

**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).*

**Russian Target**

*7-Year Plan Target Figures of the Soviet Union 1959-1965. Soviet Booklet No. 47. Report to Special 21st Congress of the Communist Party and reply to discussion by N. S. Khrushchev. (1057)*

**Research Report**

*University of Birmingham: Twentieth Annual Report of the University Research Committee. Session 1957-1958. (1058)*

**Japanese Economic Activities**

*Monetary Development 1954-1957 and Essential Features of the Financial Structure of Japan—a Study on Moneyflow in Japan. (The Bank of Japan, Economic Research Department, December 1958.) (1059)*

**The Lincoln Story**

*Abraham Lincoln. From His Own Words and Contemporary Accounts. (U.S. Information Service.) (1060)*  
*Abraham Lincoln. Interpretations on the 150th Anniversary of His Birth. (U.S. Information Service.) (1061)*  
*Abraham Lincoln and the Working Classes of Britain, by J. R. Pole. (English-Speaking Union; 2s.) (1062)*

**E.E.C.**

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*Stresses the need for ever closer co-ordination in Europe in present conditions. (1052)*

*Ten Years of Economic Co-operation in Europe. April, June 1958. (O.E.E.C.)*

*Speeches, addresses and statements by Ministers at the 10th Anniversary of the O.E.E.C. (1053)*

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

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*The seventh supplement covers decisions and reports of the Thirteenth Session of the Contracting Parties. (1055)*

*Trends in International Trade. (General Agreement on Tariffs and Trade. Geneva.)*

*A Report by a Panel of Experts. (1056)*

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*Digest Spotlight focuses on***Lady Rhys-Williams, D.B.E.**

LADY Rhys-Williams first became interested in economic problems as the result of social work in South Wales during the years of depression. Working with members of the Economic Research Council, of which she was a founder member, she made a study of taxation problems in their effect on employment and social welfare, and published a scheme in 1942 which anticipated the Beveridge Report, especially in its advocacy of a free Health Service. Since then she has published several books and pamphlets on taxation reform and social problems, especially "Taxation and Incentive" in 1951.

She stood for Parliament as a Liberal in 1938 at Pontypridd and at North Ilford in 1945, but left the party in 1946 to become Hon. Secretary of the newly formed all-party United Europe Movement under the Chairmanship of Sir Winston Churchill. She is now Chairman of this Committee. She also became Honorary Secretary of the British Section of the European

League for Economic Co-operation, an international body devoted to the study of European economics and banking problems. She was a Governor of the B.B.C. from 1950 to 1955, when she was appointed Chairman of Cwmbrán New Town Development Corporation.

In addition to her interest in economic matters Lady Rhys-Williams has been a founder and later Chairman of the National Birthday Trust Fund, which has undertaken a number of important medical surveys, and other research work on the prevention of maternal and infant mortality. For this work she was awarded the D.B.E. in 1937.

She is now pressing for the development and co-ordination of economic statistics on a purely scientific basis, and their current publication for the guidance of both Government and industrial policy, as an important means of countering the trade cycle with its accompanying hardships and losses all over the world.

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**Wanted an Economic Clock**

*Article specially contributed by LADY RHYS WILLIAMS, D.B.E.*

ALTHOUGH they may not often discuss it, most people are wondering how it is that none of the great nations of the world seem to be able to manage their economic affairs in a way which does not involve constant changes of course, with consequent loss and hardship to thousands if not millions of innocent people all over the globe. Economic matters seem to be so unpredictable that one country after another falls into dire financial straits, with the value of its currency threatened, and its Chancellor obliged to adopt strenuous and often disastrous methods of currency deflation. The effects of his forced measures are tragic, not only through the losses inflicted on his own countrymen by the stopping of their progressive programmes and increasing productivity, leading naturally to unemployment and distress; but also on account of the delayed effects of their reduced imports upon the economies of their principal suppliers all over the world. Only a few weeks later, apparently, the storm may be over for the country concerned, but like a cyclone, it moves on elsewhere, leaving a swathe of unemployment and broken currencies in its wake.

These grim results apparently follow from oddly hap-hazard decisions. The whole business seems primitive to a degree, like the progress of a 1900 motor car; and so, I think, it really is. It should be possible, by now for civilised countries

to run their economies in a less jerky and inhuman way. There is something undignified about our habit of attributing our troubles in this field to the whims of chance, like the weather, instead of to our own admittedly collective inefficiency and lack of concerted effort to control the whole matter in a rational way. At the stage—not so very long ago—when the art of medicine had to be carried on with a similar disregard of scientific method, both diagnoses and treatments were also erratic and incorrect. The practice of blood-letting was constantly insisted upon, and the patient very often died young. It was the application of scientific ideas to medicine, and the substitution of blood-transfusions for blood-lettings, X-ray examinations for the doctor's opinion and the application of all the intelligent paraphernalia and techniques of modern medicine and surgery which brought about the lengthening of our lives by over twenty years in a generation.

**Turn Economics into a Science**

It is the same with economics I am sure. We cannot hope to master our troubles until we understand them a lot better than we do; and that means until we put in enough effort to discover methods of studying and marshalling the facts in a genuinely scientific way. Guess-work must give way to real knowledge, and unconscious bias to complete objectivity

before we can iron things out properly, and the gaps which still exist in our information must all be filled in. But obviously, it could be done.

I believe the time has come to make a real bid to turn economics into a science instead of a set of unresolved controversies. It should already be possible to put some sort of an authoritative and completely objective clock-face on to our statistics, thus making it possible for them to tell their message straight to the ordinary business man and taxpayer, without the need for any journalistic interpretation, inevitably biased on political lines as it is, on account of the political affiliations of the various journals which gallantly attempt the task. The muddled distaste which the average person feels for the whole subject of economics is largely due to the pit of political controversy into which it has fallen. Since the decisions of every one of us in our everyday lives must inevitably depend upon our judgments, however confused, on this vital topic, it is really disastrous that we should dislike it as much as we do. One of our greatest needs seems to be a reliable economic "clock" which will act as a regulator for all our public and private economic decisions, playing the same part in this sphere as Greenwich Mean Time plays in other aspects of our lives.

### Britain to lead

Why should not Britain be the first to make this attempt at Government level? Most of the information required is already available in some form or other, since most Government Departments and many of the big industries keep up elaborate statistical sections, not to

mention the Universities and other learned bodies. We have sampling methods at our disposal now—the Social Survey Department of the Central Office of Information has brought the techniques to a high state of reliability—which can produce correct answers to questions within a few weeks which formerly took more than a year to obtain by much more cumbersome and expensive surveys, and with the help of electric computers the calculations can be made in a matter of minutes. It is therefore no longer inevitable to rely, as Mr. Macmillan once told us, upon "last year's Bradshaw" to provide the wheels for our new "economic clock" or guide. We should be able to be right up to date, and to produce our bulletin every month. It would not have to paint the whole picture afresh on each occasion, but merely outline the relative changes in the real distributable wealth and the available purchasing power occurring within the previous month.

### Give them the Tools

Perhaps the most important reason for thinking that Britain could well lead the world in this matter is that we possess a corps of highly trained and experienced non-political statisticians, actuaries and accountants, whose professional and ethical standards are genuinely proof against all deliberate bias, and whose great experience should be a safeguard against most of the pitfalls of this kind of work. After a short period of experiment, if they were organised, encouraged, and given enough money to develop the existing services on the required scale, I am convinced that they could provide us with the most adequate and truthful service

of economic statistics in the world, improving it year by year until its reliability would become as unchallengeable as that of Greenwich Mean Time. They could not only get hold of the relevant facts, but also devise the "clock-face" which would be the guide, not only of the man-in-the-street, but also of the Chancellor of the Exchequer, and before long of the whole Sterling Area, if not of the world at large. If we give them the tools, I am convinced that they can finish the job.

