

★ **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).

Indian Statistics

Statistical Tables relating to Commercial Banks in India, 1958. Reserve Bank of India. Rs. 5.00.

Presents the statistics relating to individual banks and the banking system as a whole on the same lines as previous issues except that the data relating to co-operative banks has been excluded. (1091)

Planning in Pakistan

Objectives of the Second Five Year Plan (1960-65). Government of Pakistan Planning Commission, Karachi.

The Plan aims at increasing the national income by 20 per cent with the emphasis on a substantial increase in agricultural production. (1092)

The Monetary System

Committee on the Working of the Monetary System. Report. H.M.S.O. 15s. (Cmd 827).

The Report issued by the Committee under the Chairmanship of Lord Radcliffe. Presented to Parliament by the Chancellor of the Exchequer, August, 1959. (1093)

Geneva

American Statements at the Conference

of Foreign Ministers, 1959. United States Information Service.

Statements by Christian Herter, U.S. Secretary of State, together with the joint Western proposals made at the first session of the conference, May 11th—June 20th. (1094)

LPE Papers

The Teenage Consumer, by Mark Abrams. London Press Exchange. Provides a full picture of the teenage population's spending habits. (1095)

Race Relations

Race Relations in Industry and Commerce. The Joint East and Central African Board. With a foreword by The Rt. Hon. Earl De La Warr. Deals with the problems of social organisation and human relations with particular reference to Africa. (1096)

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The National Institute of Economic and Social Research and its Director, Christopher Saunders

Founded in 1938, with the object of increasing "knowledge of the social and economic conditions of contemporary society", the National Institute of Economic and Social Research has as its President Mr. Paul Chambers of I.C.I., and Professor Austin Robinson of Cambridge as its Chairman of Council of Management.

It takes no money from the State, but is financed by British business and by research grants from charitable funds and foundations. Its offices are in a pleasant house in Westminster within a stone's throw both of Conservative Central Office and Transport House—but just out of range of the Liberals!

Until 1959 the Institute was concerned entirely with long-term research. Its books and articles in economic journals include the late Dr. Rosta's pioneer work on productivity in British industry; J. B. Jeffrey's standard works on British retailing; and Abel-Smith and Titmuss's book on the cost of the National Health Service.

Forthcoming books will include studies of the finance, structure and location of British industry, U.S. anti-trust law and *British Industrialists*, an account of changes during the last century in the ways in which managers came to the top in the steel and hosiery industries.

Research staff are also working on the inflationary wage-price spiral; the world trade in manufactures; the influence of import controls; and trends in British imports. The Institute also publishes a Review, edited by Robert Neild, which boldly goes in for prognostication.

Like the Parliamentary and Industrial Committee of the Economic Research Council, the Institute's name is linked with the Radcliffe Committee, which asked it for a memorandum on the improvement of financial statistics. The Committee reported vigorously on the need for better information for the authorities and the public.

The Institute's Director, Mr. Christopher Saunders, C.M.G., believes that British economic statistics have now reached the stage where what is necessary is to learn how to use them better, both in government and in business. He was himself in the Central Statistical Office and concerned particularly with using national income statistics as a guide to policy.

In his earlier career he was concerned with bread and butter applications of economics and statistics. His first job was with the Social Survey of Merseyside in the depths of the depression of the early 1930's.

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Wanted : A Commonwealth Information Service

by FRANK CHILTON

A U.K. Parliamentary Select Committee has focused attention on the inadequacies of the information services of the Commonwealth Relations Office. In this article a New Zealand writer suggests that Commonwealth countries should join in setting up a corporation to campaign against public ignorance about the Commonwealth throughout the world.

IN this vital business of public information the fast changing Commonwealth has a fight on its hands.

It is the ancient battle for truth against ignorance, distortion and suppression, and no protestations about disturbing Anglo-American unity should be allowed to blind us to the fact that the United States is—and has been for some years—conducting an anti-Commonwealth

propaganda campaign of tremendous power and scope. The need for urgent co-operative action to make known the truth and comprehensive story of the Commonwealth has never been greater than it is at this moment. I believe that Commonwealth countries should get together without delay to establish a COMMONWEALTH INFORMATION SERVICE—a working alliance of commercial and official throughout the Commonwealth—to "bring alive" the Commonwealth

story. We should employ every facility of press, film, radio, television and every other medium in a forthright campaign against public ignorance of the Commonwealth throughout the world.

This service can be provided—with immeasurable benefits to the trade and general prosperity of all Commonwealth peoples—without the expenditure of vast sums of money. It needs only the will and the organisation to make full use of the Commonwealth's proven capacity for practical co-operation in this comparatively new development of mass communication and mass information. The objects of such a service, established "by the Commonwealth and for the Commonwealth", may be set out as follows:

1. To increase the flow of general information on Commonwealth affairs between the countries of the Commonwealth, and the Commonwealth and the rest of the world, by

from New Commonwealth, September, 1959.

every possible method of mass communication.

2. To devise new and improved arrangements for the production of more Commonwealth informational material, especially news and documentary radio programmes, news photographs and factual films, for world-wide cinema, television, press and radio distribution.

3. To provide facilities for combining the resources of a number of Commonwealth countries for the cooperative production of informational or instructional material of common interest and value.

4. To counter the activities of any national or international organisation engaged in the dissemination of propaganda which is untruthful as regards Commonwealth policies or damaging to Commonwealth interests in any other way.

5. To ensure that Commonwealth interests are adequately and properly represented in the information disseminated by the United Nations Organisation.

6. To encourage the study of Commonwealth history, traditions and ideals in schools throughout the Commonwealth and elsewhere, and to make known the many opportunities for service in the advancement of these ideals which exist in the expanding Commonwealth of today.

7. To provide opportunities for Commonwealth writers, journalists, artists, broadcasters, documentary film-makers and others engaged in public information services to travel, work, study and teach in

other countries of the Commonwealth.

Not enough

The Commonwealth Relations Office and the Central Office of Information already put out a good deal of information about the Commonwealth, but it is only a tiny fraction of the amount needed to tell the story of the Commonwealth on a world-wide scale; further, it all comes "from the centre", that is, from departments or agencies of the British Government in London.

The proposed Commonwealth Information Service would not be controlled by any single Government or Government Department. It would function as a Corporation established and financed by all the Governments of the Commonwealth, and it would make the fullest possible use of commercial and official services of information throughout the Commonwealth.

Decentralised

The service would not be centralised. It would operate from a number of bases or Regional Headquarters in the Dominions and Colonies, though a Board of Governors would be set up in London to act as trustees, to safeguard the interests of the Commonwealth as a whole, to deal with the finances of the service, and to assume general responsibility for initiating and maintaining the broad policies of the service. It is suggested that the Secretary of State for Commonwealth Relations

should be invited to advise the Board as to general policies and, if possible, to accept office as Chairman of the Board. All the Dominion High Commissioners in the United Kingdom, the official representatives in the United Kingdom of all other Commonwealth countries, and the Director-General of the Commonwealth Information Services would comprise the Board itself. The Board would meet regularly in London, and full reports of these meetings would be transmitted by the Director-General to Regional Headquarters of the Service overseas.

Regional Headquarters of the Service would be established in the capital cities of all Dominions, and in the chief Colonial Territories. Arrangements would also be made for the establishment of temporary and mobile information centres in outlying areas whenever necessary—for example, before starting large-scale public works or public health campaigns.

