

## SHORTER NOTICES

*The United Nations as a Political Institution*, by H. G. Nicholas. (Oxford University Press; 21s. (in U.K. only.))

The Nuffield Reader in the Comparative Study of Institutions at Oxford has written, and written lucidly and well, at serviceable length, an account of U.N.O. as a working body, with its agencies and offshoots, which has a life and momentum of its own. We are told what the Organization is and—what is also important—what it is not and should not be claimed to be.

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

This is the 1959 Budget edition of a useful guide to the whole field of taxation, indirect tax, estate duty and direct tax. It is written in simple language, free from the jargon which usually surrounds this subject.

*International Year Book and Statemens Who's Who*. (Burkes Peerage Ltd.; 8 guineas.)

The 1959 Edition of this book is a mammoth volume of 1,500 pages and it contains a wealth of information about countries whether large or small. A most useful book of reference for all those with interests in trade and people overseas.

*Steel Curtain*, by David Murray. (Pall Mall Press; 16/6d.)

This is the story of the development of the iron and steel industry from the earliest times to the present day.

## ★ 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).*

*Extracts of Bulgarian Scientific Literature: Economics and Law: Bulgarian Academy of Sciences. Sofia 1959.*

Selected publications which have appeared in Bulgaria during the fourth quarter of 1958. (1087)

*Gold in World Monetary Affairs Today*, by Miroslav A. Kriz. *International Finance Section, Princeton University, Princeton, N.J.*

No. 34 in the series—Essays in International Finance. (1088)

*A Comparison of National Output and Productivity of the U.K. and U.S.A.* by Deborah Paige and Gottfried Bombach. O.E.E.C.

A joint study by the O.E.E.C. and Department of Applied Economics, University of Cambridge. (1089)

G.A.T.T.

*Restrictive Business Practices. General Agreement on Tariffs and Trade, Geneva. May 1959.*

Reproduces the memorandum submitted to the Contracting Parties in November 1958. (1090)

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## Economic Digest

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## Mr. J. Gibson Jarvie

We recommend the reading of the Chairman's Address at the Annual General Meeting of the United Dominions Trust Limited on August 19th last. One may not agree with it all but platitudes are few and terse, tough judgements are forcefully pronounced on arbitrary controls, (Mr. Gibson Jarvie fiercely opposed limitations on hire purchase), the Welfare State, the misuse of Trade Union power, bleating miners and the International Monetary Fund. This he described as "one of the biggest bits of bluff that has ever been put across the world" and suggested either free gold convertibility or "the Keynes 'Bancor' plan for the creation of an entirely new international paper currency in which all (IMF) members would make settlements and against which they would have limited overdraft rights".

Strong stuff this! Not only has Mr. Gibson Jarvie travelled most of the world but his speeches are widely reported in Britain and beyond. Some pungent extracts have appeared in *Economic Digest*.

Born in Scotland 75 years ago, he was early destined and apprenticed to the Law and subsequently called to the English Bar (Middle Temple). Lawyer, banker, farmer and artist, he founded the United Dominions Trust

Group comprising some eighteen companies throughout the British Commonwealth and assets now exceeding £120,000,000.

The group is broadly based. Besides doing general banking, it conducts the clearing house in the Futures Markets for sugar, cocoa, shellac, wool and coffee, the annual value of the contracts registered and guaranteed by the Company running into hundreds of millions of pounds. It also includes an Investment Trust, an Issuing House, a hire-purchase finance company and various other widely diversified and related businesses.

Mr. Gibson Jarvie farms in Suffolk at his country house, Gedding Hall, and owns some 16,000 acres in Galloway in South West Scotland where he breeds sheep and pedigree black Galloway cattle. In 1951 he was High Sheriff of Suffolk, which he regarded as a very high compliment since it came from an English County to a Scotsman. He is a Liveryman of the City of London and a Burgess of the City of Glasgow.

For two years during the war he was Regional Port Director of the North Western Area and when the job was done and he resigned he was described by the dockers who petitioned for his return as "hard but just".

## European Integration at Stake

by Dr. FRITZ HELDWIG

*Dr. Fritz Hellwig is Chairman of the Economic Policy Committee of the Bundestag and Director of the Institute of German Industry. He now has been named as one of the two German members of the High Authority of the European Coal and Steel Community (ECSC) in Luxembourg.*

**TO** overcome the economic and political desintegration of the free parts of Europe after the war, two different lines of action have been followed. One, supported and embodied by OEEC, successfully aimed at the removal of foreign trade barriers. The other aimed at much more than common liberalization of trade: it led to the European Coal and Steel Community. ECSC provided the proving ground and the basis for the next moves towards closer European integration which, of course, became more complicated along with the rising number and variety of European nations involved. In fact, it has so far proved impossible to arrive at an all-European free trade area around the Common Market of the Six. Instead, a free trade area of the "Outer Seven" is in the offing, entailing the danger of two disintegrating instead of integrating economic blocks in Europe. On the other hand, the area of the "Outer Seven" might very well turn out to be a stimulus for further decisive efforts towards one Europe.

### Integrated Economic Policies

Beyond the structural and technical intricacies involved, it seems that the problem of future integration is not so much a question of merely enlarging markets by way of free trade regulations and policies, but rather of coping with the many national differences in the field of economic policy in general and of money, taxation, interventionism, subsidies etc. in particular. The distortions and differences such policies cause are at the roots of the obstacles to progress towards more encompassing European solutions. ECSC, so far, provides the most workable instrument for a harmonization of differing national legislations. Developments in Europe have taught us that there is even more need for an instrument of harmonization of legislation and policies than for the integration of the national economies by trade and currency liberalization. We do need an institution, like ECSC, which provides guidance on future integrated economic policies.

### "Magic Triangle"

The Federal Government has recently submitted a plan envisaging the co-ordination of the six ECSC and EEC members' cyclical and economic policy, a policy which should aim at the establishment of the "magic triangle" of high employment, stable currency and a balanced balance of payment. This plan, though originally designed for EEC only, contains all basic elements applicable to a much larger geographical area. The mere fact that the trade volume among OEEC members is so great is

a strong and unabating inducement towards a co-ordinated economic and cyclical policy in Europe. And the fact that almost full convertibility of national currencies in Europe has now been achieved definitely provides added impetus to any moves towards this goal.

Thus, prospects for further integration are not bad. In spite of still existing differences of opinion, we may take it as a hopeful sign that all concerned do in principle agree that an all-European free trade area still is the best possible solution for our countries.

### Recent Statements on Monetary Policy

"EXPANSION and development are always, and naturally enough, popular—the man whose job it is to put the brakes on when the train is gathering speed is, equally naturally, regarded as a pessimist and a killjoy. This is true in our private affairs, where it is always more fun to buy and do what one wants in a hurry than to save up until one can afford it. It is true in the national economy, where a bit of inflation is generally rather popular until its effects start coming home to roost. Indeed, in our own central banking business, the periods when one can say "Yes" and relax are more pleasant than the periods when it is one's duty to restrict credit and say "No".

*The Rt. Hon. C. F. Cobbold, Governor of the Bank of England, in an address to the Annual Conference of The Building Societies' Association.*

"Spending is not limited by the amount of money is existence, but it is related to the amount of money people think they can get hold of, whether by receipts of income (for instance sales), by disposal of capital assets or by borrowing."

"There has been no attempt in the post-war period to operate the banking system by limiting the supply of cash. The banks have always been automatically provided with whatever was necessary to make their cash ratios fit the 8 per cent rule imposed since 1946."