If once properly established, the recommendations of such a service should become the principal guide in all the economic policies of the Government. Clearly, the Government techniques for correcting any imbalance shown by the figures would have to be modernised together with the service of which they were based. The old system of waiting a year before taking any remedial action whether to stimulate or control the economy must surely be changed very soon. The idea that we can wait until an April Budget before we act to correct an inflation or a recession which may be developing in August is like waiting to tie up the spurting artery of an injured collier because the St. John's Ambulance man has gone to tea.

### Consumption matched by Production

The production of authoritative figures showing the precise amount of any increase in production as it occurs should have important results. The amount of increased purchasing power which ought to be released in order to match it would be shown beyond any doubt, and the percentage increase in wages which should rightly follow would therefore

become plain. Public opinion would tend to support the claims of those Trade Unions which based their demands on this figure rather than those which tried to exceed it. It would be for the Government to take the corresponding step of increasing, by an equivalent percentage, all Government salaries, pensions, and allowances, not as a mere matter of egalitarian theory or even of simple justice, but as a proper act of prudent economic management, since the consuming power of the whole nation, and not merely of its active productive workers, must be raised simultaneously, (though only by the correct amount), if unemployment due to lack of purchasing power available to absorb the extra production is to be avoided. The grave injustice to pensioners and savers which has resulted from the failure of successive Governments to raise the rates of pensions to match the increase in wages must never be repeated. But it is only by substituting genuine knowledge for guess-work and scientific methods of assessment for "hunches" that we can hope to discover precisely how to handle, with the necessary detachment, the whole problem of the correct distribution of new wealth throughout the community.

Economic decisions, like those of the law, must not only be just, in future, but must also be understood to be just by all concerned. To achieve this we must first discover the true facts, and then make sure that everybody understands and accepts them as true. The opportunity seems to be here for Britain to pioneer in this field, as she did, long ago, in that of common law. We ought to take it without delay.

March, 1959

## World Steel Production

	('000,000 metric tons)		
	1957	1958	1959
U.S.A.	102.3	76.9	34.9%
Community	59.8	58.0	20.4%
U.S.S.R.	51.0	54.9	17.4%
U.K.	22.1	19.9	7.3%
Eastern Europe	16.2	17.4	5.5%
Japan	12.6	12.1	4.3%
China	5.3	11.0	1.8%
Other Areas	24.0	23.3	8.2%
<b>WORLD</b>	<b>293.3</b>	<b>273.5</b>	<b>100.0%</b>

from European Coal and Steel Community High Authority, Luxembourg

## What Does Commercial Television Mean?

It means this

Every month approximately 1,000 advertisers use 220 advertising agents to buy 100 hours of Television space on eight stations at a cost of some three and a half million pounds.

In a sentence it means an average expenditure of £10 a second.

Taking December as an average month the Television advertising appropriation in Britain is spent as follows:—

Associated Rediffusion	(Weekdays London)	£852,153
Associated Television	(Weekends London)	£407,013
A.B.C. Television	(Weekdays Midlands)	£447,520
	(Weekends Midlands)	£204,617
	(Weekends North)	£344,915
Granada Television	(Weekdays North)	£763,815
Scottish Television	(All Week Scotland)	£235,366
Television Wales and West	(All Week Wales)	£237,348
Southern Television	(All Week Southern)	£207,067

from View (Investment Publications Ltd.) March 1959

## EXPANSION OR EXPLOSION by ANTONY VICKERS

A Solution to the Vital Problem of The Machine Age

Obtainable from INDUSTRIAL ADVISORY BUREAU  
22 Buckingham Street, London, W.C.2.

SIX SHILLINGS (½-stage 11-)

## Thirty-Five Hour Week in U.S.?

THE AFL-CIO Executive Council has called on Congress to take "immediate steps" to amend the wage-hour act "to provide for a 35-hour week and a 7-hour day" to meet the serious and continuing unemployment problem.

### Inflationary Effects?

Such legislation, said the Council, "is the most effective and practical way to facilitate the adoption of a universal reduction in the workweek". The statement called also for the Joint Economic Committee of Congress to keep the workweek problem under observation and make recommendations concerning "further reduction" in light of the accelerated rate of technological and scientific progress.

The need for a short workweek, Meany told the press conference, has been driven home in the last year as the evidence has mounted of sharply increasing production with fewer workers.

AFL-CIO unions, he said, will continue their historic bargaining for shorter hours, noting that a less-than 40-hour week is prevalent in many organised industries. The Council approach, he stressed, is a legislative approach insofar as the wage-hour law's provisions on hours has not

been changed since its enactment 21 years ago.

Queried on the possible inflationary effects of a shorter workweek, Meany replied that "our advice in that field is sounder than the Administration's," and the problem facing the nation is not inflation but growth.

It is obvious, he commented, "that we are producing more with less people and that the trend is accelerating". The Council issued a companion statement on growth in the American economy, stressing that the upturn from the recession to date leaves the economy far from "full employment and production".

The statement called for a seven-point programme covering wage increases to bolster consumer purchasing power, a government policy aimed at full employment, a halt to the tight-money policy, improvement of federal standards for jobless benefits, aid for distressed areas, an increase in the minimum wage and extension of coverage, and federal aid for school construction, housing, community facilities and other programmes.

—from Labour News from the U.S. (United States Information Series) March 13th, 1959

### ENOUGH FOR ALL

THE granaries of the West are bursting at the seams. Thanks to lavish subsidies, we now have 18 months' surplus wheat in store, and production is still booming.

Meanwhile drought in north-eastern Brazil has brought two million people to the verge of starvation. Desperate mobs roam the parched countryside, pillaging and rioting; from the stricken State of Ceara, the population streams southward in search of food.

Is it beyond the wit of man to connect these facts?

—Peter Simple in the Daily Telegraph

## British Need for Automation Becomes Urgent

by J. W. MURRAY

THE importance the Russians attach to automation can be gauged by the fact that they have established both a Ministry of Automation and a special Institute for Automation and Electro-Mechanics.

I can reveal some of the Russian plans. For example, multi-stand mills with programming control would be capable of rolling steel at a speed of 60 to 75 miles per hour. Such control systems are being designed in the U.S.S.R. jointly by the Institute of Automation and Remote Control, the Heavy Machine-Building Institute and designing offices.

In the coming seven year period the manufacture of electronic computing machines will be increased more than four and a half times over.

This fast pace is required to accomplish in a short time the main task of comprehensive automation—the introduction of the most advantageous conditions for the technological processes set in the targets for the Seven-Year Plan.

### 100 per cent Automation

Leading Soviet mathematicians, mechanics and physicists have been enlisted to solve the problem. The Academy of Sciences is now working on a comprehensive theory of cybernetics which will become the main factor in achieving 100 per cent automation in various branches of industry and the transport services. On the basis of the theory, self-adjusting systems will be designed which will be able to analyse the most intricate processes and to indicate

—from *Automation and Automatic Equipment News, March, 1959*

engineering, the chemical industry and the transport services. At the sheet rolling mill of the Magnitogorsk Works cybernetics will be used for the first time to operate the flying shears which trim the metal. An electronic machine will do the job with a precision which obviates any waste of metal.

Computing control machines will also solve the most complex problem of automation of ingot pits. The cybernetics device will take into account up to 10 various parameters—furnace temperature and amount of heated bloom—and will coordinate the operation of the furnace, the trolleys carrying the bloom and the rolling mills.

### Other Threats

Not only must Britain face the threat from Russian automated

industry. We are threatened, too, by the rising productivity in America, France and Germany. The United States, as I pointed out in an article after my return from that country last autumn, is not yet automating as fast as she can. But there is no doubt that with this challenge from Russia, the U.S.A. will now set about its automation development with a will and with resources that will, to say the least, threaten our dollar exports and will inevitably reduce our competitive power in other markets unless we match these developments.

The newly-born Common Market in Europe will provide the basis for long-run automation development in the six countries involved, and automation in Britain will become a priority for our survival as an exporting nation.