Each Region would be served by a Director and a Deputy-Director who would be responsible for the activities of the service in that Region. Within the general terms of reference laid down by the Board they would have complete freedom of action in the day-to-day operations of the service in their own Region. Both the Director and Deputy-Director should be citizens or long-term residents of the Region in which they serve. They would be advised and assisted, but not controlled, by a local voluntary Advis-

ory Council. This Council would include representatives of the press, radio, film and television services of the Region, and the Information Officers from the staff of the High Commissioner or other official representative of every other Commonwealth country represented in the Region. The Chairman should be the Minister in charge of Government information services in which the Regional Headquarters of the service is established. The functions of the Council should be purely advisory, and should not extend to control of the Regional Headquarters or its staff in any way. The Regional Director would be free to accept or reject the advice or assistance offered by the Council: he would answer only to the Board (through the Director-General of the Service) on matters of administration and policy.

The aim would be to maintain an attitude of friendly co-operation between the Commonwealth Information Service, as represented by the Director, and the existing official and "commercial" services of public information in the Region, as represented by the members of the Advisory Council. The Council, the Director and Deputy-Director should hold frequent and regular meetings at the Regional Headquarters of the service.

The main task of the Director, working from Regional Headquarters, would be to travel extensively in his territory, seeking out those aspects of its life and work which illustrate Commonwealth co-opera-

tion in all its various forms, and arranging for the publicising of these activities by the best and most appropriate means. He would have authority to commission writers, artists, film-makers or broadcasters to undertake special assignments for the service as necessary.

The Deputy-Director would be responsible for the maintenance of communications between his own and other Regional Headquarters of the Service, and for the administration and operation of the Regional Headquarters of the Service in the capital city. He should be qualified to take over the field duties of the Director if and when needed, and temporary interchange of duties would be arranged for this purpose.

Key people

About 50 of these key men and women would be at work throughout the Commonwealth. Their technical qualifications should include a wide experience of visual media of public information, a sound knowledge of the Commonwealth based on first-hand experience of its life and work, and a strong belief in the aims and purpose of the Commonwealth. They must also be aware of the extent and value of Commonwealth co-operation in their Region, since this is their main "line of business". Commonwealth co-operation in this context means a joint effort by Commonwealth individuals or organisations in any form of enterprise

which is undertaken for the common good. It does not matter how big or how small it is so long as it illustrates this essential principle of Commonwealth co-operation. For example, here in New Zealand, specialist nurses from Australia, the United Kingdom and New Zealand have worked together with great success on the treatment of cerebral palsied children at the Queen Elizabeth Hospital, Rotorua. People from several Commonwealth countries are working together on large scale public works, such as hydro-electric schemes, and on individual research projects such as the study of rheumatoid diseases and the selective breeding of farm animals.

Among the hundreds of millions of Commonwealth peoples who live in the 12 million square miles of Commonwealth territories there are countless examples of this kind of Commonwealth co-operation. Yet very little is heard of this immense collective effort, though in all its many phases it is of the greatest importance in maintaining the unity and prosperity of the Commonwealth.

A Commonwealth Information Service could bring lasting benefits to all our peoples in a multitude of ways. It could simplify the solution of common social, political and economic problems. It could bring about a better appreciation of the achievements and collective resources of the Commonwealth, thereby stimulating trade and commerce. It could assist in the formation of unified Commonwealth

policies in world affairs. And above all it could create a new, vital spirit of confidence in the enterprise and traditions of the historic community of nations which (in the words of a

notable Gracious Speech) "represents one of the most hopeful and imaginative experiments in international affairs that the world has ever seen."

Commonwealth Survey

(1) WESTERN NIGERIA—GATEWAY TO AFRICA

WESTERN Nigeria, like the rest of the Federation, is a tropical primary producer within the system of the Overseas Sterling Area. It is important to note that Sterling Area primary producers have chalked up a better post-war export record than other primary producers. This success of the Overseas Sterling Area provides a measure for both Nigeria's record and the West's contribution.

The increase in Nigerian exports in recent years is more than six times the average increase for the whole Overseas Sterling Area.

The great strides made by Nigeria during the post-war period is evidenced by the following official statistics:—

	Imports £ Million	Exports £ Million
1948	41.9	61.1
1949	58.2	79.2
1950	61.9	88.5
1951	84.5	116.6
1952	113.3	125.1
1953	108.2	120.9
1954	114.1	146.2
1955	136.1	129.8
1956	152.8	132.2
1957	152.5	127.5
1958	166.9	135.7

from Industrial Promotions Commission Secretariat, Ibadan, Nigeria.

Western Nigeria's share of this trade is no less than 40 per cent of the imports and between 40 and 50 per cent of the exports.

This graphically demonstrates what a large market the West alone offers and shows too what a tremendous contribution this Region, with less than an eighth of the area and a fifth of the population, is making to the national economy.

Exports

At present the main exports of the Western Region are:—

Approximate Quantity 1,000 tons	Approximate value at current prices £ Million
Cocoa	120
Palm Kernels	200
Timber (90% of a total of 18,000,000 cu. ft.)	5
Rubber	35
Palm Oil	20

The West is well aware of the dangers of undue dependence upon a single crop and is taking steps to mitigate them. To this end it is:—

(a) improving the strains of cocoa so that increased yields and better quality will offset any drop in

revenue arising out of a drop in world prices;

(b) increasing the quality and quantity of other crops, e.g., palm oil and rubber;

(c) introducing new crops, e.g., citrus, pineapple and cashew nuts, the canning of citrus and grapefruit for the European market;

(d) fostering the creation of industries with emphasis upon the conversion of local raw materials into finished articles for the local market, e.g., textiles, tyres and tubes, cement, paper, etc.

These plans which are now being implemented are in line with the recommendations of the Mission sent by the International Bank for Reconstruction and Development in 1953.

Five Year Plan

The Government of the Western Region published in 1955 a £100 million Five Year Development Plan which is based on the actual and potential resources of the Region. Details are to be found in a Government publication entitled "The Development of the Western Region of Nigeria 1955-60". In 1959 a progress report on the Development Plan was laid on the Tables of the Western Regional Legislature as Sessional Paper No. 4 of 1959.

This comprehensive report will provide businessmen with a complete and accurate guide to development and development planning in Western Nigeria. It will also serve as an index of the achievements of

the Awolowo administration since 1955.

Both pamphlets are obtainable from the Government Printer, Western Region, Ibadan, price one shilling.

Opportunity

Primary producers all over the world today are pushing forward on two fronts—in agriculture and in industry. Western Nigeria is no exception and is taking the long-term rather than the short-term view. At the same time more and more local produce is being consumed in a rising standard of living. The local internal economy is surprisingly large already. The International Bank estimated that between 1952-53 Nigerians produced, for their own consumption, food to the value of £300 million. This is roughly equal to the current import-export total.

The effect of all this is that in Western Nigeria there is an increasing vacuum for capital, since the agricultural industries producing for export are not as advanced as world markets require. Secondly, there is a strong movement to finish and grade produce before export. Thirdly, there is growing scope for enterprise in the internal economy, particularly in food processing, freezing and canning. Fourthly, there is a general tendency towards self-sufficiency in which the traditional exporter from the temperate zone may find himself excluded from a large and growing market, because a competitive factory has

been established with Government participation, protection and contracts.

For some industrialists it is therefore advantageous to consider putting a plant overseas. For others, there are new opportunities. For both, Western Nigeria offers a gateway to Africa at a time when the first on the spot gains the advantage.

(2) AUSTRALIA'S ABSENTEE OWNERS

IAN POTTER, head of one of Australia's principal financial and stock-broking houses, answers a question often posed by British firms examining the scope for setting up in Australia.

NEWS of record profits by overseas companies in Australia has led to renewed agitation in some Australian political and financial circles for ownership by Australians of a substantial equity in such companies. These views were originally prompted by the success of General-Motors Holdens, whose profit of £A15m. for 1958-59 was the highest ever recorded in Australia.