*Extracts from the Radcliffe Report on the Working of the Monetary System (Cmd. 827).*

"There are perhaps two principal lessons to be learned from the German experience. The first is that currency stability can be achieved

and preserved even under the most adverse circumstances. The second, and even more significant, is that monetary policy, firmly committed to currency stability, not only does not conflict with a high rate of economic growth but indeed is essential to its achievement. Germany's remarkable economic recovery and expansion over the past decade was closely linked to the restoration and preservation of a strong and stable monetary unit."

*Dr. Wilhelm Vocke, former presi-*

*dent of the German Central Bank.*

"It became increasingly realised that the supply of money had to be brought into relation with the supply of goods and that, by and large, the ordinary physical controls would not work satisfactorily without financial order."

*1949 Annual Report of the Bank for International Settlements.*

### Depreciation of Money

	Indexes of Value of Money*			Annual Rate of Depreciation (Compounded)		
	1948	1953	1958	'48-'53	'53-'58	'48-'58
Portugal.....	100	99	94	0.2%	1.0%	0.6%
Switzerland.....	100	96	90	0.8%	1.3	1.1
Belgium.....	100	94	87	1.2	1.5	1.3
Ecuador.....	100	89	86	2.2	0.8	1.5
Germany.....	100	93	84	1.5	1.9	1.7
India.....	100	92	84	1.7	1.7	1.7
United States.....	100	84	83	2.1	1.5	1.8
Venezuela.....	100	85	81	3.1	0.9	1.8
Pakistan.....	100	89	83	2.2	1.6	2.1
Canada.....	100	85	78	1.5	2.5	2.5
Italy.....	100	85	76	3.1	2.4	2.8
Denmark.....	100	81	69	4.1	3.1	3.6
South Africa.....	100	78	66	5.0	2.6	3.9
The Netherlands.....	100	75	65	5.1	3.1	4.0
Sweden.....	100	77	65	5.1	3.4	4.3
United Kingdom.....	100	74	63	5.8	3.1	4.5
Norway.....	100	74	63	5.7	3.4	4.6
New Zealand.....	100	75	63	9.0	1.7	5.4
Japan.....	100	63	57	4.7	6.5	5.6
Turkey.....	100	59	51	2.4	10.3	6.4
Finland.....	100	64	50	8.6	4.7	6.7
France.....	100	60	49	9.7	3.8	6.8
Australia.....	100	56	48	10.8	2.8	6.9
Greece.....	100	63	46	8.9	5.3	7.1
Mexico.....	100	71	47	6.6	7.8	7.2
Colombia.....	100	68	44	7.2	7.9	7.7
Peru.....	100	60	44	0.7	5.8	7.8
Austria.....	100	49	43	13.2	2.6	8.1
Uruguay.....	100	71	41	6.2	10.6	8.6
Brazil.....	100	62	26	9.2	15.9	12.6
Argentina.....	100	31	14	20.9	14.4	17.7
Chile.....	100	39	5	17.1	33.2	25.6
Paraguay.....	100	8	4	32.0	44.7	27.9
Bolivia.....	100	23	1	25.6	47.5	37.6

NOTE.—Depreciation computed from unrounded data. \*Measured by rise in official cost of living or consumer price index.

*from the First National City Bank of New York, September 1959*

## We Must Educate Our Masters

by DESMOND ALLHUSEN •

WHEN in 1918 we adopted universal suffrage, it was clear that the Haves-Nots would use their new voting power to level up the distribution of wealth, and as soon as the war was over the redistribution began. It was carried out by taxation, but as the money which was taken from the rich went largely to men on the dole and war pensioners, it was in fact only transferred from one set of pockets to another. There was a general move from stately homes to game-keepers' cottages, but as the money which the new poor had formerly spent was now being spent by others, the change had little effect on the economy as a whole.

Seeing that the first stage of the redistribution of wealth had passed off so smoothly, the socialists hurried on to the next stage, the redistribution of "the means of production, distribution and exchange" by which it is created. But nobody, it appears, realised that there was a fundamental difference between existing wealth and the sources from which it flowed: a difference which is well illustrated by the fable of the goose which laid the golden eggs. It was easy enough to divide the eggs among a new lot of owners, but it was not easy to divide the goose herself without killing her.

### The Creation of Wealth

Like eggs, wealth consists of definite tangible things with no

mystery about them, but again like eggs it is created by a process of great complexity which only experts even claim to understand. It may be supposed that all that is necessary is to build a factory or to open a mine, but unfortunately it is not so easy; without warning, the goods or the minerals produced cease to be wealth and represent nothing but a waste of effort, like our dumps of unsaleable coal. But although the behaviour of the unseen factors which govern the creation of wealth is largely incalculable, there is fortunately a vast wealth of experience to guide us and show us how to keep out of trouble. We have in fact been provided with a few simple rules which tell us all we need to know; by observing them in the past we have been able to amass all the wealth which we now possess.

The first rule is: save. Our ancestors saved food and we save money, but the purpose of both is the same: to keep men while they are doing work designed to increase production. Thus the first food which our ancestors saved instead of eating on the spot kept them while they cleared land on which to grow more corn. It was the first capital, and it started mankind on the road to wealth: or to be exact, that part of mankind which had the sense to save. The countries which never saved have remained pretty well where they began; they are the undeveloped countries. But

\* *Joint Author: Money: The Decisive Factor. Christopher Johnson, 10/6d.*

while the non-savers consumed their entire annual output, the savers advanced from one capital work to another: from huts to villages and finally to cities; from rafts to boats and finally to liners.

### Right use of Capital

The second rule is that capital must be used in the right way, and not wasted. When the Pharoes built pyramids nobody was any the richer. But we need not go back to them for examples of wasted capital: the files of Somerset House are full of them, all lost by men who were doing their best not only to keep it, but to increase it. Men who can make good use of capital are rare. Until now we have found them by the time-honoured method of competition; if a man succeeded in a small venture he moved on to a bigger one, and if he continued to be successful, he eventually arrived at the top. As with other competitions there had to be prizes, so the winners were allowed to keep part of the new wealth which they had created.

The third rule is that the man with a new idea should be free to develop it. Only one in a thousand succeeds, but those who did have given us the steam engine, the motor car, the aeroplane and the TV set. If they had not been free to back their judgment and work on their own we might never have seen these things, or many others.

### From Poverty to Wealth

These, briefly, are the rules which have guided us on our progress from

poverty to wealth. It is significant that the Russians, who at first thought they knew better, were finally compelled to accept them. Whenever possible they have made compulsion the motive power instead of reward as, for instance, in savings: soviet citizens do not save because they wish to but simply because they are not allowed to spend. The Russians are now lavish with rewards to the men who manage their industries, but as they are continually changing them it seems they have not always been successful in finding the right ones; perhaps free competition would have given better results. And although soviet scientists are well paid and excel in research work, we have so far heard nothing of the ordinary man with the new idea.

It is an inevitable consequence of universal suffrage that no institution can expect to survive unless it passes the test of popular approval: those which fail to must disappear. Private enterprise is now facing this test; it is on trial; but the jury—that is, the electorate—do not know the facts of the case. They are being asked to decide between two methods of producing wealth, but as most of them have no idea how the wealth which we already enjoy has been produced, they lack the knowledge on which to base their decision.

### Abolish ignorance

Yet it would not be difficult to give them this knowledge. There is no question of trying to teach every voter economics: it would be enough

to introduce them to the three rules. They are simple enough, and what they say is so obvious that it leaves little room for argument, though of course the more argument there was about them the better.

Not long ago there was almost universal ignorance of the elements of hygiene. Now everybody is familiar with them; children learn

them at school, while posters keep us up to date by telling us how to avoid colds and flu. We decided that ignorance of elementary hygiene was dangerous so we abolished it; but at the present stage in our history, is not ignorance of elementary economics even more dangerous, and is it not time that we took steps to abolish that also?