## A New Economic Compromise?

by LORD BALFOUR of INCHRYE

EVEN the most ardent believer in non-discrimination cannot claim this past year has been one of advance in international liberalization so far as it affects our commercial relations with Europe, U.S.A. and Canada. Tenders have been refused; some tariffs increased; some quotas tightened; some new protection claims advanced. Maritime flags of convenience and discrimination increase and territorial prohibitions for British shipping continue.

The President of the Board of Trade, Sir David Eccles, shies away from any suggestion of modification of existing policy like a debutante confronted with a dishonourable

proposal. But not all Ministers go with him all the way. There are signs that a good deal of re-thinking is being done at the present on this urgent and serious position.

### Three Views

There are in Britain three main streams of thought on this economic issue and each of these cuts right across party lines.

There is the stream of thought which carries the present Government and believes Britain must benefit from all and every step in any part of the world that makes for greater liberalization of trade. Its

—from a speech at the *Annual General Meeting of the Commonwealth and Empire Industries Association, 25th March, 1959*

adherents maintain that in the long run Britain will win from every expansion of world trade, whether European, American or Oriental. They accept that this policy may mean the death of some traditional industries. Anywhere we cannot face world competition, including home markets, we must be prepared to give up. They claim that in a technological era in the long run new industries will replace the old. Their policy forces them to regard labour as an expendable and mobile element in production. They will admit a degree of dislocation and unemployment in the belief that such will be temporary and is part of the price to be paid for multi-lateralism.

As a practical expression of their policy the whole-hoggers would have Britain join the European Common Market. They would accept the abolition of all Imperial Preference, believing, both politically and economically, more in Europe than in the Commonwealth.

#### Modify G.A.T.T.

The second stream of thought, to which the Commonwealth and Empire Industries Association, including myself, subscribe, believes in our right and our need to channel trade in particular directions, mainly through extension of the preferential system and promotion of advantageous bi-lateral trade agreements. This policy calls for drastic modification of G.A.T.T. in its present form. It aims at achieving closer Commonwealth economic unity by offering advantages to primary producers and industrialists in return for commercial advantages to ourselves. It denies the alleged dangers of retaliation by foreign countries.

It calls for that degree of protection in the home markets necessary to give home manufacturers a first chance and prevent depredations from foreign imports at prices which British industry, carrying social, labour and wage codes, cannot compete with.

The first policy is inflexible to short term requirements for full employment. If other countries do not reciprocate in liberalization, we may soon suffer from being an oasis of idealism in a desert of realism.

It can be criticised in its full form as definitely harmful to Commonwealth unity, political and economic.

The second policy, which we believe in, is unacceptable to those now in charge of our affairs. As at present it is not attractive to Commonwealth governments with their growing industrialisation. We believe it could be made so with a bold lead from Britain.

#### A Middle Course

The third stream follows a middle course. It could, by both extremes, be labelled as compromise and expediency. It entails not abandonment but putting in cold storage the full doctrines of both of the other two. It is a half-way house.

Unless we modify to some extent our present absolute adherence to non-discrimination, we may find ourselves priced out of six major European countries; increasingly kept out of America for capital and consumer goods; increasingly handicapped in merchant shipping and undermined in our home and many traditional overseas markets with ourselves powerless to take any action to save either industry and employment therein.

## Commonwealth Survey

### (1) COMMONWEALTH TRADE, 1950 to 1957\*

ALTHOUGH the United Kingdom is the main market for the exports of most Commonwealth countries except Canada, there are indications that the export trade in several cases is now more broadly based than formerly: markets have been developed in Commonwealth countries other than the United Kingdom as well as in Europe and the United States. The record reveals no large changes in the United Kingdom share in the import trade of other Commonwealth countries.

Commonwealth countries taken together account for about one-third of the external trade of the United States, Canada alone being Commonwealth countries. Commonwealth countries taken together account for about one-third of the external trade of the United States, Canada alone being Commonwealth countries. Commonwealth countries taken together account for about one-third of the external trade of the United States, Canada alone being Commonwealth countries.

\*Commonwealth Trade, 1950 to 1957. Published by Commonwealth Economic Committee (price 3/6d.)

### (2) THE 1,000 MILLION DOLLAR SEAWAY

by RICHARD BAILEY

WHAT will be the effects of the opening of the St. Lawrence Seaway on trade? It is expected that ocean ships sailing in and out of the heart of the N. American continent will be the exception. Ships that can travel from one end of the Seaway to the other will trans-ship their cargoes at ocean ports either on the Lower St. Lawrence—which means Montreal and Quebec—or on the Atlantic seaboard. One reason for this is that lake carriers can transport larger cargoes with less draught than ocean-going ships and can be operated at lower cost. It is probable that specialised types of ships will be built to supplement the present lake fleet. These new ships will be able to carry a cargo of around 20,000 tons. Ocean-going ships may be expected to supplement

the regular seaway ships only whenever the traffic gets too busy for them to handle. And it must be remembered that the St. Lawrence is frozen above Quebec in the winter months.

#### Chief Products

The chief products moving on the Seaway are likely to be bulk cargoes or iron ore, grain and coal. It is expected that the prospect of using bigger ships will bring down wheat transport costs by 5 or 6 cents a bushel. Grain will now move in the same ship all the way to Montreal instead of being trans-shipped at some Great Lake port on the way. Return cargoes from the east will be coal from the U.S.A. and iron ore from Quebec and Labrador.

What will be the effect on particular "The Director", April, 1959

towns on the Seaway? In Chicago optimistic statements are being made about the increases in trade that it will bring. Mayor Richard M. Daley states that he anticipates an 'explosion' in trade which will put Chicago up among the world's leading ports.

The effects of the St. Lawrence Seaway and power development are

likely to build up over the next 10 years or so. It will take time to adapt existing plant and vessels to the new conditions but as this is done and industry and trade gather momentum there is no doubt that this great scheme is going to play a tremendous part in the future development of Canada and the U.S. Great Lake states.

### (3) NATURAL GAS IN THE COMMONWEALTH

THE possibility that natural gas may soon be regularly transported by sea in large quantities has focussed attention on an industry which originally developed as an offshoot of oil production. In North America in particular, however, it has long been established as a major enterprise in its own right, providing an ever growing source of heat and energy to domestic and industrial consumers. In other countries, like Britain, indigenous resources of natural gas are small or altogether nonexistent, so that the ability to transport this fuel, in liquid form, from other regions is of considerable importance. The experiments now being carried out by the U.K. in bringing gas from the Gulf of Mexico have therefore roused great interest.

Whilst this country would look primarily to the Middle East, the Caribbean or the Gulf of Mexico for natural gas, other members of the Commonwealth are fortunate in possessing considerable resources of their own. Pre-eminent among them is Canada, where a pipeline more than 2,000 miles in length was completed, towards the end of last year, from the Alberta area to Montreal. The project cost approximately £130 million, while additional gathering and distribution systems and other

related enterprises brought the bill to a total of around three times that figure. The advantage of natural gas supplies is shared by many industries—as well as private consumers—and a particular beneficiary is the Canadian petrochemical industry which has lately embarked on a vast expansion programme. Altogether it has been calculated that the new pipeline will represent an annual value of around £70 million to Canadian economy.

A second Commonwealth member with very large natural gas reserves is Pakistan, where in the western half of the country the Sui field is already providing gas by pipelines to Karachi and Multan. In the former city, nearly all the industrial users have adopted this fuel in preference to oil which is, of necessity, imported and there is an increasing offtake along the way at places like Hyderabad. The Multan line will be handling twice its initial capacity in the near future, when demand will be greatly increased through the coming into operation of a new fertilizer plant. In East Pakistan, the smaller gas field at Sylhet is also to provide fuel for a fertilizer manufacturing plant, thus indirectly aiding Pakistan's most important industry—agriculture.