Although fully acknowledging the part that particular company has played in the development of industrial Australia, critics say that Australia, with her own pressing needs for development, cannot afford the remittance abroad of such large sums. As the *Melbourne Age* recently wrote:

"It is easy to argue that we are well rewarded by the gains in expansion, employment, taxation revenue, savings on foreign exchange and the ploughing back of a proportion of profits. It is not so easy, however, to overlook the obvious risks to the economy of having no local share in what,

from News from Melbourne, Australia, October, 1959. Issued by the Victorian Promotion Committee.

perhaps in 20 years' time, could be a dominating influence in our industries. This is the reservation to be kept constantly in mind when circumstances point to the opening of the floodgates for foreign investment here.

Reassurance

I did not find it surprising, therefore, that during my recent visit to England many businessmen expressed concern over possible action that Australian Governments might take to enforce greater Australian participation, at least where newly-established companies are concerned. I have been able to reassure them on two counts.

Firstly, the Federal Constitution would, I believe, cast great doubt on the legality of any restrictive act of this nature. Even so far as individual States are concerned, their sovereign rights are inhibited should the effects of their legislation extend beyond the State boundaries. In other words, if Victoria sought to impose restrictions on a company with sales outlets in New South

Wales, this would probably be illegal. Apart, perhaps, from purely local enterprises such as gas works, I can think of no undertaking that would not be protected by this restraint upon State legislation! As a further safeguard I cannot imagine as a matter of politics any Federal or State government taking action to kill, or even to discourage, the geese which lay the golden eggs represented by overseas industrial investment.

Secondly, I was able to tell British businessmen that increased Australian participation in new industries originating overseas might well be beneficial to them for reasons I will presently outline.

Although, as I have said, I rule out the possibility of compulsory action, I do see signs of moral pressure towards voluntary participation. Mr. R. G. Menzies, the Prime Minister, has indicated that he favours these tendencies and he is supported by an influential cross-section of responsible political, business and financial opinion.

How might such voluntary participation stem from Government action? I shall not be dogmatic. The States for example are in a position to offer concessional freight tariffs on State railways, while the Federal Government can allow duty concessions on the import of equipment. However, there are no signs of discrimination, so far, in favour of overseas companies offering participation, or in favour of purely Australian companies.

Bigger Australian share

I think the next decade will witness an ever-increasing Australian share in the holdings of British, American and other overseas companies, as these companies themselves realize that the benefits are not all one-sided.

There will be disadvantages. Chief drawback will possibly be that a prospering oversea company may wish to retain its profits in Australia. Some conflict of interest between British and Australian investors could then arise.

But offsetting all disadvantages, there are the intangible, but nevertheless very real, benefits flowing from improved manufacturer-consumer relations. There is little doubt that companies with a substantial Australian-held equity have benefited on two counts. First, there is a growing consumer preference for products of companies known to be partly Australian-owned and relationship with Australian employees is helped by the fact that part of their efforts is going to benefit Australians rather than remote shareholders in Manchester or Detroit.

There is a growing feeling in Australia against oversea companies who, without offering participation, borrow heavily in that country for the purpose of setting up their plants. In due course, the loan is repaid and future profits remitted back home. This diversion of Australian resources, without participation in the equity, is not regarded

favourably in some quarters, as obviously it reduced the supply of internal money available for development in other directions. It is true that Australia realizes that, as matters stand, the most important type of capital for her is that associated with the establishment of new industries or with the expansion of existing enterprises. Australia is a country increasingly aware of her own industrial importance, and, in fostering it, she naturally wants to

play a more direct part in the ownership.

Nothing I have written must be thought to suggest that Australia will not continue to encourage investment of oversea capital, with every facility given to assist its contributors. But I emphasize that those companies facilitating Australian participation may well in the end find that such a move carries many positive advantages.

(3) DECIMAL CURRENCY MOVEMENT

INQUIRIES have been conducted in the United Kingdom to assess the attitude of various industrial and commercial interests towards the introduction of the metric system or the decimalisation of existing weights and measures and the advisability of a decimal system of coinage. A questionnaire addressed to the retail trade has indicated that, with certain qualifications in some cases, roughly three-quarters of those asked to express an opinion were in favour of a change, with retention of the pound as the unit.

From Australia comes the news that the Queensland Cane Growers' Council has asked the Council of Agriculture to recommend that its conference resolution that the implementation of a decimal coinage system be expedited should be submitted to the Federal Government through the National Farmers' Union. The Queensland State Wheat Board also favours the adoption of a decimal coinage system and

the Council of Agriculture is to take up the matter with the National Farmers' Union (Australia).

In August the Association of Rhodesia and Nyasaland Industrial Congress in Salisbury passed a resolution advocating positive steps by the Government aimed at the introduction of a decimal coinage in the Federation. A Vice-President of the Association, Dr. K. Fikel, said that it had taken him 145 seconds to do a multiplication sum involving pounds shillings and pence but by using the decimal method he obtained the answer in 30 seconds.

The time for a similar problem in division was 20 seconds against 155 seconds and for a problem involving percentages the time was 5 seconds against 90 seconds. He suggested that a 10s. unit (as in South Africa, where the decimal coinage is expected to be in operation in February, 1961) to be named the Rhodes should be adopted, from *The Commonwealth Producer, September/October, 1959.*

retaining the shilling which would be subdivided into 10 cents each worth 1.2d. Dr. Fikel's examples of the time wasted by our present

out-of-date system should be noted by all Governments in whose territories the pound, shillings and pence coinage is still used.

(4) DECIMAL D-DAY—FEB. 1961?

THE Union of South Africa's change-over to a decimal coinage system was carried a step forward with the appointment recently of a Decimalization Board. Meanwhile plans are being worked out for a banknote factory, the first in the Union, to be built near Pretoria. By the time the factory is in production it will have cost about £500,000—£300,000 for the building and £200,000 for the equipment. The special paper to be used for the notes (the new 'Rand's') will be imported.

Dr. E. H. D. Arndt, deputy governor of the Reserve Bank and chairman of the Decimalization Board, said recently that complete

conversion to decimal coinage would be achieved within 20 months of 'D-Day', which would probably be in February 1961. It would obviously be impossible to switch overnight to the new system, and there would accordingly be a period when the country would have a dual coinage system in operation. The commercial banks, however, would be converted over one week-end.

The establishment of the Decimalization Board has been approved by the Governor-General. The Minister of Finance (Dr. T. E. Dönges) describes its appointment as a 'notable landmark in the history of the Union.'

(5) 49th PARALLEL

PRIME Minister Diefenbaker told the Economic Club of Detroit that commercial relations between Canada and the United States "have never been better".

Pointing out that Canada still welcomes further U.S. investment, which he said has been responsible for Canada's "striking and existent economic expansion," the Prime Minister stressed Canadians' concern in the field stems from the ex-

tent of control over Canada's economy exercised by the investment.

Contrasting the development of the two neighbours, he pointed out that European investment in developing the United States "was chiefly in the form of portfolio bonds that were duly paid off. Actual ownership of the enterprise was usually not in foreign hands, and still less was the enterprise's export policy affected by the capital contribution."

from *Globe and Mail Overseas* (Toronto), 14th October, 1959.

(6) COLONIAL DEVELOPMENT AND WELFARE

THE Return of Schemes made under the Colonial Development and Welfare Acts up to the 31st March, 1959 gives in great detail the expenditure authorised and made on a great many schemes throughout the Colonies.

In total it shows that during the year 1st April, 1958 to 31st March, 1959 £14,569,623 was provided in grants and £93,750 in loans, a total of £14,663,373.

During the whole period of the working of these Acts up to March, 1959 grants to a total of £189,510,642 have been made.

In addition to the above, research schemes have received grants as shown in the following table.