## Money, Interest and Work

by H. F. LARGRIDGE

### Newton on Paper Money

THE idea of inducing people to work, not by offering gold or anything else of intrinsic worth as a means of exchange, but by creating the "paper money" used alike for private and state enterprise, may be found in the work of Isaac Newton in the early 1700's, when that great scientist was promoted from the unexacting post of Warden of the Royal Mint in London to be its Master. He wrote, on the subject of paper money, "So much is best for us as suffices to lower interest, make dispatch of business, set the people on work, and inspire life and vigour into the busy part of the nation; and more than this may be of ill-consequence by inclining the nation too strongly to luxury . . ."

A strong inclination to more luxury, without working harder, when money can be printed, is a strong temptation to print more money, because the sight of more money is associated with the promise of more luxury; but, in such a case, it is a false promise, and the only consequence is called "inflation" of the current money.

† The Newton MSS, II, 608, 614.

Newton wrote also, "If interest be not yet low enough for the advantage of trade and the designs of setting the poor to work . . . the only proper way to lower it is more paper credit . . . Let it be considered therefore what rate of interest is best for the nation and let there be so much credit (and no more) as brings down money to that interest."<sup>†</sup>

### Creative Ability

Now, to create value in the form of money by means of printing it may, of course, seem to be an amusing way of cheating, and the right and ability to do it must be as difficult to attain as the position of one who can borrow without paying interest or even giving security, described by Rabelais in the middle 1500's and translated into English some seventy years later: "Which Dignity, though all Human Creatures seem to aim at, and aspire thereto, few nevertheless, because of the difficulties in the way and cumbrances of hard passage, are able to reach . . ." In the public experience of later centuries, it may

be said that only Governments and bankers can achieve it: Governments, by putting people into prison if they refuse to accept printed money, and bankers at first by their readiness to pay in gold, afterwards by reputation for years of this credit-worthiness, by lavish display of wealth in their marble-halled buildings, by a combination of good manners and high-sounding talk, and by the aid of economists writing all sorts of theories and making a great mystery, if not muddle, of the subject of "high finance"; until the mass of the industrial and commercial classes in "advanced" countries thought themselves able to understand, and held, only one operative belief about it, namely, that bankers possessed and could pay out as much legal tender as they, the bankers, wished. At that point, a cheque drawn on a bank and honoured by the bankers became as good as legal tender. In fact, a one-time Chancellor of the Exchequer and Chairman of the Midland Bank, Reginald McKenna, remarked to the shareholders at their annual meeting in 1924, "I am afraid the ordinary citizen will not like to be told that banks can and do create and destroy money". He often recurred to the subject and qualified and elaborated the statement in subsequent annual speeches. He did not say that it could always be done or without limit.

### Post-war Germany

So Rabelais was right: it is not easy to become a Government or a bank, and not every banker has the widespread credit of Bank of England or

of the British clearing banks with their agencies in many parts of the world. Newton also was right: The German Government after the first World War allowed a starving nation to be too much inclined to luxury, or at least to the necessities of life which were not being produced there, printed so much money representing so little hope of goods that hardly anyone wished even to borrow it, and thus went bankrupt. After the second World War, the existing German currency, including bank credits, was disowned by the Government and a new currency was so jealously rationed to dispossessed money-owners, as to be honoured. An extraordinary output of work by the German nation during the 1950's made that new currency one of the most valuable in the world, for it represented so much goods: the Germans had been content with so little of it, in return for producing so much.

The truth exposed by Newton may be understood further, that whereas gold represents the fact that someone has done some work, satisfactory paper money represents the reasonable hope of a greater annual amount of work. It may be of some philosophical interest, that an extreme simplicity and clearness, obtained by the great mind of Sir Isaac Newton, a hundred years later was so complicated and fogged by the theories and beliefs of less-thorough thinkers, that the British Parliament had great doubt in making the Bank's paper legal tender, and all sorts of Banking, Currency, Bullion and Quantity

theories played their part in creating mystery, a word originally meaning "mastery", in questions about paper money and the rights and wrongs of paying interest or "usury" for the use of borrowed money.

Newton's ideas of morality as well as of expediency have been well proved. In his annual speech in February, 1959, the Chairman of the Westminster Bank showed some of the comparatively simple experiences whereby financial and social theories eventually are proved or disproved. "Liquid" resources of a bank are bullion, coin or paper, readily acceptable as payment at their face value or at some other known value; and, in 1957, he said, the Bank's liquid assets had included more than usual in the form of Treasury Bills. With reduction of the Bank Rate and consequent "reduction in the yield on these Bills since early 1958," he went on, "we have switched in some measure not only into the much more remunerative advances but also, at favourable opportunities, into British Government Securities." Advances to customers are credits simply written into customers' accounts, as mentioned above, and require payment of interest by the customer at an annual rate higher than the Bank rate, usually one or more per cent higher. Government Securities, such as Consolidated Stocks and Funding Loans, are certificates of loans by the public, on which interest is paid by the Treasury; and these can be bought on the Stock Exchange at prices such that the interest, or perhaps the interest plus promised

repayment of the loan at its face value, will yield an annual profit higher than the Bank rate.

### The Rate of Interest and Amount of New Credit.

Thus the "usury" or profit on different kinds of loans has by common consent come to depend on the Bank rate. The acceptable amount by which it must be higher depends on the personal credit-worthiness of the borrower and the degree of "liquidity" of the certificate or "bond" offered as "security" or guarantee of repayment. To lend is thus an act of reasoned faith; and the brainwork of estimating the risk has been found, by experience of failure, to be worth higher profit the greater the uncertainty. Debtor's hopes of commercial profit and Governments' hopes of tax-collection are sometimes disappointed, so that loans are not repaid; and one Government's credit may be better than another's.

Loans for new industrial or commercial enterprise, whether private or state-controlled and whether at a high rate of interest or a low one, tend to increase productivity and raise wages; but, if production does not increase enough for the profit of selling it to exceed the rate of interest, the hope of the lender is unfulfilled even if he received the interest, because the value of the currency is decreased by failure of the value of production to increase in proportion to the increased amount of currency paid or owed to lenders and to employees.

Lord Aldenham, as Chairman of

the Westminster Bank, continued his annual speech in 1959 with reference to "personal loans", designed to enable customers not to produce more goods but to buy more goods, and so called because of being made on the security of the customer's personal credit-worthiness, without any marketable security. These loans, with their arrangements for repayment by monthly instalments, bring to the Bank from the customer a profit of about 5 per cent a year. Their public effect is to hasten trade and therefore production of goods, while the effect on the customer is to add 5 per cent to the cost of the goods, for the pleasure of having

them a year before earning and paying the cost of them, also to make him forgo the interest which he might earn by saving and investing his money during a year before making a purchase. Newton wrote that low rates of interest on secured loans and plenty of paper credit representing future goods cause people to produce more goods, until by miscalculation hopes of production seem unlikely to be fulfilled. False hopes, "inclining the nation too strongly to luxury" without enough work being done to achieve it, fail to make real the value of the new money created.

## A Stable £.

A GREAT deal has been achieved in recent months in keeping the £ as a stable unit of currency. When the Government introduced measures to cope with continued inflation Mr. Iain Macleod said "We have attacked more stringently than ever before the supply of money. This seems to be the most effective direction in which the Government can move. If demands for income run in front of productive capacity we are not going to finance those demands." One looks in vain in the Radcliffe report for the means of implementing this policy. In fact, the authors seem to give up hope that monetary policy is capable of achieving stability and needs to be reinforced by other methods including the use of direct controls. This conclusion is one which will be welcomed only by those who believe in a planned and controlled economy.

