and greater confidence in the business outlook. It seems questionable whether any lasting benefit can result from a series of transactions which, in effect, are merely shifting stocks to consumers' or government stockpiles. It has, in fact, been suggested that at present prices (or the equivalent in the proceeds of barter transactions), Rhodesian producers would prefer to leave their ore in the ground until the stock position is healthier. This approach to the problem may be difficult or even impossible for the small miner with limited resources, but it is certainly realistic.

## How to Improve P.L. 480\*

CONSIDERING that a P.L. 480 type programme is almost certain to continue for several more years, the United States should now aggressively address itself to the task of making the operation as effective as possible in terms of serving its national and international policy objectives. Much study and review of P.L. 480 has already taken place. Now, the need is for U.S. Government, acting through its responsible officials, to incorporate the results of that study and review into an effective policy.

As a means to this end, it is recommended that the United States designate, within the existing inter-departmental framework of government, a task group composed of individuals chosen from interested departments, at a sub-cabinet level. The function of the task group would be to formulate for the administration a P.L. 480 policy calculated to overcome the weak-

*From World Farm News (International Federation of Agricultural Producers), December 1959.*

## Freedom for the Pound?

BY A SPECIAL CORRESPONDENT, now in the Bahamas

THE decision to make the pound 'convertible' marks additional progress, but is no great advance. Sterling earned by a non-resident of the sterling area may now be converted at will into any other currency, but for residents of Great Britain (and most other countries in the sterling area) the acquisition of foreign exchange is still controlled. Thus long after all other forms of wartime rationing have been abolished, the British are still restricted in their spending abroad, the most obvious and probably the most futile example of this being the basic holiday allowance of £100. Under these conditions, to talk of the convertibility of the pound is simply juggling with words.

### Bad Drives Out Good

The control of the export of currency is, of course, nothing new. When, as sometimes happened in the past, the King debased the currency, those coins whose gold or silver content were the equivalent of their face value, tended to be sent overseas while, in compliance with what is now called Gresham's law, the bad money stayed behind. The answer to this was a ban on the export of coin and bullion, but although penalties may have been inflicted on offenders, it is most doubtful whether the measure provided a cure.

The fall in the purchasing power of any currency is generally a sign that a country is living beyond its means. In other words its people consume more than they produce. This is inevitable in war time and the introduction of exchange control in September 1939 was highly necessary. Previously it had been used by Hitler to enable him to produce the arma-

ments of the Third Reich and so prepare his aggression against the rest of Europe. It is in use in Russia and the satellite countries today, and is one of the means whereby Communist governments hold down the living standards of their people while maintaining huge armed forces and carrying out crash programmes for space rockets.

### Bretton Woods

In Britain, however, with the exception of the dogmatic Left, we profess an ideology of freedom, and the continuation of any form of rationing nearly fourteen years after the end of World War II needs some explaining.

In the old days, when wages rose and forced up costs and prices, thus making a country's goods too dear for sale in foreign markets, the remedy was devaluation. This brought down internal costs in terms of foreign currency and thus gave an impetus to exports by rendering them once more competitive abroad. This turned out to be no solution, however, in the period between the wars, because other countries tended to follow suit in order to annul the advantage gained by their competitors through devaluation. To prevent this type of competitive devaluation was one of the main objects at Bretton Woods, and the agreement setting up the International Monetary Fund provided that member states should not vary the value of its currency in terms of gold, except within very narrow limits, without the authorisation of the Fund, which in turn provides temporary accommodation in order to tide them over temporary balance

of payments difficulties. The Fund recognises, however, that financial crises, due to more deep-seated maladjustments or structural distortions, may call for longer-term measures, including an orderly adjustment in exchange rates.

The Bretton Woods agreement also foresaw that exchange control would be maintained in most of the member states during a transitional period not expected to last as long as that which has now elapsed since the end of the war. Some European countries, such as Western Germany and Belgium, have reduced exchange control to a minimum and would be ready to abolish it altogether if the United Kingdom would do so as well.

#### British Inflation

But in the United Kingdom wages, the principal element in the production costs of most types of goods, have risen continuously since the war, substantially outstripping the average productivity of the wage-earners. The purchasing power of the pound in terms of goods has therefore been declining in recent years at an average rate of about four per cent. The currencies of other countries, including the dollar, have also been declining in value for similar reasons, but not so fast, and there is no doubt that stringent import restrictions, high bank rate and other measures would not in recent years have sufficed to maintain the parity of the pound, even after it had been drastically reduced in 1948, without the aid of exchange control. Import quotas and controls on the other hand have now become a dirty word internationally and much progress has been made with their removal.

The Conservatives say that their ultimate aim is a completely free

currency. The Socialists are far more reserved on the subject and one suspects that to free the pound would go against the grain for many of them. What appears certain is that neither party in power would be able to do so if wages continued to rise faster than productivity. It must also be remembered that in the last analysis foreign exchange is bought and sold on the market, and like every other commodity, it responds to the ebb and flow of supply and demand, which, in the case of sterling, is not a matter which concerns only the United Kingdom, but also most members of the Colonial Empire and Commonwealth.

#### Liberalisation in Europe

The restoration of external convertibility of the principal Western European currencies, including even the French franc, which was in a poor condition to support extra pressure, was connected with the introduction of the European Common Market in January of this year. Negotiations to widen it by the creation of a surrounding and complementary Free Trade Area are hanging fire and even the Common Market will not be fully operative for another fifteen years.

Without raising speculation on such comparatively remote and thorny subjects as the chances of political federation in Europe and the feasibility of a true customs union without a common budget and currency, it is nevertheless permissible to ask whether a Common Market is possible without freedom of movement across frontiers for labour and capital. If any real and lasting progress is to be made towards European unity, it is essential to work towards an early removal of these restrictions.

## Convertibility Contrasts: I

CONVERTIBILITY is being introduced at a highly favourable time, when West European countries are gaining gold regularly from the United States, when the Sterling Area, in particular, is experiencing a very favourable trend in its reserves, and when, in most countries, economic expansion—already well advanced in the United States—is expected to be resumed in the near future. There is also the virtual certainty of a 50 per cent increase in the I.M.F.'s resources, which will then be available for lending to governments requiring temporary support for their currencies, in order to avoid retreats into restrictionist measures.

The prize which is now sought is

*From Petroléum Press Service, February 1959*

certainly well worth striving for. Currency convertibility brings a higher degree of freedom in trading. Importers and exporters can thus take advantage of the most favourable markets, giving consumers a wider choice, and the benefits of progress and new ideas elsewhere. While freer trading is obviously not going to make life easier for some firms and some industries, in the long run it is economically advantageous to the community as a whole. Some countries will always be poorer than others, but each is helped to make the best of its own natural resources and developed skills if it can trade freely with others. To this end, freer money is an indispensable ally.