—from P.I.B. News Letter, March, 1959. Issued by the  
Petrol Information Bureau

## Rural Economy

### (1) FOOD AND THE FUTURE OF THE WORLD

From an address by LORD TWEEDSMUIR to members of the Rural Reconstruction Association

IN his presidential address to the Rural Reconstruction Association on 16th March, Lord Tweedsmuir ranged himself openly at the side of those who maintain that the greatest world problem of the future will be that of food supply. This view, long associated with Lord Boyd Orr, seems recently to have become unfashionable for no better reason than the persistence of unsold food-stocks in the U.S. and one or two other countries—a phenomenon which leaves unaltered the basic situation. By drawing freely on his experiences in different parts of the world, Lord Tweedsmuir gave his hearers an up-to-date picture of the situation, at the same time making it clear that his convictions were based on personal observation.

Taking as his starting-point the general assumption that we can never grow all the food we need, Lord Tweedsmuir said that the crux of the situation for us was the availability of food from elsewhere. At present we were pre-occupied with the threat of nuclear war; but an even greater threat was the possibility of world starvation; it operated slowly but surely, for the simple reason that human populations are increasing far more rapidly than is food production. For all our blind faith in the power of modern science, there was at present no prospect of any material change in this growing disparity, which was already causing an intensification of racial frictions.

#### Pressure of Population

It was unfortunately true that the

human race had created many more deserts than it had reclaimed. Even with the very best of intentions, fatal mistakes were often made. The homesteader and the pastoralist could be just as destructive as the Beduin; and that well meant but short sighted schemes now could create conditions of hardship, perhaps of destitution, for generations still unborn. He had himself been a civil servant in East Africa in "the honeymoon period" after British rule had removed most of natural checks on population occasioned by disease and tribal warfare, and before the inevitably resultant upsurge had begun. Even so, he had seen great stretches of that region laid waste through ignorance.

Technology, said Lord Tweedsmuir, could never offer a complete answer to such problems. Merely giving money to under-developed countries is no long-term solution if their development was always going to be outpaced by increases in population. In any event, Communism could never be defeated by outbidding it in terms of material gain, but only by opposing it with a stronger faith.

True, we are slowly acquiring by experience a more intelligent attitude towards the complex provisions of Nature. He was at the present time concerned in the building of a power-dam on the Peace River in N.W. Canada. One of the reasons why the Peace River had been chosen for this purpose was that it was not a salmon river. On the Columbia River, in the

U.S., fish-ladders had been constructed alongside the dams to allow the salmon to by-pass these. The salmon passed happily up and down the ladders—but they had ceased to breed. One could not be party to making that mistake again and cutting off so rich a store of protein food.

### Watchdog needed

It was a mistake, said Lord Tweedsmuir, to assume that governments always act sensibly. Political considerations always come ahead of economic ones. In Britain, thanks to automation, we were already in the midst of the second industrial revolution and the standard of living was

rising steadily. That made it all the more necessary for us to grasp the fundamental fact that the production of food is the basis of all life. A highly urbanized people too readily assumed that milk comes out of bottles and food out of tins.

There were three greedy consumers of level agricultural land—the air-field builder, the factory builder, and the house builder. But the last-named did not need level land; some of the finest cities in the world were built on hills.

The Rural Reconstruction Association, concluded Lord Tweedsmuir, must continue to act as a watchdog, continually reminding the people of Britain that "all life depends on the green plant".

## (2) U.S. SURPLUS DISPOSAL FUTURE

THERE is a strong move in Washington to make surplus disposals a permanent part of United States foreign economic policy.

The Administration keeps insisting the programme is "temporary" and "emergency", but there are other signs that it too, is coming around to the idea of a long-term approach to getting rid of surpluses and tying it in with foreign aid. The strongest pressure to make such laws as P.L. 480 permanent is coming from the Congress. Several bills already are in the Congressional hopper making a proposal for this and the Chairmen of the House and Senate Agriculture Committees are inclined toward this approach.

President Eisenhower, in his call for using "food for peace", is viewed as starting to alter his thinking on the matter. Exactly what he has in mind, no one is sure just yet. There is considerable talk in Washington of an international meeting next sum-

—From I.F.A.P. (*International Federation of Agricultural Producers*)

co-ordinated bilateralism on surplus disposal would have several benefits for the United States: it would tend to reduce the criticisms of the United States programmes that come from the other surplus producing nations; it would be a major factor in the Cold War strategy of the West; it would have great benefits from a humanitarian standpoint; and it would help get rid of surpluses.

There is one line of thinking in Washington that if the Eisenhower Administration is willing to go as far as "co-ordinated bilateralism" in this field, whatever Administration that follows, whether it be Democratic or Republican, would be willing to go somewhat further with a venture into a true multilateralism approach to the surplus disposal and utilization problem.

### Permanent Policy

Senator Hubert Humphrey, Minnesota Democrat, has a bill for the Senate to have United States enter

long-term commitments for surplus movement into world markets, and to establish an international forum to handle surplus questions. It is doubtful, however, whether these and similar long range projects would become law at this time. What appears to be more likely is a relatively short extension of Public Law 480 which would allow long-term contracts to be made. For example, a one or two year extension of the law which would authorize the government to make contracts for delivery of surpluses over a ten or fifteen year period and payments to make over two or three times this length of time.

No matter what happens on surplus disposals during the next few months in Washington, it appears certain that the United States programmes are moving away from being simply a mechanism to move surpluses, and toward using surpluses for foreign aid objectives and a marriage of surplus disposals and United States foreign economic policy.

## A Unique Scottish Industry

IN his recent telecast to the Russian people the Premier very properly impressed upon them the number of scientific and other ideas which have been originated in Britain. He might have added that one of the most important was petroleum refining and that is was originated by a Scot in Scotland—James ("Paraffin") Young, the Glasgow chemist who, after some experiments in the South, set up the first refinery at Bathgate in 1851, using as raw material the local Torbanehill gas coal, and when it became exhausted, switching to the oil shales of the western Lothians. He was thus the father of all oil

refining methods. He was sending oil to America before the first American drill went down for free oil and the first American refiners paid him a royalty for the use of his technical knowledge of distilling and refining. The technical terms he invented are still in use the world over in oil technology and, wherever oil shale was found, Scottish shale mining and processing experts were invited to advise on its working and refining. It is therefore an industry which is the most peculiarly Scottish of all our heavy industries and it should be our pride to preserve and encourage it.

—from the *Scottish Shale Oil Industry Defence Committee*



The industry was founded in response to a demand for illuminants—lamp oil and candle wax—and it is still the chief producer of paraffin wax in Britain, thereby saving about £1,000,000 in imported paraffin wax. But it was soon discovered that it could produce much else such as ammonia fertilisers; in 1866 Young prophesied that it could produce detergents, which it now does. It has shown a truly extraordinary ability to adapt itself to changing conditions both economic and technical. Again

and again its free oil competitors thought it defeated and sinking, and as often it rose triumphantly, trimmed its sails to a new wind, and sailed on. It was founded without thought of motor spirit or DERV-heavy oil for diesel-engined road vehicles (though Young did foresee oil-fired ship's boilers), but it easily adapted itself to producing these—and of a high quality. Users testify that its diesel oil is much less damaging to engines than most imported products.

## What American Labor Seeks for America

By GEORGE MEANY, President

*American Federation of Labor-Congress of Industrial Organisations*

Our prime objective is still what it was 75 years ago—to improve the conditions of life for those who work for pay and by so doing raise the standards of living and the wealth of the nation as a whole. Only through a strong, responsible and dynamic trade union movement is it possible for the worker to secure a fair share of the wealth he helps to produce.

### Cold War Cold Shoulder

When the American businessman and banking community were actively welcoming the Soviet Union's First Deputy Prime Minister, Anastas Mikoyan, whom we call the "Butcher of Budapest", the overwhelming majority of labor leaders in America refused to have anything to do with him. American labor is deeply concerned with the future of freedom in the world and is doing everything it can to erect barriers against totalitarian encroachment. I

*From First National City Bank Monthly Letter, Supplement on Business and Economic Conditions, April 1959*

## U.S. Foreign Aid Under the Microscope

U.S. FOREIGN aid programmes have been the subject of comment in these columns\* on several recent occasions and mainly in two contexts. First, the effect that they have had in channelling back to American manufacturers orders for mining machinery and equipment on terms which precluded effective competition from British manufacturers, and second, the longer term effect that such economic penetration by aid with strings was likely to exert on the destination of war material supplies from the aid countries under the conditions of mineral shortage which must re-emerge if present expectations regarding population trends are fulfilled. (Present indications are for an increase of one-third in world populations over the next twenty years.)