Since it is the goods and services we buy with money that alone give it value in a modern economy, it would have been wiser if the Radcliffe Committee had turned its attention to this as the "central principle". They might have given some attention to the Annual Report of the Bank of International Settlements for 1949 which suggested that the supply of money ought to be brought into relation with the supply of goods. The report also suggested that physical controls would not work satisfactorily without financial order. If the full implications of these statements had been considered the report might have made some more worth-while recommendations as a basis for a monetary policy more in line with the needs of the 20th century.

*Extract from an article on 'The Radcliffe Report', Commonwealth and Empire Industries Association Bulletin, October 1959*

## Digest Reviews

### A PRELIMINARY SURVEY OF THE IMPACT OF JAPANESE GOODS ON BRITISH INDUSTRY.

with a foreword by LORD SHACKLETON O.B.E.

Published by the Economic Research Council, 55 Park Lane, W.1.  
Two shillings (postage 2d.).

### JAPANESE IMPORTS

*A preliminary Survey of the Import of Japanese Goods on British Industry. (Economic Research Council. Foreword by Lord Shackleton, O.B.E.; 2s.).*

A great deal of valuable material published from both British and Japanese sources, reports and statistics from official and unofficial sources, has been digested in this survey which raises the question as to whether imports of Japanese goods into the U.K. are likely to be a serious threat to British industry.

The pamphlet does not attempt to answer the question, a more detailed study of the problems will be made if sufficient support is forthcoming to make this possible. Those interested should write to the Secretary, Economic Research Council, 55 Park Lane, London, W.1.

### NIGERIA

*Lugard in Africa, by A. A. Thomson and Dorothy Middleton. (Robert Hale. Illustrated; 18s.).*

*Grant in the Sun: the Story of Northern Nigeria. Written by Ronald Baxter. Photographs by Francis Uher and Ibrahim Atabi (Northern Nigerian*

trail to Buganda and penetrated the Kalahari. Like Mrs. Middleton he knew the India of the *Raj*. The Independence of Asian and African possessions would not have perturbed him. "For two or three generations we can show the Negro what we are: then we shall be asked to go away. Then we shall leave the land to those it belongs to, with the feeling that they have better business friends in us."

### NEW WORLDS

*The Landmarks of Tomorrow, by Peter F. Drucker. (Heinemann; 21s.).*

*America in Doubt, by Alexander Werth. (Robert Hale; 21s.).*

These are books of a different kind. The author of *The End of Economic Man* has sketched a world-view for new times. Mr. Alexander Werth has taken an American holiday from contemporary French history and given a readable, chatty account of conversations and impressions from a spell as visiting university professor in the Middle West.

Yet both portray a "Free World" which has lost its bearings and its confidence. The comical-hysterical reaction in the United States and not only the United States to the Soviet sputnik described by Mr. Werth, the belief expressed to him by a "leftist" student that the American "Century" was over, are examples of a confusion which Mr. Drucker analyses in his more serious work. He writes finis below the Cartesian world-view of recent centuries and feels his way towards a modern

synthesis such as was attempted in the "holism" of Smuts. "Innovation" replaces the exploded term "progress".

Mr. Drucker writes for the denizens of what is no longer a liberal but is becoming a garrison-cum-welfare state and asks how the power of the "managers" who bear rule can be justified, and controlled. To this problem of the age the age gives no answer. "Political theory today is sterile." The hegemony of a super-power, a world government would "give us King Stork instead of King Log." Power must be limited through a multiplicity of nations, "each united enough to be free at home, each big enough to count" but amenable to an international code.

*European Organisations. (P.E.P.; 30s.).*

This report is an objective survey by PEP of the eight major organisations concerned with political, economic, military and social affairs in Europe.

The Economic Commission for Europe (E.C.E.)

The Organisation for European Economic Co-operation (O.E.E.C.)

The Council of Europe

The North Atlantic Treaty Organisation (N.A.T.O.)  
Western European Union (W.E.U.)

The European Coal and Steel Community (E.C.S.C.)

The European Economic Community (E.E.C.)  
Euratom



It has been prepared during the last two years with the assistance of an international study group, whose members have had first hand experience of these European institutions. This is the first published analysis of the working methods and techniques of co-operation of these eight organisations. It assesses the reasons for their success or failure in the first post-war decade, and discusses the problems on which their future depends.

#### LESS THAN SIXTY YEARS AGO

*The Siege of Peking*, by Peter Fleming. (Rupert Hart-Davis; 25s.) *Illustrated with maps and photographs.*

This popular, even flippant study of the defence of the Legations at Peking against the Boxers and the troops of the Empress Dowager is written with more zest than profundity. Mr. Peter Fleming paints a scene very different from, but analogous to, India in 1857, in so far as both the "Mutiny" and the Boxer rising expressed the despair of a dying empire and venerable civilisation by Western commercialism, Western railways, Western religion.

#### GRIEVANCES AND SUPPLY

*The Control of the Purse: Progress and Decline of Parliamentary Financial Control. Foreword by Lord Kennet, P.C. (Financial Secretary to the Treasury, 1921-23). By Paul Einzig.* (Secker & Warburg 35s.)

This book is well worth the high price. As Lord Kennet says in introducing it to the public, it should be

read by all Members of the House of Commons; it is also a valuable student's textbook which will attract the more general reader.

Mr. Einzig traces the development of financial control by Parliament; in so doing he distils the essence of English parliamentary government, which emerged from bargaining and conflict between a Crown needing cash and the representatives of local communities able to supply it. This system of government he declares in danger today because of the failure of the modern Commons House to give much more than cursory scrutiny to an immense public expenditure decided by the Departments of State under the Cabinet and passed entire by Parliament. Resistance to the Executive now commonly takes the form of demands for an increase of particular expenditure, not as formerly for its reduction, though these demands may go with bitter attacks on the high level of taxation!

The author wants to strengthen Parliamentary control and will have none of the proposal for the remission of the Finance Bill to Standing Committee instead of as now to a Committee of the Whole House. He calls for a balance between narrow and fanatical nineteenth century retrenchment and "the irresponsibility of limitless spending". If the diagnosis is true, the medicine is hard to administer and the prescription itself difficult to work out. Mr. Einzig has been Political Correspondent of the *Financial Times* and *Financial News* for many years and writes well of modern times. He is

less at home in earlier history. An economist as conscious as he of the perils of inflation might have mentioned the connection between the fall in the value of money and the struggles under the Tudors and Stuarts which led to the Great Rebellion and on to 1688.

#### FOR EXECUTIVES

*The Role of the Managing Director*, by George Copeman. (*Business Publications in association with Batsford*; 42s.)

This is a book written specifically from the point of view of the chief executive. Dr. Copeman has had some 300 interviews with Chairmen, managing directors and chief executives to gather the necessary information and the resultant survey on the role of the managing director covers a wide field. The various chapters are briefly summarised at the beginning of the book, a useful method of approach for the very busy executive for whom the book is intended.

*Probability and Statistics for Business Decisions*, by Robert Schlaifer (*McGraw Hill*; 89s.)

Sub-titled an introduction to Managerial Economics under Uncertainty this book is written by the Professor of Business Administration at Harvard University.

*Social Accounting and Economic Models*, by Richard Stone and Giovanna Croft-Murray. (*Bowes & Bowes*; 9/6d.)

A sequel to Meade and Stone's *National Income and Expenditure* on a more advanced level.

#### CHINESE PUZZLE

*Economic Development of Communist China*, by Choh-Ming Li. (*University of California Press*; London: *Cambridge University Press*; 56/6.)