## CONVERTIBILITY CONTRASTS: II

THE economic position of many Commonwealth Sterling Area countries is far from strong, and the rest of the Sterling Area has been running a very substantial trading deficit. Countries affected by falling exports cannot be expected to adopt policies conducive to the expansion of world trade, and some Commonwealth countries have indeed been forced to impose severe import restrictions, although they, like Britain, urgently need expansion. But foreign holders of sterling are apparently prone to confuse temporary balance of payments problems arising from expansion with fundamental economic disorders. Nor is it certain that adequate financial resources will be available for an expansion of world trade. The increase in the gold and dollar

*From a statement by the Central Council of the Trades Union Congress, January 1959*

reserves has come largely from a temporary improvement in the terms of trade and from borrowing: even so they are little higher than at the end of 1951. The abandonment of the European Payments Union has eliminated the automatic credit available from European sources, and even if the resources of the International Monetary Fund and the World Bank are increased their usefulness will be limited unless there is a change in the conservative attitude of those institutions.

#### T.U.C. Against Further Deflation

Britain's economic policy will now be even more at the mercy of foreign holders of sterling. If confidence in sterling weakens—even for temporary reasons—the Government

lacking exchange controls to defend the reserves, will no doubt argue that forces outside its control compel it to restrict economic activity and attack employment. The General Council made it clear in their previous letter to the Chancellor of the Exchequer that they would strongly oppose the use of further measures of

deflation as a corrective in such circumstances. Reliance on such measures would be quite incompatible with the need to reinvigorate Britain's run-down economy, however consistent they might be with the Government's obstinate refusal to accept its responsibilities to control and direct the country's economy.

### CONVERTIBILITY CONTRASTS: III

To keep matters in perspective, it must be remembered that the extensions of convertibility that have been made since 1955 have been in favour of non-residents of the sterling area. Countries of the sterling area, or their Central Banks, have for some time enjoyed free access to the reserves, and are, of course, the largest holders of sterling balances. They have now lost this privileged position, and to this extent the sterling area has ceased to exist as a distinct entity. Some members of the Government would perhaps be shocked if they realised this. The point is, however, that even if all the moves towards non-resident convertibility since 1955 were suspended, we should still be

left with the problem of containing withdrawals from the reserves by sterling countries; a problem made more acute since Labour was last in office by the transition of some of them to political independence.

The fact that the privileged status of the members of the sterling area has been undermined by the cession of convertibility to non-members is bound to muffle the persuasiveness of voices from London urging restraint upon members in their use of the reserves. It no longer pays in this respect to belong to the sterling club. It is curious that the British, who invented clubs, should have tired of this one.

*From Socialist Commentary, February 1959*

### CONVERTIBILITY CONTRASTS: IV

AGAINST the background of the long succession of advances, both major and minor, towards a more flexible international movement of money and goods, the achievement of greater convertibility represents a significant step forward. Now that the currencies acquired by non-residents who sell to ten European countries are convertible into dollars, former 'hard currency' countries like Canada need

*From the Bank of Montreal Business Review, January 26, 1957*

participants in the General Agreement on Tariffs and Trade. The recent financial developments among the European nations should further

pave the way towards progressive removal of trade barriers and to a widening of the channels of international trade.

### CONVERTIBILITY CONTRASTS: V

IN taking the attitude it has the overseas world is showing good sense—much better sense, it has to be admitted, than some Labour leaders and financial commentators in the U.K. itself who have been endeavouring to show during the past month that the decision to establish formal convertibility for all non-resident sterling was likely to have damaging effects on the U.K.'s interests both externally and internally. The inescapable fact is that it has long ceased to be practicable to have two widely differing rates for sterling circulating within the dollar zone and sterling circulating outside that region.

The British authorities have repeatedly found in the period since they decided that it was advisable for them to extend their intervention to overseas free markets handling the conversion of transferable £'s into dollars that any attempt to relieve pressure on the gold and dollar reserves by letting the dollar value of the transferable account £ fall was apt to bring the formally convertible £ under such pressure that no net saving for the reserves was achieved. In short, nothing was to be gained by allowing the values of the two kinds of £ to stay apart. Yet by not unifying them Britain was depriving herself of important benefits. For one thing, so long as there was no definite floor level for sterling circulating outside the dollar zone, there was a natural reluctance abroad to hold this variety of £'s. For another,

much sterling exchange business that London market was well equipped to handle was going to free markets abroad.

### No Difference

There was, therefore, everything to be said from the external point of view for unifying sterling rates. And so far as home policy is concerned, the unification makes not a scrap of difference. For since the value of the £ circulating outside the dollar area could not in practice ever be allowed to move far from the parity rate for formally convertible sterling, the fact that it was not specifically linked to that rate gave the U.K. authorities no greater freedom to disregard external considerations in formulating their internal economic policy than they have now that it is so linked.

It can, of course, be argued that it is undesirable that external considerations should have to play such a large part in determining the shape of U.K. internal economic policies and that it would be better if this were not so—that the U.K. should not have to worry, for example about the possible implications for the sterling markets of a decision to go in for more intensive economic expansion. Past experience suggests that any action that it is desirable to take in the interests of fortifying the country's external accounts is as often as not action that is also desirable to take for keeping its internal economic situation healthy,

*From The Statist, February 7, 1959*

so that it would be foolish to suppose that the two things are always pulling in opposite directions. But it is time that those who argue that it is desirable for the U.K. to have an exchange policy that gives it more room to manoeuvre on the internal policy side got their ideas sorted out. They ought to realise that the end-December fusion of the two varieties of sterling circulating outside the £

area was nothing more than a tidying up operation called for by the accumulating evidence that, with one variety of sterling anchored to a fixed parity, the other variety must also be more or less anchored to that parity. If greater latitude is needed, therefore, it can only be obtained by unpegging the value of sterling as a whole—in short by putting the £ on a floating basis.

## Key to Key Chaos

Keys are the most important guardians of security in this modern age. They protect our secrets, personal and confidential affairs. They secure rooms containing valuable equipment, stores and many places that should be kept locked when not in use. But the methods used in the most part are cumbersome, time-wasting and never truly fool-proof. How often one comes across a case of that vital key found missing at the critical moment.

The unique 'Colorcap' equipment available in boards or cabinets and is based on visual selection.

The basic element of 'Colorcap' are the key caps themselves, made in eight brightly contrasting colours. Being manufactured from a durable rubber composition the 'Colorcap' key caps stretch easily and fit all the usual types of lever and cylinder lock keys and hold them firmly. The beak-shaped indicator on the caps shows instantly which way up the key should be inserted into the lock—another useful time-saver. The various colours can be used for indicating groups, floors, department or any

other organisational requirement.

The key caps hold interchangeable, clearly-read, index tabs which correspond with the numbered adjustable key hooks. These hooks are clipped at the required distance apart from each other depending on the size and shape of each key. The key hooks will easily take two keys each. This is useful where spare keys exist.

The key-location cards are an important element of control. These show immediately that a key has been borrowed—which key—who has borrowed it—and when. They also serve as useful records from which can be immediately ascertained the person responsible for any discrepancies or misuse that may be discovered later.

Each board and cabinet, strongly made in steel, is supplied with a visible key index which greatly facilitates the use of 'Colorcap'. Cabinets can be fixed on the wall or built into the wall. The largest cabinet has a separate internal security compartment for special keys and duplicates. This inner compartment is locked independently from the outer door of the cabinet.

Note: The Joint Editors welcome contributions giving details of useful new developments of use to agriculture, industry and trade.