The following figures not only illustrate the extent to which the British taxpayer is willingly contributing to the development of backward Commonwealth peoples, but

also is a reminder that it is incumbent upon Great Britain to make trading arrangements with these countries on a priority basis if this expenditure is to be justified and to come to its full fruition.

	£	To 31st April, 1958 to 31st March, 1959	Total To 31st March 1959
(1) Agriculture ...	5,474,802	197,867	5,612,389
(2) Economic Research	99,998	1,211	101,109
(3) Fisheries ...	1,434,002	34,337	1,468,339
(4) Pesticides...	1,324,386	116,267	1,440,653
(5) Locust Control ...	510,154	89,029	599,183
(6) Medicine ...	2,753,738	152,114	2,905,852
(7) Products Research	887,398	48,600	935,998
(8) Social Science ...	1,285,743	13,758	1,299,501
(9) Tsetse and Trypanosomiasis	1,652,588	18,967	1,671,555
(10) Miscellaneous (including Research Fellowships) ...	853,970	187,104	1,041,074
	£16,278,679	798,974	17,075,653

from *The Monthly Bulletin Commonwealth and Empire Industries Association*, October, 1959.

BURMA'S FUTURE

BURMA is a nation of enormous importance to the fate of Southeast Asia. Her two-million-ton rice surplus this year is viewed with a covetous eye by the hungry millions of Red China. Thanks in large measure to the heavy-handed blunders of the Russians (and the ruthlessness of the Chinese against the Tibetans), Communist stock in Burma has plunged drastically. This does not necessarily mean the Burmese will openly align themselves with the West. It does mean that they are less vulnerable to the Communist love calls that seem to have entranced so many Asian neutralists during the past decade.

from *The New Leader*, September 21st, 1959.

Spain Returns to Europe

NEW BRIDGE TO AFRICA?

"The time has come to review our economic policy and bring the Spanish economy into line with those of the Western countries." With these words Spain announced her entry into the Organization for European Economic Co-operation. Since the taking of this decision—justly described by Mr. Heathcoat Amory, the chairman of the O.E.E.C. Council of Ministers, as an historic one—Spain has been on the move. Handicapped already by unfavourable conditions at home, she has suffered both materially and spiritually through her long isolation. It was only as late as 1953 that an agreement between Madrid and Washington opened a tiny window on the Western world. Since then, ample American aid has nevertheless failed to solve two fundamental problems: inflation and lack of foreign currency; on the contrary, it has set in motion a too rapid expansion with concomitant disequilibrium within and without. Much of her hand having already been played, Spain today puts one of her trump cards on the table: Europe. The countries of the Western world are going to help Spain solve her material problems and hope soon to see a firm bridge established between Europe and Africa. Above all—and this is particularly true of Switzerland—they hope to have on their side a partner playing the game.

"SPAIN has made a considerable effort in recent years to increase industrial production, reduce unemployment and raise the standard of living; but although positive results have been achieved they have been accompanied by increased internal and external financial difficulties," wrote the experts in the O.E.E.C. report published in April 1959.

Internal conditions have indeed not favoured an ambitious economic plan.

Spain is poor. The fault is mainly Nature's, for living standards were already very low under the Monarchy and the Republic. Today, national income per head is the lowest of any O.E.E.C. country,

from Prospects, *Business News Survey of the Swiss Bank Corporation*, Basle, September, 1959.

Turkey and Portugal excepted. Conditions of soil and climate are particularly unfavourable (350 mm of rain per annum against a minimum of 500 mm for a normal agriculture). Italy has its *Mezzogiorno*, but that of Spain covers two thirds of her territory. True, sources of energy are not by any means completely lacking, but coal mining is difficult and the sun evaporates on the average half the reserves of water power collected at high cost. The mineral and agricultural wealth of some provinces might well be envied by other countries, but capital is in short supply and population increasing at an extremely rapid rate. Every minute a Spaniard is born, whereas every two minutes one dies.

holdings of foreign exchange fell by \$59 millions in 1956 and \$53 millions in 1957. In 1958, there was no doubt an even larger loss of foreign exchange than during the two previous years, when American aid covered more than 20% of the country's total imports.

The awakening

The Spanish authorities realize now—in the words of the Lord Mayor of Barcelona speaking at the Barcelona International Fair—, that "it is preferable to face the realities rather than succumb to the opium of inflation".

At the highest levels, it has become obvious that the 1500 million dollars received from the United States since 1954 have certainly stimulated expansion, but have not succeeded in replacing the economy and, above all, foreign trade, on a healthy basis. On the contrary, the inflationary spiral has gained momentum, the peseta losing over 26% of its purchasing power in the two years 1957/1958.

It needed the threat of a foreign payments crisis, it needed more especially the creation of the Common Market and the return to currency convertibility in Western Europe to bring Spain out of her isolation, which would have plunged her sooner or later into economic stagnation, unemployment and political unrest.

In January 1958, as an associate member, she takes part in the work of the O.E.E.C. In September of

From under 26 million inhabitants in 1940, the population has now grown to over 30 millions. Señor A. Fernández Suárez concludes quite rightly in an article published in the review *Comercio* that "in fact the only things in which Spain can be in future be rich are manpower and the things made by it, namely industrial goods and services."

Remarkable achievements

And indeed, man has done remarkable things in Spain during recent years. Since 1954, the gross national product has increased by an average of 4.5% per annum according to the O.E.E.C., by 6.6% according to other sources. This expansion has been particularly marked in the basic industries—metallurgy, building materials, petroleum refining, electricity. The tourist trade is developing by leaps and bounds. Since 1954, the number of foreign tourists has almost trebled, passing from 1 million to some 2.8 millions in 1958.

But economic development runs up against two obstacles—a too narrow market and inflation. The result: difficulties in the matter of foreign payments.

The autarky practised until now has fostered the development of undertakings whose costs are far above the international norm. Imports, mainly composed of capital goods and foodstuffs, have soared, while exports have stagnated. Despite increased receipts from tourist traffic,

the same year, she joins the International Monetary Fund and the International Bank for Reconstruction and Development. Finally, on July 20th, 1959, she joins O.E.E.C. as a full member.

Reforms

During the same period, reforms are carried out. New credit regulations are introduced. In the opinion of O.E.E.C., they are not yet sufficient to alter the situation materially, the monetary authorities not having wide enough powers to affect either the volume or the cost of credit. However, the measures taken show the desire gradually to exercise a certain control over credit.

On July 18th, 1959—two days before Spain joins the O.E.E.C. and exactly twenty years since internal order was restored by General Franco—the essential reforms are introduced: abolition of multiple rates of exchange, devaluation of the peseta, whose dollar parity passes from 42 to 60, partial removal of import quotas, modernization of the customs tariff, fiscal measures, new regulation in favour of foreign investments and a six months' amnesty for all Spanish residents repatriating their capital.

In order to fulfil her O.E.E.C. engagements and close the economic gap separating her from the rest of Western Europe, Spain will have to follow a rocky and hazardous road. Her courageous decisions deserve more than sympathy. And the Western world has come together to

help her: credits and advice are both at her disposal. Regarding the first, Spain will receive in instalments a total of 418 million dollars from the following sources:

	in millions
United States Government	\$130
O.E.E.C.	\$100
I.M.F.	\$ 75
Private Banks	\$ 68
Consolidation of bilateral indebtedness	\$ 45
Total	\$418

As and when these credits are granted, regular progress reports are to be furnished by the Spanish Government, and these will be submitted to O.E.E.C. If the experiment is to succeed, a very great effort will have to be made. One milestone has, however, already been passed. *Spain looks to Europe, and Europe to Spain.*

The rapprochement

Spain knows she needs other things besides dollars. Tomorrow, it will be just as important for her to have access to the European market as it is today for her to receive financial aid.