What is happening in Communist China in the economic sphere—what progress is being made in industrialisation—how has this been financed—how is the peasant reacting to farm collectivisation—are standards of living improving? These and many other important questions are answered in this very thoroughgoing appraisal of China's first five year plan. There are chapters dealing with internal and external financing and exports which are of particular interest to the West, and the overall importance of agriculture in China's economy is stressed. There are many useful statistical appendices supplying a wealth of economic data.

#### WAR AND REVOLUTION

*War and the Soviet Union*, by H. S. Dinerstein. (*Atlantic Books*; 37/6.)

*Soviet Affairs Number Two*, edited by David Footman. (*Chatto & Windus* 16s.)

The author of the first of these books examines the revolutionary changes in Soviet military thinking which have taken place in Russia since the death of Stalin in 1955. He analyses the problems of military strategy in the nuclear age and the Russian approach to them from the background of greater confidence and strength in their ability to defend themselves. The guiding Soviet



principle, says the author "is readiness to fight any kind of war in the most effective way, no matter what the relative likelihood of the different kinds of war."

The second book has a different approach, being an account of three separate incidents in Soviet history. It is in the series of works produced by St. Anthony's College, Oxford. The first contribution deals with the Kronstadt rising, the second with the activities of Nestor Makhno, a revolutionary peasant who played a considerable part in the anarchist revolutionary movement in the Ukraine in the early part of the Russian revolution. The third contribution covers a little known operation in Transcaспia by a small British force in 1918-19.

#### NEXT YEAR IN JERUSALEM

*Theodor Herzl: Founder of Political Zionism, by Israel Cohen. (Thomas Yoseloff.)*

One of the tragedies of our time, not least for the Arabs, was the divergence of British policy and Zionist aspirations. They collided earlier with orthodox Jewish opposition and that of the Polish Socialist Bund as well as with the impossibilities that were made possible by faith in prophecy, by the work of Theodor Herzl and others, and by Britain.

The colonization of Ottoman territory in Mesopotamia or British-controlled Sinai, or of former Ottoman territory in the British protectorate of Cyprus, or again in the Congo was planned or discussed. Then the greatest of Colonial Sec-

retaries, Joseph Chamberlain, offered land in what is now Uganda and a solicitor called David Lloyd George drafted an agreement. Herzl described Uganda as a temporary "night shelter" but was suspected by Zionists of having abandoned Zion. He had not. He willed the return to Palestine where his ashes lie, in a Jewish State born of his own and Zionist toil, genius and persistence and of British imperial policy.

Israel Cohen knew Herzl and has deciphered the vast material he has mustered into a most readable biography.

#### LIQUIDATING THE PROLETARIAT

*Everyman a Capitalist: Some Proposals for the Small Saver in Industry. (Conservative Political Centre No. 201. 1s.)*

First published last April, this is not a Tory Party policy statement but the opinions, put forward for discussion, of Sir Toby Low, Mr. Alan Green, M.P., Sir Alexander Spearman, M.P., Mr. David Price, M.P., and others, including Mr. David Dear, O.B.E., of the Conservative Research Department.

#### PARLIAMENTARY CRICKET

*A History of Lords and Commons Cricket, by Eric E. Bullus, M.P. (Blades, East and Blades Limited.)*

This is an attractive brochure which all who enjoy cricket can read with pleasure. A photograph shows a former Captain of the Lords and Commons, Lord Harris, still wearing a tie on the cricket field in 1924.

#### A CONSTRUCTIVE CONTRIBUTION

*Trade Unions in a Free Society, by B. C. Roberts. (Institute of Economic Affairs; max. price 9s6d).*

Mr. Robert's sympathies are clearly with the trade unions, which he regards as an essential element in the industrial life of a free society. He would like to see them better organised and makes a plea for larger and better-paid staffs, closer integration of shop stewards within the body of the unions, more information for the rank and file on such questions as how the unions are run and the candidates who seek office. He argues that in return for being allowed greater freedom at law than trade unions in other countries, British unions must accept the control of the community in its capacity as consumers in the market.

#### AMBASSADORS TO AFRICA

*Race Relations in Industry and Commerce. The Joint East and Central African Board. Foreword by the Rt. Hon. Earl de la Warr, P.C., G.B.E.*

Tactfully presented, this brochure contains helpful hints and constructive ideas for those who by their conduct and character will help make or mar their country's endeavours in Africa. The remarkable Christmas broadcast of 1958 by Sir Arthur Benson, K.C.M.G., Governor of Northern Rhodesia, on white-black harmony and co-operation and a message from Sir Arthur Kirby, K.B.E., C.M.G., Commissioner for East Africa in London, bringing out

the remarkable agricultural and commercial revolution among Africans in Kenya, are printed as Appendices.

#### SHORTER NOTICES

*Lectures on Economic Principles. Volume III, by Sir Dennis Robertson. (Staples Press; 16s.)*

Students and teachers of economics will find this an interesting and stimulating book. It contains the text of lectures on economic principles delivered in 1957 by Sir Dennis Robertson and is the third volume in the series. This book covers the subject of Money and the fluctuations of economic activity. Previous books in the series dealt with the theory of value and the theory of distribution.

*English Theories of Economic Fluctuations 1815-1848, by Robert G. Link. (Columbia University Press; London: Oxford University Press; 40s.)*

The author examines the ideas of six writers who were closely concerned with the problem of economic fluctuations: Thomas Attwood, Thomas Robert Malthus, Thomas Joplin, James Wilson, Thomas Tooke and John Stuart Mill. He carefully examines their theories and shows that the theories of these six writers are not strikingly different from the theories of some modern economists. Of particular interest is the chapter dealing with the views of Thomas Attwood, the leader of the "Birmingham School" of economists who demanded "a money supply adequate to maintain prosperity".

*Public Expenditure in Australia*, by B. U. Ratchford. (Cambridge University Press; 56/6d.)

An intensive study of the behaviour of public expenditures at all levels of government in Australia. It covers the period from 1929-1955.

*Public Enterprise and Economic Development*, by A. H. Hanson. (Routledge & Kegan Paul; 42s.)

The first part of this book consists of a general study of economic development with particular reference to Turkey, Mexico and India. The second part covers the structure, control and organisation of public enterprise and concentrates on certain types of undertakings playing a more important part in the economic of under-developed countries.

*Your Secondary Modern Schools. An Account of their Work in the late 1950's*, by J. Vincent Chapman. (The College of Preceptors; 12/6d.)

This is a specialist's book but it will be appreciated by many parents and public-spirited people. It deals more with the mechanics and organization and bricks and mortar than with the human material worked upon.

*Automation today and tomorrow*, by L. Landon Goodman. (Newman Neame; 40s.)

Examines the field of automation and some of its important aspects, its present developments and future trends. Includes an extensive bibliography which provides an invaluable source guide to the literature on the subject.

#### *Continued from page 275*

from royalties on a reduced published price, supposing a larger sale were not achieved.

#### **Taking paperbacks seriously**

Hitherto most British publishers have believed the selling of paperbacks to be a specialist operation beyond the scope of the ordinary publisher. However the appearance over here of the serious or "egghead" American paperback clearly suggests a change is taking place in public taste. Good general booksellers and, notably, the more progressive university booksellers are now taking paperbacks seriously.

The Cambridge University Press is itself launching early 1960, alongside its Students' Editions, a programme of cheap paperback editions of books which have already won themselves a steady sale among non-specialist readers. The first titles include *What Happens in Hamlet* by John Dover Wilson, G. E. Moore's *Principia Ethica* and G. G. Coulton's *The Medieval Scene*. The Cambridge Paperback experiment may be the beginning of a revolution on the lines of the paperback revolution which has astonished and mystified visitors to North America in the last 10 years.