## Commonwealth Survey

### (1) MONTREAL AND AFTER . . .

By ROBERT FREEMAN

(Chairman of The Robert Freeman Co. Ltd, London, and Director of Pemberton, Freeman, Bennett and Milne Ltd, Toronto)

*If nothing specific about future Anglo-Canadian trade emerged from the Montreal Conference, there were, says the writer, signs of a more propitious trade 'climate'; if the Conference results in more regular and frequent meetings of the kind, a very great deal will have been achieved. In any event, British representatives visiting Montreal would see for themselves something of the evidence of Canada's striking and rapid progress*

It is now three months since the Commonwealth Economic Conference took place in Montreal, with the Canadian Government, led by Prime Minister Diefenbaker, very much the moving spirits in both planning and organisation. And trade is of such deep concern to both countries, it is understandable that the question, 'What has come out of it?' should be heard with some frequency.

Although the Conference was widely reported in the more intelligent press while the Conference was on, comparatively little was said afterwards, and it is hard to put a finger on any one point which emerged from the Conference with any clarity that could be described as decisive about future Anglo-Canadian trade. During Mr Diefenbaker's recent visit to Britain he made little reference to the results of the Conference.

#### The 15 per cent Switch

The question is put with special insistence, of course, by those whose imagination had been captured, or whose indignation had been provoked. From *F.B.I. Review*, January 1959 (*The Journal of the Federation of British Industries*)

voked, by the 15 per cent switch theme. Long before the Conference which he convened, Mr Diefenbaker had said that it was reasonable that in due course as much as 15 per cent of Canada's trade with the United States might be redirected to British sources.

The United States Government vigorously protested against the 15 per cent switch policy and this fact probably has a bearing on how Canada will go about achieving a more favourable balance in her trading account with the U.S.

Thus, ever since the now famous 15 per cent switch statement was made, down to the time of the Conference, a great many people in Canada, the United States and Britain have tended to look upon the idea as unpractical wishful thinking. Particularly, Canadians and Britons wondered whether Mr Diefenbaker would clarify his intentions during the Montreal gathering. In fact, he did not.

The reaction in some Canadian quarters is reflected in this quotation from the *Winnipeg Free Press*.

*'On the part of Britain's exports to Canada, the Diefenbaker Government*

promised not to make further tariff increases. Since we have already not to raise tariffs if the imports are from sources outside the Commonwealth, the declaration was more one of necessity than of virtue. It was a promise that we would not divert existing import trade away from Britain.

Nevertheless, a fair appraisal of the Canadian Government's role during the Conference would be that out of all the deliberations came certain resolutions—and even changes of heart that could, with fair speed, lead to the creation of a 'climate' in which trade could be increased between Canada and Britain and between nearly all members of the Commonwealth. After all, it is not sufficient simply to decide or affirm that trade should be increased. It is necessary for everyone concerned to do what is needed to procure the increase.

The Conference was not, after all, only an Anglo-Canadian affair; but it did nevertheless bring British and Canadian Ministers together—which they do all too seldom. If the Conference results in more regular and frequent meetings of the same sort in future, a very great deal will have been achieved indeed. (To anyone interested—and everyone should be interested—that excellent booklet, *The Commonwealth—Expanding Opportunity*, published by the Conservative Political Centre, contains a first-class working blueprint for Commonwealth meetings.)

#### Canada's Rapid Expansion

One of the good things about the Conference must be the fact of British representatives being in Montreal at all—to see for themselves

the fantastic changes that are taking place there, typical of all Canada. If Canadian marketing information is twelve months old it can be out of date; and it is to be hoped that the British delegates brought home with them a revitalised impatience with ignorance and incompetence about the Canadian market. There will be no free handout to Britain of 15 per cent of Canadian imports which would otherwise have come from the United States: the fact is that we can have more than that if we go after it. If we do the things which deserve success, we can command it.

What also came out of the Conference, to some people's surprise, it seems, was a genuinely increased understanding on the part of the major members of the Commonwealth of the problems of the minor members. It is, at all events, reasonable to hope that the Conference implanted the idea that there needs to be a lessening of restrictive practices among Commonwealth members if everything is ultimately to be to the advantage of the greatest number. So far as Canada herself is concerned, it will become increasingly necessary for her to take her own export situation more seriously; and she will need the goodwill of the whole Commonwealth. Canada cannot avoid the size of the assignment which her destiny represents.

#### Initiative

Canada's deportment in world affairs over the past few years is seen by some to have been highly significant. For example, Lord Hailsham said at a Canada Club dinner:

*'For good or ill, Canada has now assumed the position of initiative in Commonwealth affairs and, lest by*

*silence I should leave the contrary impression, may I say that we in Britain regard it as wholly to the good. Only, make no doubt of it, by so doing, Canada has inaugurated a new age in Commonwealth development.'*

Fortuitously on the day following that pronouncement a *Times* leader drew impressive attention to the little realised—even in Canada—opening up of the Canadian North: 'By land, sea and air the Canadians have been pushing north. Deep-draught ice-breakers have broken through the ice along the Arctic coasts, making regular use at last of the long coveted North West passage. New roads have been planned and surveyed north from Dawson and the Mackenzie River to the northern Yukon, the Great Slave Lake and Yellowknife. Heavy freight aircraft have flown to the new airport at Frobisher Bay on Baffin Island.'

Things, one can say with safe understatement, are on the move and, as *The Times* further pointed out, the new Canadian pioneers are not only interested in relative costs on the world market. They are also keen to develop for Canada sources of valuable ores belonging to Canada alone on which she can build her industrial expansion and independence . . . and though the rewards may not be immediately visible . . . in the long run they will be immense.

Such reminders of the developing power of Canada are more than welcome because there is a natural tendency to envisage the future Canada as being somehow just the old Canada written up rather large. And too often Canadians themselves fall into the same misconception.

The sober British view of the over-all Anglo-Canadian trade future is surely that, ultimately, and as perhaps the most direct long-term consequences of the Montreal Conference, both countries will increasingly follow a policy of doing what comes naturally. Canada might do better, for instance, to take a more realistic view of her competitive position in the manufacture of woollen fabrics. In relation to British imports: similarly, Britain will one day stop competing in products with other Commonwealth members who will produce them more economically for the benefit of everyone. The Conference dwelt at sensible length upon the importance of exploiting the natural talents and resources of the Commonwealth to the common wealth of its members.

#### Lesson for All

So far as the Canadians themselves are concerned, a fact emerging from the Conference was that Canada must look sharp if she wishes to keep pace with her American rivals in Commonwealth markets. For a long time British traders have been told, quite rightly, by Canadians that they must show more initiative in export and evidence a proper realisation of the value of employing local techniques. If Canada is going to succeed in the broad Commonwealth markets, including that of the United Kingdom, she must begin to take some of her own medicine. It is just possible that it is not only the British who have to learn that what was good enough for them is not necessarily good enough for everyone else.



## (2) MALTA, G.C.

THERE are those who say 'Why waste time and money on Malta? It is no longer of any strategic value. If they want to starve or fall into the hands of some other power, let 'em.' This is an ungenerous view. The British people will not easily forget Malta's gallantry in the last war and they know too that they have many good friends in the islands. Nor will they be so unwise as to write off as the fomented unrest.