In truth, Spain is one of the countries whose foreign trade links them most closely to Western Europe. Great Britain, France, Italy, Turkey—all do a lesser proportion of their total trade with the members of O.E.E.C. than Spain, for she sends them over 60% of her exports. Western Germany is in the same situation, whereas Switzerland and the

four countries aforesaid all export more of their goods overseas.

Thus, despite all that has been done on both sides, Spain belongs by natural law to the European economy. This fact, clearly recognized by Señor S. Miguel de Azoala in *Le Monde* of 1st July 1959, receives now further support from the ambitious scheme of *Gaz et Electricité de France*, who hope to bring natural gas from the Sahara to France through the Mediterranean and Spain.

The 6 or 7?

Today, Europe needs Spain and Spain needs Europe. Spain's membership of O.E.E.C. is, however, only the first step. On both sides of the Pyrenees, it is no secret that O.E.E.C. is temporarily paralysed by the division of Western Europe into two camps. *If Spain is not to remain outside the movement towards European integration, she will, whether she likes it or not, have to choose her allies—the Six of the Common Market or the Seven of the Free Trade Association.*

Spain's choice will not be helped by the composition of her foreign trade. In 1957, 30% of her exports went to the Six and 28% to the Seven who intend to form a free trade area. This zone, whose prospective members affirm that contrary to the Common Market countries they have no political aims, could appeal to Spain, especially as its avowed purpose is to join the future members to the Community of Six on a multilateral basis.

However, it must be admitted that the political preoccupations of the Six have been relegated to the background since the Rome Treaty was signed. And the free trade area of the Seven has the grave defect, from Spain's point of view, of excluding agricultural produce from the projected multilateral convention. And of course there are certain political considerations that will decisively influence the Spanish Government's choice.

Spain cannot overlook the fact that until proof to the contrary is forthcoming the Common Market is, in American eyes, the true nucleus of European integration and that France is one of its most influential members.

"Entente cordiale"

However paradoxical the fact may appear, France was one of the first European countries to support the Spanish candidature for O.E.E.C. membership. Old quarrels and ideological antipathy have lost much of their acerbity over the years. And common political interests in North Africa have brought the two countries together. The ministerial changes of February 1957 within the Spanish Government, with their liberalizing tendency, have also led to a better understanding. General de Gaulle's advent in 1958 continued the process. Tomorrow, petroleum and natural gas from the Sahara will perhaps complete it and achieve the Hispano-French *entente cordiale*.

The Declining Dominance of Coal

Within the past year or two a turning point appears to have been reached in the history of coal's dominance of the energy scene. Excluding road transport, coal remains the largest single source of commercial energy. But the inherent physical advantages of oil, coupled with its growing competitiveness in price, have created a new situation, which seems likely to lead to unexpected long-term reductions in coal consumption in the future. The possibility lies ahead of growing competition from natural gas, hitherto little felt outside North America and a few other areas, and cheap nuclear power is also in the offing.

A DRASTIC reassessment of official forecasts of coal demand is now under way in Western Europe. In the U.K., the National Coal Board has reduced its forecast of domestic and export demand in 1965 to only 200-215 million tons from the previously foreseen 240 million. In France, coal production is to be cut back in favour of domestic (including Saharan) oil and natural gas. In Western Germany, the necessity for a long-term reduction in coal producing capacity is now widely accepted. And in Belgium, the concentration of production in the more efficient pits and at a lower level is being carried through.

This new view of the future for coal springs immediately from the sudden and quite unexpected change in its current supply/demand position during the past year or so. It had become widely accepted that Western Europe's indigenous coal production would continue to fall short of demand indefinitely, as throughout the post-

war years. But in sharp contradiction of this view, in the past year or so demand has been at lower levels than expected and has been lagging persistently behind supply (including some continuing imports). Pit-head stocks have risen to alarming proportions in each of the main producing countries and are likely to overhang the market for several years.

These developments in Europe have been paralleled to some extent in Japan. And even in the United States there was a sharp reduction last year in the demand for coal, which has only partially recovered so far this year. Together, the hard coal production of Western Europe, of Japan and of the United States constitutes practically 90 per cent of the total output of all non-communist countries. The difficulties have been associated closely with the recent economic recession. And there has been until recently some tendency to assume that with the recession ended, there would be a

from Petroleum Press Service, September, 1959.

swift recovery in the coal industries' fortunes.

Continued lag

However, coal demand is continuing to lag, despite the general economic recovery, whereas, on the other hand, demand for fuel oil continues strongly upwards. It would be a mistake, of course, to underestimate the potentialities of coal, especially where sufficient capital can be made available for extensive mechanization and modernization of production, handling and transport, to lower costs and increase output. Coal is still the biggest single source of energy if road transport is excluded. However, after the contraction of production capacity and mining labour now planned in Western Europe, it would be very difficult to initiate expansion again. And there are a number of factors at work which hinder any general expansion of demand for coal, while encouraging demand for other forms of energy, for the present mainly oil. One of these factors, incidentally, is the cumulative influence of example, which makes oil increasingly attractive because it is seen to be benefiting those already using it. We seem, in fact, to be witnessing a structural change which will leave coal with a permanently smaller role in meeting our energy requirements. If imported liquid methane also becomes available cheaply in Western Europe, Japan and elsewhere, this will add significantly to the competition

Growing demand for fuel oil

It is significant that during the recent recession in Europe, the demand for fuel oil continued to grow rapidly, with the exception only of the bunker trade. Thus, inland consumption of heavy fuel oils in Western Europe as a whole, excluding refinery use, jumped last year by eight million tons or nearly 20 per cent. By contrast, the aggregate consumption of hard coal in the Community countries and in the U.K. dropped by 43 million tons or about nine per cent. This continued increase in demand for fuel oil reflects the well-known fact that in a very wide range of uses, consumers are turning to oil rather than coal. The effect of this is that in a trade recession the plants most likely to be kept in full use, because they are the most modern and efficient, are frequently oil-fired plants. Likewise, if a new installation is made despite the recession, the odds are that oil-fired or dual-fired equipment will be installed. Thus, even in recession, the attractions of fuel oil carry it forward at the expense of coal in continuation of the trend of many years past.

Over the past 20 years or so the contrast between the growth of fuel oil and of coal is remarkable. The consumption of hard coal in the

non-Communist countries other than the U.S.A. has remained virtually static since 1938, in the neighbourhood of 700 million metric tons. But over this same period, the consumption of fuel oil in these countries, including ocean bunkers—a market from which coal has been virtually ousted—has quadrupled.

Low priced product

The advance of fuel oil has occurred despite the fact that from the producer's point of view it is a low-priced product and that, except in periods of surplus, refiners have not been over-anxious to promote its growth. The growth has come about through the inherent advantages of the product itself, which in Western Europe has been coupled in recent years with growing competitiveness. It is significant that in the U.S.S.R. also, where primary reliance has hitherto been placed on coal, a rapid switch is now being made to oil and natural gas. In the United States the picture is somewhat different, because coal is so much cheaper than in Europe and in most other coal producing regions. But in the United States coal has had to face very severe competition—as also has oil—from cheap natural gas. U.S. coal consumption has fluctuated widely during several decades without so far establishing any persistent upward trend. Last year, at 350 million metric tons, it was lower than in any other year in the past 38 years, with the exception only of two years

during the slump of the early 1930's.