## **Cheaper Books for Students**

*A new departure in publishing, known in the book trade as the Cambridge Paperback Experiment, has recently been announced. The following account explains its purpose and importance.*

	<i>Cloth Paper</i>
Elton: <i>Tudor Revolution in Government</i>	50/- 25/6
Bredsdorff: <i>Danish Grammar</i>	30/- 18/6
Hardy: <i>Pure Mathematics</i>	35/- 22/6
Moule: <i>Idiom Book of New Testament Greek</i>	30/- 18/6

### **Costing**

The costing of these Students' Editions differs from that of the ordinary paperback. The secret of the cheapness of the normal paperback is in the size of the print order rather than in the binding—economies effected by binding in paper are relatively small. At the same time it is idle to expect a university textbook on advanced physics to command the size of audience that even the stiffer kind of "Pelican" attracts. The solution devised at Cambridge consists in balancing the possibility of a moderately increased student sale against the possibility that the sale of the cloth edition (which carries the primary costs of composition) may suffer.

Three other factors have affected this experiment. The introduction of "wood-free" papers and improvements in unsewn bindings have led to significant economies in production without sacrifice of standards of quality. Authors have proved cooperative in risking a lower income differential:

The book-buying habits of students have for some time been exercising the minds of university and college authorities—librarians as well as teachers. Essentially the situation is this: the individual student nowadays buys fewer books of his own. He tends to rely more on borrowing them and on using libraries. This is undesirable educationally, and it also creates problems for librarians—perennially pressed for space. Less essential books, though nonetheless necessary to his reading, the student tends to dispense with altogether.

An experiment, made by the Cambridge University Press, attempts to halt these tendencies by providing paperback Students' Editions of textbooks at prices well below those of the ordinary cloth-bound editions. The experiment began in 1957 with the publication of Dr. A. B. Pippard's *The Elements of Classical Thermodynamics*. This appeared simultaneously in a cloth edition at 25s. and in a paperback Students' Edition at 15s. Sales have so far been roughly the same for each edition, and total sales have been rather larger than might have been expected for a single cloth edition. The publishers have been encouraged by these results to extend their programme. These examples illustrate the prevailing price differential:

*continued on foot of previous page*

## Commonwealth Survey

### (1) OVERSEAS RESEARCH COUNCIL

IN the House of Lords on July 29th, Lord Hailsham reported the establishment by the United Kingdom Government of an Overseas Research Council. This gives effect to the announcement made at the Commonwealth Trade and Economic Conference in Montreal last year that such a council was to be established.

The council will advise a Privy Council Committee on Overseas Research, consisting of the Lord President of the Council and the Secretaries of State for Commonwealth Relations, the Colonies and Foreign Affairs, which was established by Order in Council made on July 28th. Dr. R. S. Aitken, Vice-Chancellor of Birmingham University, has accepted the chairmanship.

### The Council's Tasks

The terms of reference of the Council are as follow:—

"To advise the Privy Council Committee on Overseas Research:—

(1) on the formulation of United Kingdom policy in respect (a) of scientific research undertaken in or for overseas territories both within and outside the Commonwealth, (b) of methods of making the results of research available in these territories, and (c) of assistance to the scientific services of those territories;

(2) on the co-ordination of the activities of United Kingdom Gov-

ernment organizations in the development of science in the civil sphere in overseas territories; and

(3) on co-operation within the Commonwealth, with other countries and with international agencies in promoting such development."

### Advice and Assistance

As previously explained, said Lord Hailsham, the United Kingdom Research Councils—Department of Scientific and Industrial Research, Medical Research Council and Agricultural Research Council—are willing to provide advice and assistance on research matters falling within their respective fields to any Commonwealth country desiring such assistance wherever this can be done within the funds available. The Overseas Research Council will provide for the co-ordination of this assistance, and for the formulation of general United Kingdom policy in this field. The Council will provide a central point to which Commonwealth Governments and research institutions can refer for advice and information, and will advise generally on United Kingdom co-operation in scientific research overseas.

There are no geographical restrictions in the Council's terms of reference. Matters concerning scientific development in Colonial territories, in Commonwealth countries and in countries outside the Common-

*From Chronicle of the West India Committee, July, 1959*

wealth, can equally be referred to it. Moreover, in promoting such development, the Council can look to possible collaboration between this country and other Commonwealth countries, countries outside the Commonwealth, such as the United States of America, and international agencies, such as those of the United Nations and the charitable foundations.

### (2) RECENT ECONOMIC TRENDS IN JAMAICA

POPULATION (Thousands)	1950	1958
NATIONAL PRODUCT (£ Millions)	1,417	1,651

#### Originating in:

Agriculture, Forestry and Fishing	21	26*
Mining	—	16*
Manufacturing	8	24*
Construction	5	26*
Services†	36	98*
<b>Total</b>	<b>70</b>	<b>190*</b>

#### EXTERNAL TRADE (£ Millions)

Imports from: United Kingdom	10	25
United States	3	14
Canada	3	7
Other Countries	6	19
<b>Total</b>	<b>22</b>	<b>65</b>

Exports to: United Kingdom	9	17
United States	1	15
Canada	4	10
Other Countries	1	5
<b>Total</b>	<b>15</b>	<b>47</b>

#### TOURIST ARRIVALS (Thousands)

Long Stay	18	66
Short Stay	57	104
<b>Total</b>	<b>75</b>	<b>170</b>

\* 1957 data, which are the latest available.

† Services include wholesale and retail distribution; transportation, communication and storage; ownership of dwellings; electricity, water and sewage; government and miscellaneous services.

*From the Bank of Montreal Business Review, August 25th, 1959*

### (3) The TEN YEAR LEAP by MAJOR AUSTRALIAN INDUSTRIES

THE dramatic growth of important Australian industries over a decade is illustrated by an analysis of industrial development made by a leading Melbourne firm of stockbrokers as a guide to the current pattern of share prices and future trends. Industrial groups which achieved the greatest average annual percentage increase in physical output between 1948-49 and 1957-58 were:—

	per cent
Adhesives .. .. .	14.2
Carpets .. .. .	*24.0
Cement (Portland) .. .. .	9.9
Cigarettes .. .. .	16.6
Concrete (ready mixed) .. .. .	20.9
Electric motors .. .. .	16.5
Electricity .. .. .	9.5
Fertilisers (chemical) .. .. .	*15.5
Paper—newsprint .. .. .	15.3
—writing .. .. .	*13.7
Petroleum products .. .. .	10.0
Quarry products .. .. .	*14.8
Resins—plastic, synthetic, moulding, extrusion .. .. .	*18.4
—others .. .. .	*19.5
Steel—ingot .. .. .	11.6
—concrete reinforcing .. .. .	*20.7
—fabricated, structural .. .. .	14.9
Tyres .. .. .	11.9

\* Less than 10-year period (data for earlier years not available).

From *Australian Finance and Commerce News Letter*, August 4th, 1959

# TOM PIPER

... BRINGS YOU

Choice meat from  
Australia's magnificent herds  
cut in its tender prime  
Australia's leading  
meat-packers  
Remember the name—  
**TOM PIPER**



## Thirteen Stars: Another Commonwealth?

from A PARIS CORRESPONDENT

AT Tananarive in Madagascar, thirteen heads of government including M. Michel Debré, Prime Minister of the Fifth Republic, assembled on July 7th for a meeting of the Executive Council of the French Community. The President of the French Republic and the French Community, General de Gaulle, presided.

Madagascar and eleven territories of what was known as French West Africa and French Equatorial Africa\* have become freely associated with France. Only Guinea has bidden the mother country farewell, formed a tentative union with Ghana—a kingdom of the British Commonwealth—but stays in the franc zone.