In this context, we have urged the need for policies in the Commonwealth which would offset the influence of U.S. foreign aid—policies which would not only depend on competitive bidding by way of greater British investment in the underdeveloped areas, desirable though this may be. First we have urged the need for making better use of existing investment by British and international agencies by achieving a closer liaison between those in government who are concerned with signing the foreign aid cheque (or stimulating some other institution to do so) and those mining consultants and mining machinery manufacturers, who between them command the British technical know-how and industrial productive capacity, which ought to be (but so often are not) made available, side by side with the

financial aid, if not actually as a condition of it.

### Unified Commonwealth Policy

We have also repeatedly stressed the need for a unified Commonwealth mineral resources policy, if only as a basis for correlating these resources with the prospective growth in world mineral demand so as to identify those minerals in which the Commonwealth is likely to become deficient or which, due to the financial or political conditions under which they are being worked, are in danger of pre-emption by industrial powers outside the Commonwealth.

In considering Britain's own lack of foresight in these respects, we should not, however, fail to learn from the difficulties which the United States has herself been experiencing in the operation of her vast foreign aid programmes, which from this side of the Atlantic have appeared so challenging to Britain's influence in the underdeveloped countries.

Despite the considerable opposition in Congress to the Administration's plans for maintaining U.S. foreign aid in 1959/60 at substantially the same level as now, there seems little doubt that this aid will continue on a substantial scale for three good reasons:— first, cold-war strategy; second, the stimulus to American manufacturing exports which at the same time greatly minimizes the real dollar cost of the aid; third, the reflection of one facet of a quite widely held view in Washington that money, or for that matter surplus farm products, spent now on the acquisition of metals for the stockpile (or on the acquisition of control over the destination of eventual

—\*from the *Mining Journal*, March 20th, 1959

mineral production) is in the very long term certain to be both intrinsically profitable and conducive to market stability as metal prices rise under the pressure of growing demand.

### Soul-searching in Washington

On the other hand, there is currently considerable soul-searching in Washington as to how effectively American foreign aid is being spent. In this connection a Presidential advisory committee on world economic practices, which was set up last year to consider counter measures to Iron Curtain economic penetration, has recently produced a report which, judging by comment in the American Press, is a most realistic document.

The first point of interest is that the report regards foreign aid as a stop-gap operation which, it is hoped, will not be a permanent feature of the American economy and stresses that the best hope for economic progress in the underdeveloped areas is the growth in them of a free enterprise system. This is an admirable sentiment, but experience to date suggests that the stop-gap period is likely to be indefinitely prolonged. Moreover, the report appears to recognise, at least implicitly, that a lot of American aid has been dissipated in the past in consequence of the receiving country having failed to utilize it effectively. In years gone by this has also been the experience of the World Bank and it is significant that nowadays the World Bank is insisting on the receiving country retaining competent consultants to supervise any project on which it advances capital, and, indeed, is tending to make the repayment of each instalment of the

loan conditional on a satisfactory technical report.

The report also appears to have expressed some concern about the possible effect of foreign aid expenditure on the United States' economy. In this connection the rate at which gold continues to flow out of the U.S. and the rate at which inflationary trends continue within, both reflect the influence of foreign aid spending.

### Red-tape and Delays

Finally, and perhaps in British eyes a little surprisingly, the report is critical of red tape and delays in foreign aid administration which are stated to have produced negative political and economic results from what would otherwise have been desirable activities. In part, this is stated to be due to division of foreign aid responsibility as between a number of government departments.

By way of constructive recommendations, the report urges that the U.S. Government should not intervene with foreign aid except where private enterprise, either from the States or from some other Free World country, is unwilling to undertake the risk. Moreover, where government does intervene on a foreign aid project, the report urges that private enterprise should be utilized wherever possible in giving effect to the project, and similarly that private enterprise should, wherever possible, be developed in the receiving country by making the aid funds available to foreign private interests rather than to foreign governments.

The report also recognizes the disincentive to private investment inherent in the situation existing in many of the underdeveloped areas by

recommending that earnings from foreign operations be exempt from tax at least until the income is brought back into the States and even then that tax should be at a preferentially lower rate.

This last recommendation is one which must surely be looked at with a particularly jaundiced eye by the British manufacturer who has long suffered from various forms of subsidy (including tax exemptions) on exports from other Western countries

### Lessons for Britain

The lessons of all this for Britain appear to be two. First, the report is a reminder of the tremendous amount of energy which is being put into

American foreign aid programmes. Secondly, while the spirit of self-criticism, which appears to be pervading Washington at the moment, may possibly lead to a somewhat reduced scale of foreign aid in the future, it may at the same time also lead to the more effective application of the aid which is forthcoming. Let us in Britain and in the other Commonwealth countries learn what we may from American experience so that we derive maximum advantage from such aid as we are now providing and which we must inevitably provide in the future on an increasing scale, even at the cost of retarding the rate of advance in our own standard of living.

## New Zealand Manufacturing Trends

IN a review of economic changes in New Zealand during the last 25 years presented to the Wellington branch of the Economic Society of Australia and New Zealand, Dr. W. B. Sutch, Secretary for Industries and Commerce, said it seemed crucial to New Zealand's development to add more value to the materials that went through her factories.

One of the main changes in the period under review was the material increase in the standard of living. Population increase was less than 50 per cent, whereas the total of goods available trebled.

"This means that, in a quarter of a century, the material living standards of New Zealanders doubled," he said.

Four factors contributing to the need for a higher proportion of imports were increased factory production, the changing character of manufacturing, the increase in physi-

cal investment, and the change in the terms of trade.

Comparisons showed that factories using New Zealand's semi-primary resources, such as fish-curing, lime-crushing, brick, tile and pottery making, had markedly diminished in importance, whereas industries which relied almost entirely on imported materials—sugar, rubber, chemicals, metals, motor vehicle parts—had expanded considerably.

"The conclusion that can be drawn is that manufacturing industry in New Zealand has developed by an increased use of imported material and equipment. It also follows from the examination of the import statistics since the war that, if any system of exchange or import control has to effect substantial savings in overseas funds, these savings cannot wholly be made out of consumers' goods, especially when we could not provide substitutes for such items as tea or medical supplies," he said.

*From New Zealand Government Office. London, April 1959*

## The Political Economy of Energy

### THE PROBLEM FOR GREAT BRITAIN UNDER CONVERTIBILITY

by DR. GEORG TUGENDHAT

A FUEL policy which conforms to the objectives of convertibility will have to fulfil the following requirements. First, it will have to give complete freedom to all consumers to purchase all their requirements in the cheapest market. At the moment there are no restrictions on the importation of oil but no import licences are available for the importation of coal. Secondly, it must become the aim of all fuel and power undertakings to produce energy with the minimum capital outlay and the maximum return and thirdly, that in pursuance of this objective the production of fuel and power should be carried out by integrated undertakings whether privately or publicly owned wherever this would yield the most economical result.

I therefore propose that the formal description of the duties of the Minister under Section I (1) of the Ministry of Power Act 1945 be amended in such a manner that it becomes the duty of the Minister to secure the most profitable operation in the supply, distribution, use and consumption of fuel and power whether produced in Great Britain or not. The nationalized undertakings will have to be given the power or be specifically authorized to set up jointly owned companies or bodies to own and manage integrated units. The world of energy is one and indivisible and it will be the business of the Minister to ensure that there exist no artificial barriers in the future. Geologists estimate that our coal resources should be sufficient

such measures as were taken during war-time when the Government took over certain crops in Commonwealth countries the export of which had become impossible due to war conditions. There is nothing novel about industries closing down and places of habitation losing their importance. The whole of East Anglia, much of the Cotswolds and Surrey are evidence of this. As a nation we cannot afford to prevent changes from less to more remunerative forms of production and industrial activity. The difference between then and now is that our social conscience demands that we should ease the burden which falls on those who would suffer from change.