*From Commonwealth and Empire Industries Monthly Bulletin, January 1959*

## (3) COMMONWEALTH OIL SURVEYED

IN 1958, production of oil in the Commonwealth is estimated to have been under 34 million metric tons compared with over 36 millions during the previous year. This is the first occasion in more than a decade that Commonwealth output has not shown an increase on that for the preceding twelve months, and the decline is accounted for by a drop in Canadian output of some 3 million tons (to an estimated 22 million) because of marketing difficulties and U.S. restrictions on oil imports. Available resources would permit a considerably higher level of output if required.

Turning to other Commonwealth producers, production in British Borneo (rather more than 5 million tons) also showed a fall on 1957. This is due to the lower yield from the Seria field, which has now passed its maximum rate of output. Strenuous endeavours are being made to discover fresh resources in the area, either on land or offshore. Trinidad, however, presents a more encouraging picture. Last year's output is expected to top 5 million tons for the first time, and stand at about 50 per cent

*From Petroleum Information Bureau, January 1959*

the needs of its member-countries, in other respects its oil industry is very well developed. In particular large-scale refining industries exist in Canada and the U.K. each able to process approximately 40 million tons of crude oil annually—and a number of important refineries have been established in Australia, where capacity is now about 10 million tons a year. Trinidad, British Borneo, Aden, India and South Africa all possess important installations for refining crude oil—either obtained locally or imported.

Looking ahead, there are prospects of enhanced production of oil in the Commonwealth, particularly Canada, and the search for new fields continues over a wide area. The long-deferred hopes that oil would be

discovered in Papua received some encouragement last year with the finding of oil at Puri, and work is being continued there. Nevertheless, for some years at any rate refining and other operations are likely to remain the major preoccupation of the oil industry in most Commonwealth countries. This applies in particular to Britain where, apart from her oil refining and closely allied petroleum chemicals industry, there is a considerable interest in the world-wide operations of British oil companies. These enable both Britain herself and other members of the Sterling area to obtain supplies for a minimum expenditure of hard currency, while the earnings of her oil companies is an important factor in Britain's balance of trade.

## (4) 144 MILLION POPULATION

THE population of South Africa now totals 14,418,000, according to the latest estimates of the Bureau of Census and Statistics. The Whites number 3,011,000; the Bantu 9,606,000; the Coloureds 1,360,000 and Asians 441,000.

In South-West Africa there are 66,000 Whites; 21,000 Coloureds and 452,000 Bantu. There are no Asians. The White population of the four provinces of the Union is made up as follows: Transvaal, 1,398,000; Cape Province, 1,024,000; Natal,

*From Modern South Africa—News-sheet issued by The Director of Information, South Africa House, February 1959*

326,000 and the Free State 263,000.

In the Cape there are as many Coloureds as Whites; in Natal the Asians, mainly Indians, outnumber the Whites by 26,000. The rate of natural increase among Coloureds is nearly double that of the Whites, but the infant mortality rate among Whites is much lower. The rate of increase among Asians is also high but not as high as that of the Coloureds. The death rate among Asian children is about the same as that of White children.

## STERLING AND DOLLARS Continued from page 68

the value of the dollar or of sterling if the Americans did at some time in the future come to the conclusion become untenable.

## Economic Effects of Automation

By J. W. MURRAY

(Extract from an article entitled *Fast Automation: Britain's Salvation*)

THERE can be little doubt that, providing the capital is available, automation will in the near future allow lower prices, higher wages, higher profits and a shorter working week or day in some industries. But to allow this to happen simply in those industries would allow the creation of an industrial *élite* of the automated industries which would be undesirable on social grounds, and on economic grounds, because the purchasing power would not be spread over a wide enough section of the community.

No one can say for certain what will be the precise economic effects of automation. Of course, that is not to say that we cannot make an economic assessment of the effects of automation given certain conditions and certain decisions. For example, even with the present level of technical possibility, we could make an estimate of the effect of automation in a certain factory, or even a certain industry, if we know how much capital will be forthcoming for the project.

Given that amount of capital, we can make an assessment of the effect upon the future size of the labour force, and the effect upon the labour cost in relation to the goods produced, provided the wage levels remain static. But all our experience and our assumptions are that this would not be so.

Given a certain amount of capital for automation and having assumed a certain labour cost, we could make some assessment of the effect upon the cost of the goods if we also knew something of the policy of the firm in

*From Automation & Automatic Equipment News, January 1959*

relation to profits and if we know something of the policy of the Government of the day in regard to taxation. And we would also have to know something about the demand for the product and about the purchasing power available. But it can be seen how many assumptions—or guesses—have to be made.

To take the last point alone, there can be no doubt that in relation to a mass-produced product, there must be a mass sale and that depends upon sufficient people having the money to buy it, which in turn depends upon the level of employment and the level of wages or income generally, which themselves in turn are, or may be, indeed, we might say must inevitably be affected by automation.

### Future Government Measures

In the circumstances described in this article, there is no doubt that, as automation advances, the Government will have to use the Budget surplus and other 'built-in stabilisers of the economy', i.e., old age pensions and other social security payments, family allowances, etc., to distribute some of the benefits and to maintain purchasing power.

The future Chancellors of the Exchequer will have to take definite decisions as to the levels of investment to encourage by initial and other industrial allowances. There will also have to be decisions about the length of the educational period, not only in order to take youngsters off the labour market, but because automated industry will demand higher educational levels. It may also

be necessary to provide for earlier retirement, despite the fact that we are an ageing nation.

Indeed, many of our old attitudes will need revision. It is no longer a question of working harder and longer hours but of working more intelligently by making machines to take on the more onerous and distasteful tasks and the jobs they can do better than human hands. This is not the place to open a philosophical discussion on the virtue or otherwise of hard physical work and education for leisure but these are not un-

connected with the problems of automation.

To sum up the whole of this series of articles in a single sentence: the future prosperity of our country depends upon management introducing automation as quickly and as sensibly as possible and upon Government having the intelligence to organise the economy and our financial resources to ensure that the necessary capital is available and the proceeds are equitably shared among the whole population.

## Raise Your Glasses!

THE recent annual report of H.M. Customs and Excise focused attention on the rapid rise in wine consumption in this country, and also on the changing tastes among wine drinkers. During the last five years consumption has risen by over 5 million gallons to 20 million gallons, but even this figure is still a little lower than the annual consumption in the immediate pre-war years. Although over a quarter of all wine sold in this country is manufactured in Britain, the increased sales in recent years have been almost entirely of imported wines and the major part of the increase is attributable to the greater popularity of light table wines, imports of which have more than doubled during the past five years.

The changing taste of the British public for wine is perhaps best illustrated by the fact that in 1938 light table wines accounted for only 23 per cent of total wine imports while heavy wines, such as port and sherry, comprised 73 per cent, the balance of 4 per cent being made up

of sparkling wines. Today, imports of light wines are, if anything, slightly higher than those of the heavy variety while sparkling wines are at about the same level as before the war.

The cause of this switch from heavy to light wines is not immediately apparent, for each type by its very character tempts the palate in a distinct and separate manner, but the growth in the popularity of light table wines doubtless stems from the increasing number of people holidaying on the Continent and acquiring the habit of drinking wine.

A total of twenty million gallons of wine is now consumed annually in this country but this seemingly enormous figure represents under four bottles per head of the adult population and sales will quite possibly increase still further. Certainly the wine trade, which enjoys a high reputation in this country, is well alive to the possibilities and is endeavouring by advertising and new sales methods to enlarge its market.