Other territories have preferred the status of a territory of the French Republic. They are the Comores, New Caledonia, St. Pierre-et-Miquelon, French Somaliland and French Polynesia. Martinique, Guadeloupe, French Guiana and Réunion are French *départements*, like those of Algeria and the French mainland itself.

### Unity and Independence

"The African States are as independent within the Community as the French Republic." Thus the Prime Minister of Sénégal, M. Dia. They fly their own flags. But they have delegated to the Executive

Council of the Community their defence, their diplomacy, their finance, higher education and control of the administration of justice. Customs and medical agreements have been concluded.

### Common Market and Community

One reason the new and nationalist regime has remained faithful to the Rome Treaty is the overseas Community's need for capital development.

Already the European Economic Community's Development for the Overseas Countries and Territories has approved twelve major investment projects in Africa and four projects in the French African Community were announced by the European Economic Commission at the beginning of June. The projects, all of which involve social investment cover general economic development ('infrastructure') on the outskirts of Djibuti, French Somaliland, and the building of two maternity homes and ten primary schools in the Togo Republic.† The buildings and equipment will become the property of French Somaliland and of the Togo Republic. Total cost of these four projects is \$942,660, all of which will be provided by the Development Fund in the form of non-repayable direct grants.

\* The Republics of Sénégal, Haute-Volta, Soudan; Dahomey, Ivory Coast, Niger, Tchad, Gabon, Congo, Madagascar, République Gabonaise, République Centrafricaine (formerly Oubankui-Chari), and the Island Republic of Mauritania.

† U.N. Trusteeship Territory.

## NATO's Pipelines

OVER the past few years, NATO has been building a Central Europe Pipeline System which is now being gradually brought into operation to provide the allied Land and Air Forces in France, Western Germany and the Benelux countries with jet fuel and gasoline. This system, of which about one third is already in use, extends over 4,800 kms. (including feeder lines), has about 100 pumping stations, and is the most complicated and one of the largest integrated pipeline systems in the world. The diameter of the lines varies between twelve, ten, eight, six and four inches, and there is associated storage capacity of over 1,000,000 cubic metres. Broadly speaking, the lines run from the Atlantic seaboard eastward through most of the France-Germany-Benelux area, being directly linked to many ports, airfields, canals and railways.

### Civilian Control

Although serving only military needs, the functioning of the system is being directed by a civilian technical body, known as the Central Europe Operating Agency, established at Versailles, and acting on behalf of the eight governments with forces stationed in the relevant area, i.e. the five Governments of the area, and the U.S.A., the U.K. and Canada. The actual pipeline operations are carried out under the directives of the

Agency, by seven Pipeline Divisions whose formation, manning and day-to-day working is the responsibility of the governments of the host nations in whose territories the divisions are situated. The full peace-time staff of the whole pipeline system will number at least 1,000, and the host nations must provide the augmented staff which would be needed in wartime. The directing Agency is run on ordinary commercial lines, reimbursing the host governments for work done, and charging the recipients for work done at rates which, it is hoped, will show a margin of profit.

There is a NATO Pipeline Committee which meets from time to time to take action on all matters of NATO-wide concern in connection with the control, operation and maintenance of NATO pipelines in the Central European area and in Italy, Denmark, Norway, Greece and Turkey. Including all these, there are now altogether 7,500 kms. of pipelines and nearly 2,000,000 cubic metres of storage capacity in Europe which have been specifically provided for the joint use of NATO's international forces, as distinct from the other forces of the various member countries. Outside the Central European area the pipelines and associated storage are operated by military or civilian agencies of the local Governments working in liaison with the NATO military authorities.

*From Petroleum Press Service, August, 1959*

## Rural Economy

### (1) THE PRICE OF TECHNICAL EFFICIENCY

by JORIAN JENKS

#### Drift from the land

It seems worth observing that a persistent shrinkage in agricultural employment does not seem to be regarded as inconsistent with a national policy of full employment. Some economists, in fact, appear to welcome it as a sign of social progress.

But for the farmer this "labour-saving" process has necessitated a heavy and continuing outlay on industrial man-power in the form of mechanical and structural equipment, fuel, repairs and so on. For example, there are now some 370,000 tractors, 284,000 tractor-ploughs and 36,000 combine-harvesters on our farms, while new installations for handling, drying and storing grain are going up every year, to say nothing of mechanized milking-parlours and thatch-saving Dutch barns.

In terms of money, intensive mechanization has so far paid good dividends. Real farm incomes, as well as farm wages, are considerably higher than before the war, though by no means so high or so easily earned as is sometimes alleged. This in turn has meant more tax revenue for the Treasury, and more business for the banks and other lending institutions. It also means a valuable home market for the engineering and allied industries.

THE claim is often made that British agriculture is the most highly mechanized in the world. From the economic angle, this is almost certainly true. For example, a report (No. 48) recently issued by the Farm Economics Branch of the Cambridge University School of Agriculture showed that a wide range of East Anglian farms, though averaging no more than 175 acres apiece, have over £2,000 per farm invested in implements and machinery. Their expenditure on the operation and maintenance of machinery (including contract work) varies from £6 to £13 per acre according to the type of farming, in addition to wage costs ranging from £4 to £20 an acre. Before the last war, *total* outgoings on most farms were under £10 an acre, including rent, fertilizers, seeds and feedingstuffs.

The reason is not far to seek. Whereas farm wages in 1939, even with overtime included, averaged less than £2 a week, the comparable figure today is close to £10. Skilled labour, moreover, has become increasingly scarce, as might be expected when able-bodied young countrymen can earn £12 or £15 a week for less arduous work in some local industry, often with free transport provided.

### Output 60% above pre-war

To carry this much increased financial load, however, there has had to be a much higher output both per acre and per person in agriculture. With fewer acres and fewer workers, net production from our farms is now some 60% above pre-war. This increase is attributed, quite legitimately, to a marked improvement in technical efficiency.

It is, on the other hand, rather important to remember that the essential, primary processes in agricultural production are biological. They therefore cannot be mechanized. All the machine can do is to expedite the secondary, though no less essential, processes of tillage and harvesting. The increased output, therefore, to quite an important extent, has been achieved at the expense of the land—the soil and its population of fertility-making micro-organisms, together with the farm population of plants and animals. To what extent have these suffered in the drive for higher productivity?

### "Organic" Farming—

Mr. Friend Sykes of Chantry, a well-known "organic" farmer who also has an extensive practice as a land valuer and consultant, is emphatically of the opinion that the land is, in fact, being systematically exploited—not in any spirit of wantonness, but simply because farmers see no other way of meeting the high costs of mechanization, including, of course, those of borrowed capital. In his latest book, *Modern Humus Farming*,\* he shows

how they have come to rely to an ever-increasing extent on artificial aids to production such as chemical fertilizers and sprays, and synthetic hormones, antibiotics and the like to stimulate the yield of meat, eggs and milk. Whereas formerly they had to be persuaded by official advisors and commercial salesmen even to try such aids, they now tend to employ them to excess, often before there has been sufficient time to show what "side effects" there may be.

Most of these artificial aids Mr. Sykes has either tried for himself or seen others try; and his verdict is, not merely that they are at best indifferent substitutes for sound husbandry, but that they have a cumulative, though often concealed, ill-effect on the fertility of the soil, on the nutritive value of crops and herbage, and on the health of livestock—ultimately, he contends, on the health of human beings.