Secondly, transition measures will be required to secure the supply of fuels to off-set any fall in home production. There is plenty of coal in the U.S. and the oil industry would have no difficulty whatsoever in meeting any gaps.

### Increasing Production

Thirdly, it may well become necessary to intensify the work on ways and means of increasing the production of British coal profitably and at competitive prices. Again this may well involve some transition measures because the shift in efforts will take time to produce results. Research and development expenditure required to achieve the new objectives may also necessitate special subsidies.

Fourthly, the introduction of profitability standards will undoubtedly raise the question to what extent it will be possible to achieve these objectives within the present structure, that is the nationalized under-

takings covering the whole country. Much money which up till now has been spent in certain coal fields, areas etc. may have to be completely written off. I would suggest that whichever form the new structure will take the Opening Balance Sheets which will have to be prepared should take full account of the actual earning value of the assets. As far as new capital requirements are concerned the management will have to submit commercial prospectuses in the same way as is now the case with private industry. I would suggest that these prospectuses should be submitted to a committee composed of leading industrialists, bankers, accountants, etc. It would then be for the Government to authorise and become responsible for those items of capital and operational expenditure which are not warranted by commercial considerations but may be deemed necessary on the grounds of national security etc. This would establish a clear distinction between commercial and non-commercial items.

If the managements of our nationalized industries were compelled to find money for their expansion on the same lines as private industry two consequences would inevitably arise. In the first place no management which bases its planning upon profitability can afford to guarantee supplies at fixed prices to all consumers at all times and over long periods. Secondly, planning for maximum profitability implies maximum utilization of all plant and minimization of capital expenditure. At the present moment there is much talk about differential tariffs in gas, electricity, transport etc. The need would automatically throw up any defects in the pricing system.

### Working for Profit

The necessity to work for profit at competitive prices would also act as the greatest incentive to bring about integration between coal, electricity, gas and the oil and chemical industries etc. It will compel all of those who are concerned with the planning of investment in fuel and power to make use of every advance in science to improve profitability and to call on science for further improvements. It would compel us to transform into reality the knowledge that the world of energy is one and indivisible and that it is the business of the fuel and power industries to produce heat profitably and at the lowest possible price. Already the practice is growing in the States of quoting a price per million BTUs and not a price for coal or oil. I would like to see this practice adopted here.

### Defence

There remains the problem of Defence, and the fact that while the world is full of deposits of fossil fuels access to them may at times be impeded. I believe that the deposits of fossil fuels in Canada, the U.S. and those areas which are under the immediate control of our Allies in North Africa are large enough to satisfy all foreseeable demands for energy for generations to come. Only the Government can decide to what extent expenditure for strategic purposes has to be made and how this burden is to be borne.

Admittedly, the global energy requirements produced by the long term forecasts are staggering. The conclusion has been drawn from them that because of their size the Government alone will be able to provide the necessary funds. However, while the global requirements for energy, and

therefore, capital requirements appear enormous the figures for the individual industrialized countries are by no means out of proportion to their national incomes particularly in this country. There is no reason to assume that the private sector would not be able to provide the necessary funds. Private investors provided all the funds required for the expansion of the coal industry in this country up to the outbreak of the First World War and to a certain extent in the inter-war years. They are still doing so in the U.S., Canada, South Africa and parts of Europe. The oil industry is investor-financed. Enormous funds will be required for its expansion but I do not know of any request for Government intervention, France and Italy being for certain reasons exceptions.

### World conditions

However, under today's world conditions the fact remains that it is the Government's business to set the limits within which the free market can operate. We know that there is plenty of fossil fuel in the free world and we can state with equal certainty that the cost of exploration, production, processing and transportation could be reduced greatly below the present levels. However, many of these deposits lie in areas which are outside our control and it is probable that Canada is the only country with which we could make long term arrangements without fear that they may be broken. On the other hand the producers of fossil fuels, particularly of oil, are also dependent upon us as their market and I think that this dependence will continue for decades to come.

To what extent then are we going to make use of these possibilities and

at which price will we let products enter the country? As long as the fuel market remains controlled as is the case today all imported fuels will be sold around the thermal parity based on the British coal price with due allowance for the relative advantages offered by certain types of fuels over others. In a free market the low cost product would inevitably displace the high cost material. To what level then are we prepared to reduce the production of British coal? I believe that the level of output will be much higher than anyone of us is prepared to forecast today. Until we open the doors to coal imports discussion of this aspect of the problem will remain academic.

### No one solution

It is precisely at this point that the problem of investment in fuel and power becomes the central point of political considerations and conflicting interests. There is no one solution which will satisfy everybody. It is, therefore, left to each and every one of us to put forward such proposals as he thinks may best fit the interest of the country in pursuance of its policy to maintain the internal and external value of the Pound Sterling with the ultimate aim of achieving convertibility. I believe that the pursuance of this policy demands not only the greatest possible utilization of our scarce resources but it will also require that every assistance is given to our industries to develop new processes and to follow up new ideas.

### Illogical

To me it seems illogical to invest a lot of money in order to make unusable home produced fuels usable.

It seems to me illogical to invest a lot of money so as to import methane from Venezuela and oil from all over the world for the purpose of making town-gas, particularly when this involves the manufacture of hydrogen for the purpose of turning low grade British coal which is already being produced at a loss, into town gas. It seems to me illogical to construct power stations for the use of coal, then to convert them to imported oil rather than to import coal and use the original equipment. Worse still to reconvert oil installations back to using what is described by the technicians as unburnable coal. The more money we feel we must invest in space vehicles, inter-continental missiles and fusion techniques, and I think the latter are most important, the more essential it becomes to free our scarce resources for these purposes.

There remains the question whether the country can afford the increase in fuel imports which would have to be paid for by foreign exchange. The promise of greater freedom to trade to purchase in the cheapest market will inevitably lead to greater imports unless the home manufacturers become more competitive. Surely the problem of paying for our imports will be made all the more difficult by the continuation of Government financed capital expenditure which ties down scarce resources without adequate return. Under conditions of convertibility an excess demand for imports will automatically bring into play certain counter measures which will eliminate demand for products which we can no longer afford to pay for. This is the price which the community will have to pay if it wills the maintenance of the internal

*continued on page 152*

## PARKING—Discs or Meters?

by L. C. BINGHAM

THE London Parking Survey Committee estimated that the total number of cars parked on an average business day in the metropolitan area is approximately 57,000. The Metropolitan Commissioner of Police, in his annual report for 1957, states that proceedings for parking offences in 1957 were taken in 42,660 instances. This is something less than one offence per parking space per year for the whole of the metropolitan area. In the case of the Blue Zone, as previously quoted, 64,579 summonses for parking offences were issued in September last year—approximately 12 infringements per car space in one month.

Regardless of the merits or otherwise of meters, it is hard to understand how the disc system in Paris can be claimed to be the more successful method of controlling parking.

### Surplus revenue

Commonwealth countries which have legally permitted the use of parking meters have provided that surplus revenue be used for the provision of off-street parking. This is also the case with the Road Traffic Act which legalised the use of meters in the U.K.

In Australia, New Zealand, South

—Extract from an article from *The Municipal Journal*, 6th March, 1959

### COST OF LIVING UP IN AUSTRALIA

THE cost of living increased in all Australian States in the last three months. The increases were three shillings in Melbourne and Brisbane, two shillings in Adelaide and Hobart, and one shilling in Sydney and Perth.

*continued from page 151*

and external value of the Pound must apply to every aspect of our Sterling. If we wish to pursue a policy aimed at convertibility we economic life the discipline its cution demands.