*From Barclays Bank Review, February 1959*

## European Common Market and Asia

THE Common Market which came into existence on January 1 comprising six European continental countries (West Germany, France, Italy, Holland, Belgium and Luxembourg) is viewed by the Asians with a feeling of concern and apprehension. Their main concern is the possible discrimination against foodstuffs and raw materials supplied by Asian countries to the Common Market countries in favour of supplies from the overseas territories associated with the Common Market participant countries. In the case of Japan the concern is even deeper, as this most industrialised country of Asia fears additional difficulties for the export of her manufactured goods.

It is difficult at this juncture to assess the economic effects on various Asian countries, particularly as one has to distinguish between short-term and long-term factors. In addition to pure trade problems a number of economic consequences of greatest importance to Asian countries may arise as the result of the Common Market Treaty. Will the new economic unit have an influence on the direction of investment capital with a preference to the Common Market countries themselves and their associate overseas territories? Will the new economic unit provide a higher incentive for production of synthetic products competitive to natural raw products from Asia? Will there be in the long-run changes in the pattern of consumption due to differential tariffs, for example, preference to coffee as against tea?

**Difficult to Assess**

The main difficulty in the way of a proper assessment at this time is also

*From Eastern World, February 1959*

in the fact that the Common Market may have opposite effects on different commodities exported by Asian countries, and it is hardly possible at present to draw a correct balance on the entire economy of each individual Asian country. In the case of Pakistan the position of jute may be strengthened while the exports of raw cotton to the European Continent may easily become more difficult. Some observers foresee additional difficulties for the export of Asian cotton goods to the African territories associated with the Common Market. These questions were raised at various meetings of the Committee on Trade of the United Nations Economic Commission for Asia and the Far East as well as at the G.A.T.T. conferences by Asian members. At the time of writing the E.C.A.F.E. Committee on Trade is meeting in Bangkok (January 23-February 2) and one of the points on the agenda is 'Development of relations to the European Common Market and the proposed Free Trade Area in Europe'.

### Regionalism

We live in a period of regionalism within the world economy. If the Common Market (and the proposed Free Trade Area) would lead to a more rational and efficient use of productive resources within the community with a resulting prosperity, then third parties (in this case the Asian countries) may profit from this development, just as the recession in the West had very adverse effects on Asian economies. But the crux of the problem from the point of view of Asian countries is that the new economic unit in Europe should adopt a liberalised policy towards

imports from Asia and not carry out discrimination against imports. A certain safeguard in this respect is the interest of the Common Market countries in developing their trade with Asia and the Far East. Their industries are fully aware of the importance of Asian markets and their growing potential as customers. They further realise that every discrimination concerning imports from Asia may jeopardise—or at least hinder—their export activities in that area.

The Common Market nations represent an important outlet for Asian commodities and produce. It is estimated that these six European countries take 20 per cent of Indonesia's as well as three per cent of Ceylon's and two per cent of India's total tea exports; 85 per cent of Indonesia's and eight per cent of India's total tobacco exports, and in Pakistan's total raw cotton exports. About 10 per cent of Ceylon's total exports were taken by these six countries, including 38 per cent of coconut oil, 21 per cent of cocoa, 14 per cent of rubber and 31 per cent of fibre total exports. These are only a few examples which show that a

decrease of exports to the Common Market area would hit the economies of Asian countries, which have been already severely affected by the fall of prices of commodities which are a substantial share of their exports coupled with the recession in the West (with decreased demand for raw materials and semi-manufactured goods from Asia).

### Suspicion

Every move of economic integration in Europe is viewed by Asians against the background of reduced earnings of foreign currency which they need urgently to execute development programmes. Asia needs capital goods and equipment on an increasing scale, and prices of these imported goods show an upward trend (contrary to the prices of primary products exported from Asia). How will the Common Market Treaty affect the supply prices of the capital goods to Asia—this is another question of great importance, particularly as up till now competition among the manufacturers of the six European countries had certain advantages for Asian buyers. The following table shows the decrease of value of total exports of some Asian countries:

	1957	1958	whole year first 6 months monthly average
Burma (million kyat)	91	81	
Ceylon (million Rs.)	140	122	
India (million Rs.)	549	430	
Thailand (million baht)	630	589	
Hong Kong (million HK \$)	252	234	
Japan (1,000 mill. yen)	86	83	
Federation of Malaya (million Mal.\$)*	182	156	
Singapore (million Mal.\$)*	290	274	

\*These figures include the trade with Singapore and the Federation of Malaya respectively.

(All figures have been compiled from 'Economic Development and Planning in Asia and the Far East', U.N. Economic Bulletin for Asia and the Far East, December, 1958.)

The problem facing the countries of Asia is to reverse this trend and to earn more foreign currency. Many factors, like the recession or economic recovery in the West, are outside the scope and determination by the Asians. There are indications, however, that the next few months will see bigger industrial activity in western industries with a result of greater demand for commodities from Asian countries.

The measures which can be taken

by the Asians themselves is a further diversification of their trade, and a more active drive to promote their exports to various markets, including the European Continent. A better knowledge of the requirements and trade procedure of these markets and making goods from Asia better known on the Continent are bound to improve the unfavourable trade balance of many Asian countries with their trading partners in Europe.

## Will Khrushchev Be Right?

PREMIER Khrushchev predicted a year or two ago that our grandchildren would live under socialism. If we let government keep crowding in with more programmes, more handouts and more controls, he will be right.

More and more thoughtful people are pondering where we are headed and what kind of society we want. We can treat the individual as dignified and self-reliant. Or we can reduce him to self-pity and dependence on the labours of others for support. Then, as production falters, the whip of compulsion must sup-

*From First National City Bank Monthly Letter, New York, February 1959*

## MIKOYAN AND REUTHER

U.S. labour leaders stated emphatically the American labour movement and American people in all walks of life stand firmly behind the U.S. government's position of a free Berlin.

After the raking over from the A.F.L.-C.I.O. leaders, Mikoyan complained: 'You fellows are more vicious than the capitalists. The capitalists don't talk to me that way.'

'We know you better', was Walter Reuther's reply.

*From Labour News from the U.S. (U.S. Information Service), January 23, 1959*

## Rural Economy

### (1) KHRUSHCHEV ON SOVIET AGRICULTURE

THE historic significance of the party's decisions on the reorganisation of machine and tractor stations, the new procurement procedure, and uniform prices, lies precisely in the fact that they usher in a new chapter in the economic relations between the state and the collective farms: The principle of the free sale of products will gradually encompass all branches.

Take grain, for instance. This year the state procured 3,500 million poods\* of grain. If next year the collective and state farms grow a good crop and the state buys just as much grain and adds still more to its reserves, in 1960 we shall have to buy, obviously, not more than 3,000 million poods, or perhaps even less.

The same holds good for other agricultural products.

#### Discipline of the Rouble

Important conclusions must be drawn from what I have said. We cannot go on managing the farms without a profound and all-round analysis of the cost of production of the produce, without the lever of the rouble as a control. It is necessary that our executives, the collective farm chairmen, the state farm managers, party and government leaders and agricultural specialists know all there is to know about the economics of agricultural production, that they manage things in a thrifty way and make better use of reserves and opportunities to reduce the cost of production.

One must realise that as regards the level of labour productivity in

\* There are just over 62 poods to a ton.