### —and Efficiency

Such warnings have been uttered before (and are still being uttered) by experienced and responsible observers. But Mr. Sykes is not just a prophet of doom. His chief claim to our attention is that he has demonstrated in a thoroughly practical way, on his own and other farms, that production methods based on biologically sound principles need not be inconsistent with mechanisation, or indeed with economic efficiency. In his earlier books, *Humus and the Farmer* (1946) and *Food, Farming and the Future* (1952), he related how he had restored the essential humus

(decomposed organic matter) to some 700 acres of thin, flinty, farmed-out Wiltshire upland, building up their fertility by regular use of deeply-rooting leys (temporary pastures) and large-scale mechanized composting of farmyard muck.

This land he and his family still farm. It still grows heavy crops of grain and carries healthy, productive herds and flocks (and bloodstock) without dependence on artificial aids. But every mechanizable operation is now fully mechanized, so that the work can be done with but a fraction of the former labour force. True, the neatness and polish, the painstaking attention to every detail, that once characterised good husbandry are no longer possible; but the high costs of modern farming are being carried—and *not* at the expense of the land.

## (2) NEO-MALTHUSIANS ANSWERED

THE "theory" of some U.S. statesmen and others that overpopulation constitutes a bigger danger than the hydrogen bomb is subjected to some caustic criticism by *Tass* commentator Ivan Artyomov.

In particular, he refers to the views of Mr. William Draper, President Eisenhower's adviser on foreign aid programmes.

"No, our world is by no means over-populated as yet," says Artyomov, "and we would like to tell Mr. Draper some 'news'.

"The most authoritative soil scientists of the world recognise that half of the dry land (excluding, of course, the Antarctic) is suitable for agriculture. However, at the present

Mr. Sykes, indeed, maintains that at Chantry both soil fertility and animal health are still on the up-grade. Humus is the foundation of it—all the true capital of the soil, of the farmer and of the nation, no matter whether it is derived from ploughed-in ley or mechanically-handled compost.

Mr. Friend Sykes has had many critics as well as many disciples. No one who writes and speaks as forcefully as he does could expect otherwise. But he has written his signature across the fields of Chantry for all who are interested to see. It seems reasonable to predict that he will also leave his mark on agricultural thought and practice, and that it will be one of which no good farmer need be ashamed.

time man is cultivating only about 7 per cent of the dry land.

"Another piece of news for Mr. Draper and all neo-Malthusians is this: It is not true that an adverse balance between the increase in population and the level of food production exists everywhere on our planet.

"In 19 years agricultural production in the capitalist countries of the world (taking the 1934-38 level as 100) rose by 37 per cent by 1957-58 or about as much as the increase in the Soviet Union during the period of the last Five-Year Plan alone.

"Even more striking is the difference in the level of food production attained if one compares the capital-

\* *Faber & Faber*, 1959. 28s.

ist countries in the Far East and People's China. In China food production has more than doubled in nine years.

"Such facts refute the Malthusian conceptions of Mr. Draper. The fact that millions of people on our planet

### (3) RECORD CORN CROP

IT now is estimated that farmers around the world produced 7,300 million bushels of corn last year. This is an all-time record high crop and considerably larger than expected early in the season. The estimate is 11% above the 1957 crop and 29% above the 1950-54 average. The unprecedented 1958 harvest was mainly due to the record production in the United States and Russia. The U.S. crop normally accounts for more

than one-half of the world's total corn production. Recent expansion in corn in Russia brought that country's estimated production to second place in 1956 and again in 1958. Europe's corn crop last year is estimated at 755 million bushels, a drop from the previous year's output of 875 million. It still, however, is well above the 1950-54 average of 588 million.

*from World Farm News, August, 1959*

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## Maintaining Consuming Power

Thierry Maulnier, *Le Monde*

IN transferring progressively to machines—and to electronic computers—most of the labour which was done by man during the first part of the industrial era the technical revolution of our time compels us increasingly to disassociate the distribution of purchasing power from the man hours taken to manufacture products available for sale. From now on, pensions, family allowances, health and unemployment insurance, all the means —and Marxism with it.

## Eating Habits

THE Irish are the biggest eaters in the world.

A report from the United Nations shows the Irish consume an average of 3,510 calories per person per day. The Danes are not far behind with 3,500 calories. Next in order are the New Zealanders with 3,380 calories, the Swiss with 3,240, the Australians with 3,230, the Canadians with 3,140, and the United States with 3,100.

At the bottom of the list are the Philippines and India where less than 2,000 calories a day are consumed on the average per person per day. Residents of Pakistan, Ceylon and

Japan have just slightly more than 2,000 calories daily. Residents of United States and Canada spend a smaller share of their income on food than anyone else. Statistics from the United Nations show that the average resident of Canada spends 23% of his pay on food and the average American 24%. In Europe, food costs take from 27% of the Danish resident's pay to 46% in Italy. In less developed countries food bills take more than half a person's income in most cases. The highest food costs as a percentage of income are in Ghana and South Korea where food accounts for 57% of the income.

*from World Farm News, issued by The International Federation of Agricultural Producers, September 1959*



## 1958—Ownership of Refinery Capacity

	Thousand Metric Tons			Total
	British & B.D.	U.S.	Others	
N. America	33,250	466,670	17,990	517,910
Latin America	28,945	68,900	39,965	137,810
W. Europe	63,695	42,075	57,630	163,400
Africa	—	1,000	3,500	4,500
Middle East	9,550	30,875	29,785	70,210
Far East & Australasia	23,305	17,250	18,165	58,720
U.S.S.R. Bloc	—	—	129,200	129,200
TOTAL	158,745	626,770	296,235	1,081,750
(1957)	148,050	586,840	267,330	1,002,220

The British and British-Dutch share is of particular interest; it amounts to some 15% of the total and is substantially in excess of the capacity at the disposal of the entire U.S.S.R. Bloc. Despite the steady rise in refining capacity as a whole, the British share has maintained its place. As recently as 1952, it first passed the 100 million ton mark—at a time when world capacity stood at under 650 million tons. The steady growth that has since taken place is a reflection of the world's rising oil needs and of the endeavours made by the oil industry as a whole to meet them, whatever the cost.

*From Petroleum Information Board*

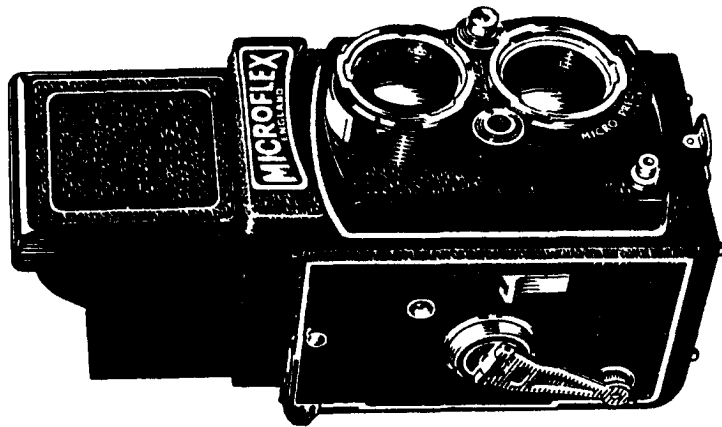
## Income per head in the main non-Communist countries of the world (in 1953 dollars)

Region	1952 +	1929	1913
North America .. .. .	1810	1240	920
Australia and New Zealand .. .. .	960	680	570
Northern and North-Western Europe .. .. .	680	530	450
U.S.S.R. .. .. .	540	180	160
South-Eastern Europe .. .. .	290	180	200
Latin America .. .. .	260	200	170
Near East .. .. .	140	—	—
Far East .. .. .	110	110	90
Africa south of Sahara .. .. .	70	—	—
South and South-East Asia .. .. .	60	70	70

*From European Community Information Service, July, 1959*

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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)

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