Natural advantages

The natural advantages of oil in its production, transport and distribution are paralleled by similar advantages to the consumer of ease of handling, convenience, cleanliness, etc., and efficiency in use. And in Western Europe the attractions of fuel oil have been greatly increased in the past six or seven years by its growing competitiveness in price. Between 1952 and 1958 the average pit-head price of coal for supply, for example, to U.K. industries rose more than 50 per cent while the wholesale bulk delivered price of fuel oil remained virtually unchanged. In other West European countries the rise in coal prices since 1952 has generally been somewhat less than in the U.K., but nevertheless substantial, and everywhere fuel oil has become more competitive, the more so by virtue of the substantial discounts now being granted for the bulk of the business done. A considerable displacement of coal has also taken place through the growth of sales of light heating oils, including kerosene, for domestic use. Changes in the relative prices of coal and oil take several years to become fully effective in terms of consumption, owing to the necessity of capital investment before a consumer can switch to oil. Today the cumulative effect of past price trends in favour of fuel oil is being strongly felt.

the cost of trans-Atlantic transport makes U.S. coal less competitive.

Oil prices

By contrast with coal prices, oil prices outside the U.S.A. seem likely to remain constant or even to fall in terms of constant money values. It is possible that the growing proportion of fuel oil in total petroleum demand will make for higher fuel oil prices, but this will be checked by the abundance of supplies and the intensity of competition in marketing. The greatly increased efficiency in tanker transport realized by the big modern tankers will reinforce the competitiveness of imported oil. The probability is, therefore, that oil will continue to compete strongly with coal.

Straightforward considerations of price and efficiency are, of course, often set aside by governments, in order to give support to indigenous industries and to the large industrial communities which, to a varying extent in different countries, are dependent upon them. But such non-economic forces cannot alter the fact that the basic position of coal has changed significantly in the last few years. Looking back at the past record with today's hindsight, there has perhaps been a too-ready assumption that the growth of fuel oil demand will be principally to fill the so-called energy gap, rather than because it is an attractive fuel in its own right.

Costs

Some cuts in certain coal prices have been made or contemplated. But the scope for reducing prices in face of high costs is very limited, and over the long-term the rising trend of European coal prices is expected to continue. It is true that labour costs may be expected to rise less rapidly in a period of less urgent demand for coal. Also, further economies will doubtless be achieved by technical improvements and by concentrating production in the most efficient pits. But the opening of new mines is a slow process, necessitating large initial capital investment. Indeed coal requires as much capital per ton of new productive capacity as does oil (allowing for the difference in calorific value). At the same time the closing of a few inefficient pits may have comparatively little effect on the costs of the industry as a whole.

In the United States, of course, coal costs and prices are only about half those in Western Europe. Hence, during the years of chronic European coal shortage, and due to the Suez crisis, imports of coal from the U.S.A. rose sharply. In the recent period of depressed demand also, imports from the United States have continued—though at a reduced volume—owing to the existence of long-term contracts, because Europe still was short of coking coal, and because U.S. coal was (and still is) made highly competitive with indigenous coal by very low freight rates. Normally, however,

British Transport : Fares and Finances

by SIR PHILIP WARTER, Member of the British Transport Commission and Chairman of the Commission's Southern Area Board.

SINCE the programme of modernization was announced in 1955, British Railways have experienced, and are still experiencing, an extremely difficult financial climate which has not been made easier by the recent fall in production of iron and steel. Until the further re-wards of modernization are harvested, British Railways cannot pay their way, and special arrangements are in force with the Government to cover the lean years. By these arrangements the Government have endorsed the Commission's belief in the soundness of rebuilding British Railways, and their certainty that the nation's investment will in the end yield rewarding dividends.

Although the major components of the Plan, such as electrification, do not show rewards until the whole scheme is in operation, the revenue results are already reflecting the better pattern of service provided by new equipment. As was expected, the use of diesel multiple-unit trains for stopping services has brought big, immediate increases in receipts. Over 2,000 multiple-unit diesel vehicles are in use and showing such increases as 55 per cent in Hampshire and 112 per cent in Tees-side. The electrification of the Sheffield-Southend line has virtually doubled the traffic. Modern methods and better service do bring results.

Extract from an article 'British Railways—their Re-emergence' from National Provincial Bank Review, August, 1959.

or smoke and yet resist fiercely only a twofold increase on the cost of a less tangible service like rail travel. The real position is just that. Whereas, in money terms, the average fares on British Railways are about double pre-war, other prices have in general risen to about three times pre-war level. A typical wage-earner, in fact, is able to earn the price of a railway journey in much shorter time today than was the case before the war. Despite public incredulity on this point, there can be no case at all for the levels of railway fares to be sacrosanct while other prices follow the laws of economics and rise to market levels. A properly efficient railway system cannot be run on the cheap; it must earn the proper prices.

New maximum

A scheme providing for new maximum levels of passenger fares has only recently been approved by the Transport Tribunal. It came into force on 1st August. A maximum level is not necessarily the actual fare, and what the Commission have sought to achieve by this scheme is an adequate "headroom" within which the levels of fares may be sensitively and properly adjusted to reflect the cost and quality of services and the facts of competition. The Tribunal have also ruled that our obligations to provide "early morning fares"—we have long considered these to be an anachronism—shall continue until at least the end of 1960, until which time these "early" fares will be subject to a

higher maximum scale. The scheme provides, too, for new maximum season-ticket scales, which have developed historically to give the long-distance season-ticket traveller (80 miles or more) a travel rate as disproportionately low as a halfpenny a mile.

Railways and Roads

It is inevitable that as the new British Railways come more fully into their principal role in the transport business of the nation, their position *vis-à-vis* that of the road hauliers will be keenly debated. (The Commission has, of course, a very large stake in road transport, both freight and passenger, through its British Road Services and its Tilling and Scottish Bus Groups.) The plain truth is that, just as no industrial country today can exist without its railways, neither can it exist without its roads. There will be diehard protagonists, however, who will continue to air the popular but fallacious view that expenditure on railway modernization is far greater than that spent on new roads. The real position is exactly the opposite. In 1958 the roads took about five times more capital investment than the railways (some £,730 million on the roads against £,145 million on the railways) and this disparity in favour of roads is likely to be even larger in the years ahead. It is sometimes overlooked, too, that a railway must not only provide and maintain its own tracks—a heavy item, indeed—but must also provide the vehicles to run on them.

continued on page 318

Rural Economy

(1) 2,000 MILLION LIVE IN POVERTY

NEARLY 2,000 million people live in the under-developed countries—1,250 million of them outside the Communist bloc. Most of them live as their ancestors lived centuries ago, weakened by disease, frequently unemployed, with an expectation of life of 30 to 50 years—depending on the country—as against an average of 70 years for Europeans. Their average income, including what they produce themselves for their own consumption, is from \$50 to \$100 per head a year—less than one-tenth of the \$900 which Europeans enjoy on average. Their average income per head has remained stationary over the last 40 years, owing

to a population increase of nearly 2% each year.

Western aid to the under developed countries has been very unequally distributed. Small countries in areas of immediate tension, such as South Korea, Formosa, Indochina and Jordan, have received large amounts of Western aid, most of it from the United States; the countries of the former French Union also obtained considerable amounts of aid from France. Countries like India and Indonesia, with their massive population, obtained relatively little, however, although recently the United States has increased its help to India, Indonesia, and Brazil.

from *Bulletin of the European Community, July, 1959.*

(2) HIGH-PROTEIN VEGETABLE FOODS

by NIGEL CALDER.

IT would be unscientific to ignore the strong conservatism of the people the world over, when it comes to eating. An indication of the difficulties and of ways around them come from experience with the dried milk distribution already undertaken. In Finland, in 1945, the dried milk was said to make the babies ill until it was repacked as "Special Baby Food", when the demand shot up and its apparent toxicity disappeared. In Burma, milk is quite unacceptable, but canned milk was accepted provided

Extract from an article published in The New Scientist, 20th August, 1959.

there were pictures of two birds on the tin.