*From a report to a plenary meeting of the Central Committee of the Communist Party of the Soviet Union, December 1958*

agriculture our country is still considerably behind the United States.

Of course, it would be wrong to make a mechanical comparison and assessment of the level of labour productivity in agriculture in the U.S.S.R. and the United States, because the farms are developing on different social and economic foundations. The American farmers operate their farms on a purely capitalist basis, in conditions of competition and exploitation, the destruction of the weak by the strong, that is to say, in all the conditions inherent in the capitalist world.

Our collective farms organise their production on an entirely different basis as socialist co-operative enterprises. That is why on the collective farms, together with the task of attaining a high level of productivity, there is also the task of providing all the members of the co-operative with work and equal conditions for obtaining incomes for their equal efforts and work contributed to the commonly-owned enterprise. This is an entirely different principle.

#### Machine Replacement

When our industry was insufficiently developed and there was no possibility of widely employing machinery in agriculture, the question of attaining higher labour productivity on the collective farms was not so acute.

Today, when our country has advanced and reached such heights in developing industry, we are able to mechanise all the main jobs in agriculture, to cut labour outlays in

the output of agricultural produce and to use the surplus of labour power in agriculture for work on new construction projects, in various branches of industry and also in agriculture for the development of its more intensive branches.

Consequently the collective farms have to produce more agricultural output with fewer people, to raise labour productivity and thereby the incomes both of the collective farm as a whole and of its members.

On the state farms it is a different matter. Here we have every prerequisite for rising to a higher level in a short time, for making better use

of machinery and for exceeding the labour productivity indices of the American farmers.

We can do this if party organisations, government and agricultural bodies, Communists and Young Communists, public spirited collective farmers and state-farm workers, fully aware of their responsibility, launch a drive for proper and more efficient organisation of production, for the reduction of labour outlays in production. The main thing here, without doubt, is the further mechanisation and electrification of agricultural production. Inexhaustible possibilities are latent here.

## (2) CHEAP FOOD

BY SIR JAMES TURNER

*President, National Farmers' Union*

THERE are in this world some 2,700 million people and there are a hundred thousand more swelling the population of the world each day. All of them have to survive and live off the top six inches of the world's surface. But how is the world's food product distributed? There are richer and poorer people; there are higher and lower standards of living.

'Take, for instance, the calorie intake of the United States' population, at a level of 3,700 calories against India's 1,900.

'These higher and lower standards of living, wide as they are, represent a gap—a gap which would be closer were it possible to properly distribute the surpluses of food that exist throughout the world and to create an effective demand amongst the peoples of the under-developed countries so that they could afford to absorb the surplus quantity of food. But then how is the surplus problem

*From the British Farmer, January 31, 1959*

level that will safeguard the country against always having to procure its own food supplies.

'The price Britain pays for this partly balances the world situation. Britain must find the right level on which to operate. The policy of the nation at the moment is to operate

## (3) FARMERS GROW MORE CORN

FARMERS around the world grew more corn in 1958 than ever before in history.

Indications are that the total world production may be about 7,100 million bushels. The United States Foreign Agricultural Service says this would be 530 million bushels above the previous record high set in 1956.

The record United States crop of 3,800 million bushels is more than half the world total. Large crops also are reported for Russia and Mainland

*From World Farm News (International Federation of Agricultural Producers), December 1958*

on what we call the free market. But the free market requires what I believe to be an essential complement—the complement of international commodity price stabilisation—if it is going to be effective in finding the right balance between buying too dear and buying too cheap.

China. These three nations produce two-thirds of world corn production. The Soviet Union's ranking position in corn is a recent development for the Russian 1950-54 average is estimated at only 190 million bushels. Corn supplies for 1958-59 in United States are more than 5,200 million bushels. Domestic requirements for the season are forecast at 3,200 million bushels.

The big corn crops in Russia and China may mean these countries will be exporting more corn than usual.

RURAL RECONSTRUCTION ASSOCIATION

The

## Annual General Meeting

will be held on

**MONDAY, 16th MARCH, 1959**

**LORD TWEEDSMUIR** (*President of the Association*)

will give an address on

**THE FUTURE OF LAND IN THE BRITISH ISLES**

Business Meeting (for members), 4.30 p.m.

Tea will be served at 5 p.m.

Address and Discussion, 5.30 p.m.

Details may be obtained from the Hon. General Secretary, Miss W. Walshe, 6 Elmfield House, Carlton Hill, N.W.8.

## World Population

THE unprecedented expansion in the population of the world has probably not yet reached its peak. During the two-year period, 1957 and 1958, world population is estimated to have risen by 90 million, the equivalent of the population of Japan or twice the population of France. Moreover, there is no sign that the rate of growth in many countries will be halted and expectations for the period 1959 and 1960 are that world population will increase by a further 100 million.

This conclusion is reached in a U.N. Secretariat report on world demographic trends submitted by the Secretary-General to the Population Commission.

### By 2000 A.D., 6,000 Million

World population, after reaching 1,000 million during the first half of the nineteenth century, rose to 2,000 million by about 1930. By 1962, the world will have 3,000 million inhabitants and by 1977 about 4,000 million.

According to a 'middle-range' estimate, which assumes a considerable widespread fall in birth rates after 1975, world population would reach the 5,000 million mark by 1990—and there would be a further growth of 1,000 million making 6,000 million in all, before the year 2000.

### Poor Countries' Faster Growth Rate

Poor countries, as is the case at present, will have much greater population increases proportionally than those with advanced economies. In most under-developed countries, there has been an annual growth of more than 2 per cent during the past

few years, while, in some, it has exceeded 3 per cent. In contrast, increases in wealthier countries range only from 0.5 to 1.5 per cent.

Taking a 'medium' assumption, the population of under-developed countries will have risen to nearly 4,800 million by the year 2000. This represents an average annual rate of growth of 2 per cent from 1950-1957, and 2.4 per cent from 1975-2000.

On the same basis, the population of advanced countries will reach nearly 1,500 million by the year 2000. The average growth rate will be 1.2 per cent from 1950-1975, and 1 per cent from 1975-2000.

It is pointed out in the U.N. report that, irrespective of divergencies between minimum and maximum estimates, the share of the under-developed countries in the world's population is bound to increase.

The under-developed areas of the world are given as: Africa, Central America, tropical South America, Asia outside Japan and the Soviet Union, and the Pacific Islands other than Australia and New Zealand. The advanced areas: North America, temperate South America, Japan, Europe, the Soviet Union, Australia and New Zealand.

### Decreasing Mortality

Progressively lower death rates, due to modern medicine and health measures, are mainly responsible for the rapid population growth in under-developed countries. In fact, new low points for the death rate were established in 1956 or 1957 in a number of areas of previously high mortality and continuing high fertility.

*From United Nations Information Centre, January 27, 1959*

These were: Ceylon, with a death rate of 9.8 per thousand of the population; China (Taiwan), with 8; Costa Rica, with 9.6; Hong Kong, with 7.5; Mexico, with 12.1; Puerto Rico, with 7; Singapore, with 7.3; and Trinidad and Tobago, with 9.3.

There is also evidence that mortality has been substantially reduced in India, while the birth rate remains high. In mainland China, the birth rate is estimated at from 37 to 42 per thousand—and the death rate at from 17 to 21. This represents an annual population increase of about 2 per cent, amounting to more than 10 million inhabitants.