## How to End the Cold War

by COUNT RICHARD COUDENHOVE-KALERGI

A PEACE conference of the four world powers is the first step towards world peace. This conference should adopt the principle of *granting recognition to all states having a de facto existence*, irrespective of their constitution and form of government. This means the recognition of the two German, Chinese, Korean and Vietnamese states and the reconciliation of the two opposed sides.

The two wars in Korea and Vietnam were in practice brought to an end by recognition of their division. All that is necessary is the transformation of a provisional into a final arrangement—the armistice into a peace.

The solution of the German and Chinese question is more difficult. Bonn refuses to recognise the government of Pankov; Washington the government of Peking; Moscow the government of Taiwan.

It falls to the lot of France and England to carry out the difficult task of mediation in this situation. For only when Washington, Bonn, and Moscow consent to this solution, will it be possible to end the cold war.

### British example

Bonn, Washington and Moscow should learn from the exemplary solution of the Cyprus problem how the gap between seemingly irreconcilable opposites can be bridged through the exercise of goodwill by all parties.

When, three years ago, the Pan-European Union approached the British, Greek and Turkish governments with proposals for an *independent* Cyprus, this solution seemed utopian. England maintained that

she could not give up Cyprus for strategic reasons. Greece demanded union with the island, Turkey its partition. Only after three years of cold war was agreement reached: England has renounced her sovereignty, Greece union, Turkey partition. Cyprus is independent. The cold war for this island is over.

If the political leaders in Bonn, Washington, and Moscow would evince the same understanding as their colleagues in London, Athens and Ankara, the cold war could be brought to an end. Then humanity would be free from the sword of Damocles represented by atomic war.

World peace could be achieved in the following stages:

1. The four-power conference would decide to *recognise the eight states* which have come into being as a result of the division of Germany, China, Korea and Vietnam; it would endeavour to bring about reconciliation between these states.
2. The provisional *division of Korea and Vietnam would become permanent*. A conference on Germany and one on China would be summoned at which representatives of the two German and the two Chinese states respectively would be present in addition to those of the four world powers.

3. The *conference on Germany* would waive a peace treaty and confine itself to international recognition of the existing state of peace. *Free Berlin* would become the seat of UNO, under whose sovereignty the lines of communication with the West would also be placed.
4. The *conference on China* would regulate the relations between the

—from "Der Bund", Bern, 26th February, 1959

Chinese People's Republic and the Chinese Maritime Republic (Formosa), which would cede its seat on the Security Council of UNO to the continental People's Republic.

- The Security Council of UNO would mediate still unresolved international conflicts, such as the *Pakistan* question, the *Kashmir* question and the *Netherlands-New Guinea* question.
- The conclusion of a 30 years' truce

between the countries of Nato and the Warsaw Pact, it being open to any other country to associate itself with this truce which could be renewed for further periods of ten years at a time.

- Disarmament conference: prohibition of atomic weapons.—With such a programme it would be possible to end the cold war and open up a long and happy period of peace of the whole of humanity.

## The Electrical Industry and The British Economy

NO one can doubt the importance of the electrical industry in our national economy. We are one of the nation's largest exporting industries, and for the third year in succession the direct exports of the Industry have exceeded £270 million, which figure compares with the figure of £25 million in 1938 when Great Britain was the world's largest exporter of electrical goods.

During the last five years (1954—1958) the Industry's exports totalled £1,300 million, and since the end of the war the total exports have exceeded £2,500 million. These figures all relate to direct exports, and if the value of electrical equipment included in the exports of other industries is added, then of course these figures are all very substantially increased.

On the supply side, the output of electrical energy continues to increase each year at the rate of between 7% and 8%. In the ten years to December 1958 the output in units has more than doubled and last year reached the record figure of 86,613 million units.

—Extract from a speech by Mr. C. R. KING, C.B.E., Deputy Chairman of the Central Electricity Generating Board at a Press Conference in London, 25th March, 1959

### Price kept down

Despite the period of inflation through which we have passed, the price of electricity has been kept down as compared with all other commodities. In fact, during the past ten years electricity has on average only increased by about 35%, and this compares with an increase of more than 60% for the general level of prices and 114% for coal.

Undoubtedly the greatest factor in enabling the price of electricity to be kept so low has been the increased efficiency of the newer and larger power stations which have been built and the larger units of generation which have been employed. A substantial improvement in the thermal efficiency of these newer generating stations has enabled considerably more units to be produced from each ton of coal than was produced in pre-war years. This trend we hope will continue and perhaps accelerate when the nuclear stations now under construction are brought into commission. So that altogether our future prospects of meeting the rapidly increasing demands for electricity for motive power and domestic purposes are extremely bright.

## Digest Reviews

### Digest BOOK OF THE MONTH \*

#### THE STUFF MAN'S MADE OF by Jorian Jenks

Reviewed below by John Biggs-Davison, M.P. Faber; 18/-

#### "WEALTH ACCUMULATES, AND MEN DECAY"

*The Stuff Man's Made Of*, by Jorian Jenks. (Faber; 18s.)

*Brave New World Revisited*, by Aldous Huxley. (*Chatto & Windus*; 12s. 6d.)

The Chinese, Mr. Jorian Jenks recalls, have understood better than Westerners that men seldom learn new truths without losing older wisdom. His disturbing, vital book bids us turn back to ancient sanity. If he be right, then Western civilization has gone wrong and is leading less developed communities astray. Mr. Jenks puts the sombre question: Is mankind committing the mortal sin of slow suicide—without need of nuclear bombs?

The surgeons and physicians have wrought miraculously; plagues are conquered and controlled; drugs (Mr. Huxley treats of them) are manifold and within the reach of millions—drugs to kill infection, dull the senses, quiet the nerves, allay the nameless dread which in many has replaced the fear and love of God. Fewer babies die at birth or in their early weeks; people live longer. Yet degenerative diseases decimate young as well as old. Mental afflictions and instability abound. An age of comfort is also an age of cancer—and (Mr. Huxley's phrase) an Anxiety Age.

One hears talk of "diseases of civilization". Sometimes the instinctive wisdom of plain men regrets

that we are "getting too far away from nature". Is this merely the mysticism of muck and wholemeal? Between the wars research scientists, today devoted bodies like the Soil Association and the Rural Reconstruction Association, evolved a theory which Mr. Jenks has here couched in sensitive prose. The human being for them is no machine to be topped up with fuel but part of a natural (and, most would add, divinely-appointed) order. If the balance and harmony of the nutritional cycle, in which soil, plants, animals and human beings have their indispensable part, are upset, bodily and mental health will be threatened or impaired. We are what we eat and need for complete well-being the produce of a biologically fertile earth.

But modern societies demand cheap food and quick returns. The soil is too often not respected but raped. Chemicals are brought in to make good the deficiencies of husbandry—upon which are imposed the criteria of the countinghouse. Farming has become "the agricultural industry". Nevertheless the "organic" school speaks a philosophy which the good farmer would like to apply if he could, and a generation wearying of the insipidity of an over-refined and increasingly synthetic diet may be disposed to question whether the artificial processes proper to the factory can safely be applied to "articles which we incorporate into our bodies". Nowadays however in the more sophisticated

lands, "at every link in the long chain from soil to stomach, our food is subjected to artificial processes."

Statesmen and scientists owe it to their countrymen to look for any connection between this unnatural state of affairs and the disquieting statistics of disease. There is more at stake than this. Mr. Jenks reminds us that cultivation and culture derive from a Latin word meaning "to till" and "to worship". Those who fear God will reverence His handiwork. They will strive not to conquer but to co-operate with nature. The highest act of Christian worship is to act again the God-Man's awful sacrifice in the forms of bread and wine.

The least that Mr. Jenks deserves is an answer. But in our mass civilization it is not easy for unfamiliar ideas to crack the crust of mechanical indoctrination which overlies twentieth century culture. Mr. Aldous Huxley wants *Habeas Corpus* to be supplemented by a writ of *habeas mentem*—to protect men from the mind manipulation of the Brave New World. He finds common ground with Mr. Jenks in calling for "a world-wide policy for conserving our soils and our forests".