There has been much talk lately about wholly novel protein foods for humans—extract from leaves, algae, bacteria and so on. There has also been grandiloquent argument about the theories of Thomas Malthus and the future of mankind. Both these things have helped to distract public attention from present suffering and the possibility of relieving it with existing local resources. The food industries of

Europe, the U.S.A. and the under-developed countries can see the opportunities right enough, and

some have begun pilot work. They are waiting for the green light from governments.

(3) THE EARTH'S INCREASE

ACCORDING to the United Nations Food and Agriculture Organization, world food production rose in 1958-9 4 per cent; but the population of the world went up 1.6 per cent.

In India, for example, food production failed to keep pace with the growth of population.

Africa, Latin America and the rice-producing countries of South East Asia accounted for two-thirds of the world's population but only produced a third of the food they consume.

Food stocks accumulated in the advanced countries; but less developed countries lacked the purchasing power to buy these surpluses.

The Bank and the Banks

CANADIAN CREDIT POLICY

ONLY one-fifth of the loans made by Canada's chartered banks go to large organisations, public or private; four-fifths of the loans go to individuals and small businessmen. It is imperative that the banks be permitted and encouraged, through an adequate money supply, to maintain this essential service.

Government is paying 6.6 per cent. If the banks lent their money to Ottawa, instead of to farmers and small businessmen, those loans would not only be more profitable in terms of interest received; they also would be completely guaranteed as to payment of interest and as to return of principal. They would be, in a word, gilt-edged.

The chartered banks make little profit on the money they lend. If making money on loans was their prime consideration, they would be lending to the Canadian Government, not to individual Canadians. On its refunding loan, the Canadian Government is paying 6 per cent (which is as much as the chartered banks are permitted to charge, and more than they do charge, in their private spending). On its 19-month bonds, the Canadian

Bank of Canada and tight money

In these circumstances, it is to the credit of the chartered banks that they continue to make private loans, and take the risks of making private loans, rather than salt their money away in trouble-free, risk-free Dominion Government bonds. But the Bank of Canada's tight-money policy cripples their ability to make

from *The Globe and Mail (Toronto), October 7th, 1959.*

these private loans—so vital to the nation's continued advancement—and this in turn can lead uninformed people to believe that the chartered banks themselves are cutting down the supply of credit.

The spread of such a belief, the unleashing of agitation against the chartered banks, would be extremely unfair to them and extremely damaging to Canada. These banks are one of the keystones of our economic system.

It is no exaggeration to say that Canada's chartered banks enjoy the confidence of the entire world. To undermine this confidence would be one of the worst disservices that could be done to this country, both at home and abroad.

Roddiffe Report

What the chartered banks need, what they are failing utterly to get, is leadership from the Bank of Canada. It is difficult enough that the Bank of Canada is forcing tight money upon them. What is worse is that neither the chartered banks,

nor anyone else, are told the reason and purpose of this policy. In this state of general bewilderment, it is all too easy for the citizen-at-large to pin the blame on what is near and familiar—the corner bank which refuses him a loan—rather than something distant and vague like a Central Bank.

The Roddiffe Report, issued recently in Britain, said essentially that the determination of monetary policy should rest with the Government rather than with the Bank of England—"It is part of the country's economic policy as a whole". In brief, a Central Bank should not function as a sort of ivory tower, where "experts" make arbitrary decisions that do not have to be explained to anybody or co-ordinated with anything; it has to be in touch with, and stay in pace with, the nation. This applies with great force to the Bank of Canada. If we are to escape from our present monetary muddle, our Central Bank must come down—or be brought down—to earth.

EMPLOYMENT—IF DISARMAMENT COMES

BY now in most highly industrialised states, including this country, hundreds of thousands of men and women in the mines, workshops, laboratories, transport, engineering and other sectors of industry depend for their living on the development and manufacture of armaments or on the equipment and servicing of the armed forces. It would be wrong that either they or any members of the armed forces should be

thrown out of employment as a result of disarmament. This can and must be prevented. The Government and private industry must prepare in advance to switch to peaceful purposes, as disarmament proceeds, financial resources, raw materials, scientific equipment and manufacturing capacity now used for the making of armaments and for servicing the armed forces.

from United Nations Association.

Digest Reviews

LORD OF THE OLD LADY *Lord Norman, by Sir Henry Clay* *(Macmillan; 36s.).*

This eulogistic 'official' biography fails to assess critically Montagu Norman and the ideas he stood for. As the problems with which he was concerned were vital, in the most literal sense (for the nation's economic survival hung in the balance) it is of the utmost importance that the necessary lessons be learned. An anonymous contributor has added a final chapter 'The Man'. He claims that 'Norman's grasp of practical affairs was such as to render him a living force on a historic scale'. But this begs the whole question.

The fact that everything Norman stood for was defeated does not necessarily mean that he was wrong; but it does make one wonder, particularly in view of Britain's subsequent and still continuing economic recovery based on diametrically opposite principles.

Nowhere is an attempt made to answer the critics' case that England's export surplus having dwindled we could not go back to the Gold Standard without the disastrous consequences which ensued. We could not obtain the necessary gold to remain on the Gold Standard without disastrous inflation. The country owed France and the U.S.A. £130 million in gold which could not be paid. Norman's bank

in fact had become insolvent. Nor does Sir Henry Clay attempt to justify Norman's inability to solve the conflict between the need for low domestic rates of interest and the requirements of international policy. It has since been solved by the Exchange Equalization Account divorcing the two and providing international currency by means of Treasury Bills. All theory as to the nature of money, etc., was taboo: Norman, it appears, had only school-boy notions about this. Even in purely practical matters he failed totally, antagonising France and losing the confidence of the U.S.A.

Judging from this book, he was a practical man in the worst sense of the word: namely, someone who lives his life on highly simplified assumptions, particularly about money and its role in our civilisation.

Can it also be that his seeming callousness as to the effects of his policy on the standard of living of the less fortunate was due to his Irish origin? It was the Earl of Lucan who gave the order to the Light Brigade to charge. The Iron Duke was also Anglo-Irish, with happier results. According to his biographer, Norman was at his happiest as a company commander in the Boer War, because he was at his best where his field of action was defined and limited. *On a tout dit.*

THE LAST PARLIAMENT

Which M.P.? *Outline Parliamentary Profiles*, by Andrew Roth. (*Parliamentary Profiles*, London; 5s.).

All interested in politics and their Parliamentary representative will find something to fascinate them in what might be called a "human interest" supplement to *Whos Who* or *Dodd*. Mr. Roth rightly points out that in existing reference books it is difficult to distinguish between the two kinds of Suez rebel.

Mr. Roth also tells us in his Introduction that what has been aimed at is neither a "caricature nor a 'pin-up'"; but some of the drawings of the Members are unsatisfactory as caricatures or as likenesses. Otherwise, there is a good deal to be gleaned and amusement to be had from this first instalment (A-B) of a work now overtaken by a General Election.

FRANCE IN TRAVAIL

French Socialism in the Crisis Years 1933-1936: Fascism and the French Left, by John T. Marcus. (*An Atlantic Book distributed by Stevens & Sons*; 37s. 6d.).

Second Bureau, by Philip John Stead. (*Evans Brothers*; 18s.).

Dr. Marcus's painstaking research adds little to what one may learn from earlier studies in the decline of the Third Republic; but his careful analysis brings out well the contradiction, shared with the British Labour Party, between pacifism and

a desire to resist "Fascism" abroad as well as at home, a contradiction theoretically resolved by belief in "collective security".

Throughout this and succeeding periods in French history the *Deuxième Bureau* kept vigilance, so far as Ministers and circumstances allowed, against the enemies of French sovereignty. Mr. Stead's thrilling story shows that after the collapse of 1940 there was patriotism as well as a sense of military honour in Vichy as well as in London.