### Situation in Advanced Countries

In 1957, the birth rates of most European countries ranged from 15 to 22 per thousand. Birth rates, ranging between 23 and 28 per thousand, were registered in the Soviet Union, Canada, the United States,

Argentina, Australia, New Zealand and the European population of South Africa.

A decline in the marriage rate in the United States, which might mean a future decrease in the birth rate, was noted in 1957 and 1958.

Countries in southern and eastern Europe with birth rates above 22 per thousand—notably Poland, Portugal, Romania and Yugoslavia—have shown some decline in recent years. Japan's birth rate, which fell with exceptional rapidity from 34.3 in 1947 to 17.2 in 1957, has recently shown signs of levelling out.

Very high until the Second World War, the Puerto Rican birth rate progressively declined from 42.2 per thousand in 1947 to 32.4 in 1957.

The decline is related to the economic effect resulting from the expansion of Puerto Rico's industries and increasing migration to the United States in the post-war period.

## Co-partnership in France

AN ordinance designed to encourage forms of co-partnership in industry has been issued in France.

It provides for the conclusion of collective agreements, at the level of the undertaking, regarding bonus payments to workers. These payments (which must be additional to the normal wages paid) may take one of three forms—either a fixed share in the profits of the undertaking, or a issue of shares to the workers, or a special payment for increased productivity. The making of such agree-

ments is entirely permissive but, as an encouragement, payments made in respect of them will be exempt from company tax liability. The date for bringing these provisions into operation has still to be fixed.

Meanwhile, the French central employers' organisation has advised its members to proceed cautiously, and no great enthusiasm has been shown by the trade unions. An attempt in 1955 to introduce a similar scheme on a restricted basis had little success.

*From the Bulletin of the British Employers' Confederation, February 4, 1959*

## Digest Reviews

### SIN AND TRAGEDY

*Sir Charles Dilke: A Victorian Tragedy*, by Roy Jenkins. (Collins; 25s.)

*Against the Law*, by Peter Wildeblood. (Penguin Books; 2s. 6d.)

*Live and Let Live. The Moral of the Wolfenden Report*, by Dr Eustace Chesser. (Heinemann; 8s. 6d.)

*The Call Girl*, by Harold Greenwald. (Elec Books; 21s.)

Besides being one of the more active and promising Labour backbenchers, Mr Roy Jenkins has established himself with this his second political biography as a scholarly and authoritative historian. The tragedy of Sir Charles Dilke, Radical leader to the point of Republicanism, recalls that of Parnell, with whose Irish Party the Liberals were uneasily allied. Much of Mr Jenkins's life is concerned with the sordid proceedings which shattered a political career; but he is unable conclusively to solve the mystery of his guilt or innocence. The author has a simple yet distinguished style and his book will be enjoyed by many who do not specialise in the history of the times in which Dilke lived and suffered.

The tragedy of Mr Peter Wildeblood is less exalted, but he writes well and movingly. His book, now reprinted in paper covers, may convince many who reject the finding of the Wolfenden Committee that private homosexual activities between consenting adults should no longer be deemed criminal that present prison conditions are not the best treatment for the disease.

The theme is taken up, together with the side of the Wolfenden Report dealing with prostitution, in

Dr Chesser's little book for which Sir John Wolfenden has himself written a foreword.

Dr Chesser is a well-known psychologist and sociologist and has written with experience backed up by knowledge of homosexuality and prostitution as historical phenomena.

Dr Greenwald is a practising New York psychologist, but the cases he cites may be found helpful for the study of the problem where it exists on this side of the Atlantic.

### SCANDINAVIAN SURVEYS

*An Economic Geography of the Scandinavian States and Finland*, by W. R. Mead. (University of London Press; 42s.)

*A History of Prices and Wages in Denmark. Vol. I, by Astrid Fitt and Kristof Glamann.* (Longmans Green; 50s.)

In the first of these useful surveys Dr Mead has provided an invaluable background for those who wish to study the economic pattern which has developed in the Scandinavian countries and Finland. It not only provides much useful information for students, but also for those engaged in business dealings with that area. Dr Mead begins with a descriptive appreciation of the countries concerned, and then goes on to examine in more detail the physical variations which exist and the effects of these on economic activity; for example, the problem of the winter freeze which costs Sweden five per cent of its national income to overcome. There are ninety-eight maps and diagrams and twenty-four pages of plates which usefully illustrate the text.

The second book is also a useful

study compiled by a Professor of History and a Reader in History, both in the University of Copenhagen. It covers the development of prices and wages in Denmark over the years 1660-1800. Part I is a history of Danish currency and system of weights, Part II describes the Assizes of Copenhagen and Part III deals with Copenhagen market prices. The book is the result of several years of intensive study and research in the field of price history carried out at the Institute of Economics and History, Copenhagen.

### FROM CHAOS TO PROSPERITY

*The Economic Growth of Hong Kong*, by Edward Szczepanik. (Published for the Royal Institute of International Affairs by Oxford University Press; 25s.)

The elements leading to the spectacular economic recovery of Hong Kong from the chaos following Japanese occupation to the present position of being one of the most prosperous territories in the Far East are summarised by the author as: (a) flexible institutional framework within which a responsive infrastructure could develop; (b) violent population pressure and the resulting bulk injection of excellent labour, capital and entrepreneurship; (c) absence of opportunities for any substantial development of primary industries; (d) decline in the traditional source of income generation which consisted in entrepôt trade.

The author gives detailed examination of these factors. He then goes on to analyse the interplay of institutional and historical factors with causal elements in the spontaneous growth of manufacturing industry. Finally he examines the growth of

the economy as a whole in terms of dynamic economics, and outlines prospects for future development on a note of optimism. There are useful statistical appendices.

### USEFUL BOOKLETS

*World Youth and the Communists*, by Nils M. Apeland. (A Background Book; 2s. 6d.)

Mrs Eleanor Roosevelt contributes the foreword to this booklet which examines the extent of Communist penetration into youth movements.

*The Helping Hand.* (Conservative Political Centre; 2s. 6d.)

An examination of the aid to education given by the United Kingdom to the Commonwealth.

*Private Industry and Political Power*, by S. E. Finer. (Pall Mall Press; 2s.)

This is a revised version of the Ramsay Muir Memorial Lecture for 1958 in which the author argues that it is the market that interferes with politics, not politics with the market.

*Agricultural Policy in the European Economic Community.* (P.E.P.; 2s. 6d.)

Outlines the policy which will be followed by the Six Countries of the Common Market in the field of agriculture, the methods of implementing this policy and the necessary modifications.

*Adapt or Perish*, by John Rowle. (A Background Book; 2s. 6d.)

Deals with the dilemma of Nuclear Politics.

*Prospect for Capitalism.* (Conservative Political Centre; 2s. 6d.)

## WAR—ANCIENT AND MODERN

*Men in Arms*, by R. A. Preston, S. F. Wise, and H. O. Werner. (Atlantic Press; 42s.)

*The Great Arms Race*, by Hanson W. Baldwin. (Atlantic Books; 15s.)

The authors of *Men in Arms* have produced a readable account of the part warfare has played in the history of the human race. Starting with the military activities of the ancient world, the history of men at war is examined right up to the Second World War and the 'cold war'.