\* Each month "Economic Digest" will select a *Book of the Month* from the many publications received for review

#### MISMANAGED MONEY

*A Short History of Money*, by George Winder. (Newman Neame; 15s.)

"Do Banks Create Credit?" Mr. Winder, after quoting extracts from publications issued by the Economic Reform Club shows that they can and do. He goes on to suggest that this does not make them in the least

responsible for inflation and that banks cannot conjure money out of thin air. The first step must be the availability of the cash base on which the pyramid of credit is built. Granted cash backing (by the authorities), a bank has still to find credit-worthy customers who can make good use of the loan and so put themselves in a position to repay it quickly. From this he draws the conclusion that "the real creators of credit are not the banks but their credit-worthy customers."

When the Government borrows from the banking system, commercial prudence plays no part. Public authorities are the only borrowers whose requests the banks must meet, irrespective of any judgment bankers may privately have about the Government's credit-worthiness!

Thus, Mr. Winder concludes that Government borrowing from the banks to cover budget deficits is the cause of all recent inflation of money supply and prices. He shows that in the three years between 1952 and 1954 when prices rose by 10 per cent, the banks were forced to increase their holdings of Treasury Bills and securities by £750 million (or 12 per cent)—an amount that coincides with the increased deposits of the London Clearing Banks. Taking a longer period—between 1930 and 1956 whilst private bank loans rose by less than one and half times, public borrowing from banks increased by more than four times.

#### POWER OR INFLUENCE

*Honourable Members, A Study of the British Backbencher*, by Peter G. Richards. (Faber and Faber; 30s.)

Is the individual Member of Parliament a mere pawn in the political

game or has he a significant part to play in the affairs of the Nation? Dr. Richards has made a full-scale study of the position of the backbencher in British politics. He reaches the conclusion "that the individual member is something more than a pawn in the game of party politics; that his services are essential to a democratic society". He summarises the position by suggesting that the generality of members do not possess power, the ability to make decisions about state policy is the prerogative of the ministers, and only the inner band of senior ministers can actually sway the destiny of nations. What members have is influence, the strength of which depends on the situation at any given time.

Many aspects of political life are covered in this comprehensive survey of methods of selecting candidates, the duties of the Whips, the relation of the M.P. to his constituents and questions of pay and privilege are examined in the light of events since 1945.

#### WHOLESALE HOUSES

*The Organisation of Wholesale Textile Distribution*, by W. J. Philpot. (Macdonald; 12/6d.)

With over 7,000 wholesale textile establishments in Great Britain employing 80,000 people and distributing £866,000,000 worth of goods annually, wholesale textile distribution is an important factor in Britain's economy. This useful book gives a short history of the development of the wholesale trades and surveys present-day distribution. It will be of particular value to students preparing for the City and Guilds of London Institute Examination in Business Organisation and Method of Wholesale Textile Distribution. The

appendices include a selection from past examination papers.

#### AN URGENT PROBLEM

*The Conservation of Natural Resources* by Richard C. Haw. (Faber and Faber; 30s.)

Mr. R. C. Haw is an instructor in soil and water conservation at the Dombashawa School in Southern Rhodesia and from this background of practical experience he has provided a simple yet comprehensive work on a subject of vital importance. The evils of soil erosion, proper use of land including the relationship of organic matter to the soil, land reclamation and water conservation are some of the subjects dealt with. The author comments "The experience out of which this book is written concerns Africa, South, East and Central, but though our local words for the consequences of soil erosion may differ, our problems are those of Australia, India, Pakistan, Iran, the Near and Far East and much of America".

Mr. Haw stresses the urgent need for greater education of young people in the dangers to the human race of continued waste and destruction of the world's capital resources. He makes the point that it is not really the primitive peoples who present the greatest problem, they usually live in harmony with their environment. The book is interestingly written and there are a number of illustrations and diagrams.

#### BARRICADE FODDER

*The Crowd in the French Revolution*, by George Rudé. (Oxford; 35s. (in U.K. only.))

Taine called them "Canaille". Like "mob" the term is more abusive

than exact. Mr. Rudé's thorough analysis, culled from police reports and a variety of other sources, presents dispassionately the *meun* people who killed and bled and rioted in Paris and made revolution and counter-revolution possible.

The struggle and *Journées* between 1787 and 1795 were such as not to be repeated in the era of mass industrialism and trade union organisation. The revolutionary crowds were not a proletariat but mostly *sans culottes*—workshop masters, craftsmen, weavers, shopkeepers, petty traders. They took their ideas and slogans from the commercial *bourgeoisie* and from noblemen. Traditional grievances and bourgeois frustration mingled with economic hardship. Rumour was a potent agitator. Apart from the *Champ de Mars*, the popular motive was less political than economic. Except at *Thermidor*, when there was discontent at the Jacobin controls, food prices rather than wage rates were the decisive influence. The Paris worker in August 1788 would spend about 50 per cent of his wages on bread; in the period between February and July 1789 more than 80 per cent.

This readable and indispensable aid to the student of the period offers many titbits of information. Thus one learns that a quarter of the victims of the September massacres were priests, aristocrats or "Political"; most were convicted criminals.

#### EAST v. WEST

THE average yearly income of a Soviet Zone industrial worker was 7 p.c. below the comparable gross nominal earnings of his W-German colleague in 1958.

In terms of purchasing power, the disparity was even greater because of

—from *Economic Report from Germany, March 27th, 1959*

#### SHORTER NOTICES

*An Economic History of Transport*, by Christopher I. Savage. (Hutchinson; 18s.)

The author, who is lecturer in Political Economy in the University of St. Andrews, surveys the economic development of transport from the pre-railway age up to the Second World War. He devotes his main attention to British transport developments, but in the final chapter he takes a look at transport in the U.S.A.

*Labour and Economic Development*, edited by Walter Galeson. (Chapman and Hall; 54s.)

This book examines the evolution of the labour movement and the political repercussions of differing labour policies in a number of territories ranging from relatively undeveloped countries to some of the most advanced nations. The countries surveyed are India, Japan, Egypt, French West Africa and the British West Indies. The contributors write in non-technical language.

*Prices, Income and Public Policy*, by Clark Lee Allen, James M. Buchanan and Marshall R. Colberg. (Mcgraw Hill; 50 6d.)

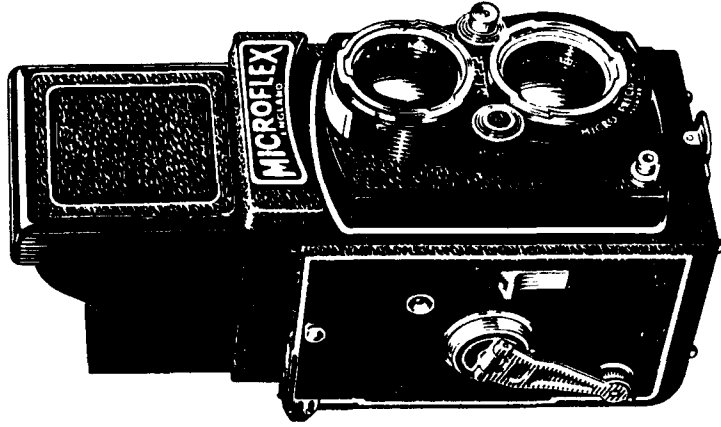
This is a second edition of a useful economic textbook. The material has been revised and completely re-arranged.

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## ★ 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).

**International Finance**

*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)

**Scotland**

*Survey of Economic Conditions in Scotland in 1958. Clydesdale and North of Scotland Bank Ltd.* (1068)

**World Economy**

*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)

**Radio-Isotopes**

*Isotopes at Work: An Institute of Directors Publication.*

A classified index of industrial uses. (1070)

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by DESMOND ALLHUSEN and EDWARD HOLLOWAY

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