A RUNNING COMMENTARY

Bread and Circuses, by George Schwartz. (*The Sunday Times*; 12s. 6d.).

The many thousands of readers of the *Sunday Times* who turn first to the centre pages for their weekly ration of George Schwartz will find this 220-page book a very worthwhile investment. It contains a selection of essays written during the years 1945-58 and it not only makes amusing and instructive reading, it also provides an interesting commentary on the economic policies followed by governments in the post-war years.

George Schwartz has the unusual but exceedingly valuable gift of making a subject which is both difficult and technical come alive. By making economic questions both easy to understand and providing the reader with many a chuckle he does a most useful service. Long may he continue.

RED DAWNS AND NEW ZION

Ben-Gurion, by Robert St. John. (*Jarrolds*; 25s.).

Arab Dawn, by R. K. Karanjia. (*Lawrence & Wishart*; 15s.).

Mr. Robert St. John has written a better book than many successful journalists. His portrait of Israel's Prime Minister is popular but also revealing.

Mr. R. K. Karanjia of the explosive Indian news-magazine *Blitz* is in the other camp from a Zionist State dependent upon Western support and threatened by an Arab world penetrated by Communism. *Arab Dawn* is also illuminating but echoes too much the propaganda of Soviet Russia, to whom and not to the U.S.A. and U.N.O. is ascribed the credit for rescuing President Nasser from the Anglo-Franco-Israeli nemesis in 1956.

TORY REFORMERS

The Ten Hours Person, by J. C. Gill. (*S.P.C.K.*; 18s.).

This is a very readable account of Christian social action in the 1830's and in particular a record of the activities of the Rev. G. S. Bull, known as the Ten-hours Parson. The Rev. Bull, together with other Tory reformers, campaigned for the reduction of working hours of children in factories. It is well to be reminded in this era of the 'Welfare State' that it is only 130 years ago since a bill, sponsored by the Radical Member for Westminster, proposed that no child under nine years of age should work in a factory and

that hours of work of young people between 9 and 18 years of age should be no more than a 66-hour week, 11½ hours each week-day and 8½ on Saturday! Other supporters of *laissez-faire* argued for a 12-hour day—72 hours a week.

Canon Gill puts into perspective the campaign to remedy these evils and shows how Christian opinion, both clerical and lay, worked tirelessly to reform the appalling conditions imposed by avaricious men who practised a superficial Christianity on Sunday, but grew rich and powerful during the week through the suffering of helpless children.

SHORTER NOTICES

Econometrics: An introduction to Maximum Likelihood Methods, by S. Valavanis. (*McGraw Hill*; 54s. 6d.).

The author describes the task of the econometrician as expressing theories in mathematical terms in order to verify them by statistical methods and to measure the impact on one economic variable so as to predict future events. This book deals only with specification or model building and is intended for a first year course in econometrics. It has been edited from the manuscript by Professor A. H. Conrad owing to the death of the author before publication.

Essays in World Economics, by J. R. Hicks. (*Oxford University Press*; 21s.).

This useful study brings together

a number of essays which have appeared in economic journals, bank reviews and similar publications. Part I covers Britain's place in the world economy. Part II explores the problems of the under-developed areas.

British Commonwealth Coinage, by Howard W. A. Linecar. (Ernest Benn; 30s.).

This is a new book in the series of *Practical Handbooks for Collectors*. It deals with all the main coinages of the territories of the British Commonwealth and Empire. There are a number of useful maps and illustrations which will add to the value of the book for numismatists.

Economic Fluctuations in England 1700-1800, by T. S. Ashton. (Clarendon Press; Oxford University Press; 21s.).

The author has expanded the Ford Lectures he gave in 1953 and traces the ups and downs of industry, trade and finance in the 18th century, a period of particular importance in the economic development of Britain. His material is based partly on statistical material

BRITISH TRANSPORT—contd.

But it is not a case of railways or roads. Both are vital, both have traffics and tasks they are best suited to move and carry out, and both, in more equitable conditions than have previously existed, will have much to gain from a healthy competition.

The British Transport Commis-

and also on diaries and letters of the period.

The Growth of British Industrial Relations, by E. H. Phelps Brown. (Macmillan; 42s.).

The author examines the development in industrial relations between the years 1906 and 1914 starting with the conditions of the people and their working life in 1906. He then goes on to describe the relations between worker and employer in the period before the first world war, describing the sources of conflict, the growth of trades unions and the part played by the Government.

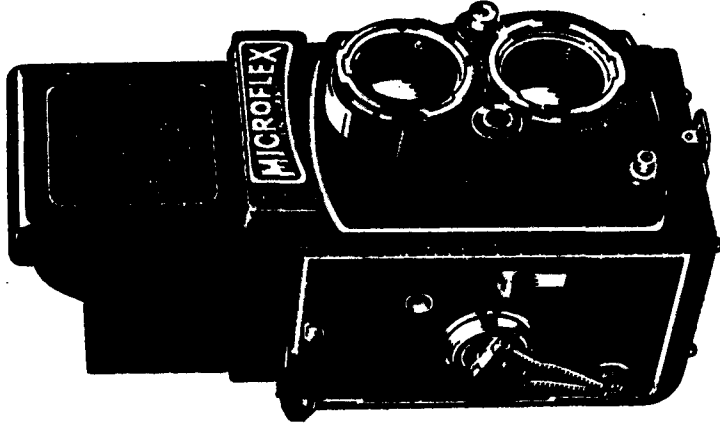
Elementary Mathematics in Economics, by W. F. Dowsett. (Pitman; 30s.).

This book seeks to provide a bridge between the work of the literary economist and the mathematical economist. The author summarises the purpose of the book "to give a simple introduction to the elementary mathematics capable of providing short cuts in economic analysis, and to give it to those who protest loudly that they have no previous knowledge of mathematics".

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E.C.S.C.

Investment in the Community Coal-mining and Iron and Steel Industries: Report on the 1959 Survey. The High Authority: European Coal and Steel Community.

Report on the position as at January 1, 1959. (1097).

O.E.E.C.

The Elimination of Double Taxation: The Organisation for European Economic Co-operation. Paris.

The 2nd report by the Fiscal Committee. (1098).

DIGEST SPOTLIGHT—contd.

Then came two years at the Economic Research Department of Manchester University, a pioneer in systematic fact-finding. Mr. Saunders wrote a book on *Seasonal Variations in Employment*. For ten years he was economist for the central organisation of the cotton industry (the Cotton Control during the war), an industry whose rise and decline have brought about a long tradition of often painful self-analysis. He had a year with the Ministry of Labour.

Economic Conditions in Member and Associated Countries of the O.E.E.C.; Canada. O.E.E.C. Surveys the economic conditions in Canada covering the 18 months period to middle of 1959. (1099).

JAPAN

Employment Structure and Business Fluctuations. Economic Research Institute. Economic Planning Agency of the Japanese Government.

A study made at the Institute on short-term employment movements. (1100).

COUNCIL OF EUROPE

Consultative Assembly. Texts adopted by the Assembly 14th—18th September 1959. Council of Europe: Strasbourg.

Texts adopted at the second part of the eleventh ordinary session of the Consultative Assembly. (1101).

In the early post-war years he worked a great deal in Paris with O.E.E.C. on the economic analyses and forecasts which were the basis for Marshall Aid.

A true European in theory and practice, Mr. Saunders married in 1947 a Dutch lady, herself an economist who had been working in Holland on town planning and had been sent by her Government to the staff of the Emergency Economic Committee for Europe. She also worked with her husband in O.E.E.C. They have a ten year old son.

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