*The Great Arms Race* gives a comprehensive comparison of U.S. military strength versus the Soviet Union. The author is military editor of the *New York Times*.

## COMMUNISM

*Land Without Justice: An Autobiography of His Youth*, by Milovan Djilas. (Methuen and Co.; 25s.)

*The British Communist Party: A Historical Profile*, by Henry Pelling. (Adam and Charles Black; 18s.)

Yugoslavia's differences with the U.S.S.R. should not blind us to the brutality and intolerance of its present régime. Marshal Tito's prisoner tells the tale of himself, a Montenegrin peasant and almost a life-long Communist and rebel, who became a Partisan leader close to Tito but who was expelled from his party in 1954 because of his libertarian beliefs. This is a story of a man in whom Marxism and imprisonment has not destroyed his proud inheritance of the Montenegrin mountains.

British Communists are the subject of Mr Pelling's dispassionate study. He has already written about British Socialism, and what he has written here will help towards the understanding of the almost incomprehen-

sible mental contortions of what is not so much a political party as a continuing conspiracy.

## RURAL ECONOMY

*Food and People: published by the Reserve Bank of New Zealand*. (3s. 6d.)

This 44-page booklet contains a series of articles on world population, food production and consumption, reprinted from issues of the Reserve Bank of New Zealand 'Bulletin' which appeared between May 1955 and February 1957.

*National Food Reserve Policies in Under-developed Countries*. F.A.O. Commodity Policy Study No. 11. (H.M.S.O.; 5s.)

This study covers a general analysis of the functions of national reserves and the basic reasons why they are needed in many under-developed countries. Food reserves in India and Pakistan are surveyed, and conclusions as to possible international action emerging from the analysis are given.

*Third Report on the Agricultural Policies in Europe and North America*. (O.E.E.C. Paris; 24s.)

*Bibliography of Rural Land Economy and Landownership 1900-57*, by D. R. Denman, J. F. Q. Switzer and O. H. M. Sawyer. (Dept of Estate Management, Cambridge University; 35s.)

Here are two valuable works of reference for those interested in rural economy. The first is a report prepared by the Ministerial Committee for Agriculture and Food, which was approved in October 1958. The early chapters are devoted to the structural problems of Austria, Ireland, Luxembourg, Portugal and

Yugoslavia. Next the problems of the cereal sector—Greece, Italy, Spain and Turkey. The dairy sector covers surveys of Canada, Denmark, Norway, Switzerland and the United Kingdom, and the meat sector, Belgium, Germany and Iceland. Finally, price support systems in France, The Netherlands, Sweden and U.S.A. are examined and suggestions made as to methods of improving them.

To those concerned with land-ownership, land management and land affairs generally the *Bibliography of Rural Land Economy* published by the Department of Estate Management will be a most useful work of reference. It lists the works relating to the British Isles, also selected works from U.S.A. and Europe. The scope is exclusively rural; no attempt is made to cover urban aspects of land ownership or tenure.

## FREEDOM AND SECURITY

*The Choice Before Europe*, by Marshal Juin and Henri Massis. (Eyre and Spottiswoode; 12s. 6d.)

Marshal Juin has entitled his contribution to this interesting book 'The Freedom and Security of Europe' and he discusses existing measures for safeguarding Europe, including the working of N.A.T.O. as well as proposals for disarmament and banning nuclear tests. He is both forthright and realistic in his approach to these problems.

Henri Massis writes on 'The Rape of Europe' and poses the question whether Europe has no other alternative than alignment with one or other of the great power blocs. He is equally outspoken; for example, he writes: 'America may have won the war, but she has lost the peace, for ever since 1945, the world has been

in a perpetual state of war'. Both contributors regard a return to traditional Christian ideas as the only positive way of countering the spread of Communism.

## SHORTER NOTICES

*A Simple Guide for the Taxpayer*, by John Wood. (Putnam; 9s. 6d.)

Most people in Britain complain bitterly about high taxation and nobody can escape paying taxes in some form or another. No one should pay more in taxes than he is legally bound to do, and the purpose of this book is to inform the layman in non-technical language how the system of taxation works and to give him guidance in working out his own personal tax position.

*The Industrial Efficiency of Rural Labour*, by C. D. Harbury, assisted by A. D. Smith. (University of Wales Press; 35s.)

The industrialist contemplating removal of his plant from urban to rural areas will find this study provides much useful information about costs and possible benefits of such a course. The author compares the efficiency of labour in factories in different geographical areas, mainly rural districts, and examines the many problems which arise.

*The Length of Working Life of Males in Great Britain*. (H.M.S.O.; 3s. 6d.)

The average length of working life has increased by 12½ per cent since 1931, due to reduction in mortality rates which greatly outweigh the effects of raising the school-leaving age and earlier retirement. These trends are shown in a publication prepared by the Ministry of Labour and National Service and published by H.M.S.O.



**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).

**Modern Cosmetics and Perfumery.**  
P.E.P. (2s. 6d.)

A survey of cosmetics, perfumes and toilet waters of all types, their uses, production and distribution. (1042)

**Clean Air**  
*A Guide for Industry to the Clean Air Act, 1956.* (Federation of British Industries; 4s.)  
An F.B.I. handbook designed as a guide for industry. (1043)

**O.E.C. Reports**  
*Ireland, Portugal, 1958.* (O.E.C., Paris.)

Surveys the economic conditions in Ireland, and Portugal covering the 18-months period ending mid-1958. (1044)

**Japanese Surveys**  
*Labour in Modern Japan by Kazuo Okochi, March 1958.* (1045)

*Development of Local Banking in Japan—Period of Development of Industrial Capitalism by Masao Arai September, 1958.* (1046)

*Essays on International Trade by Kiyoshi Matsui—September 1958.* Published by the Science Council of Japan, Division of Economics, Commerce of Business Administration, Tokyo. (1047)

**The Community of the Six**  
*First General Report on the Activities of the Community. January 1st to September 17th, 1958.* (European Economic Community Commission.) Covers the first nine months of the life of the Community. (1048)

**Science and Industry**  
*Facing the Future in Industry by Sir Harry Pilkington.* (University of Southampton.)  
The Fifth Fawley Foundation Lecture. 1958. (1049)

**U.S. Economic Development**  
*Economic Growth in the United States. Its Past and Future. February 1958.* (Committee for Economic Development.)

A statement of National Policy by the Research and Policy Committee of the C.E.D. (1050)

**Spain**  
*The Spanish Economy, 1954-56.* (Banco Urquijo.)  
This is a useful study covering a survey of many aspects of the Spanish economy, with an explanation of the economic background in the 1954-56 period. (1051)

**BOOKS RECEIVED**

*Possibilities of Economic Progress, by A. J. Youngman.* (Cambridge University Press; 32s. 6d.)

*Viscount Addison: Leader of the House of Lords, by R. J. Minney.* (Odhams; 25s.)

*Decision-Making and Productivity, by Seymour Melman.* (Basil Blackwell; 27s. 6d.)

*Smiths the Bankers, 1658-1958, by J. A. S. Leighton-Boyce.* (National Provincial Bank Ltd.)

*Economic Forecasting, by V. Lewis Bassie.* (McGraw Hill; 68s.)

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