THE Week

A news analysis for socialists 9d. No. 4

THE WEEK

A NEWS ANALYSIS FOR SOCIALISTS

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INTERNATIONAL SOCIALIST

JOURNAL

In January, 1964, there will appear the first number of a new international journal, sponsored by the socialist left in France, Britain, Italy and Belgium.

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BANK CHAIRMAN UNHAPPY WITH TORY POLICY

In his statement circulated to shareholders of Martins Bank Ltd., Sir John Nicholson, the bank's Chairman, had this to say about Tory policy: "...Without being critical of the present policy of the Government the fear that there is for the moment too much emphasis on consumption cannot be dismissed as there are signs that the expenditure on new capital items like factories and heavy machinery is not proceeding as fast as could be wished to meet the required future expansion of production when all existing slack has been taken up. The effects on our export prices of recent awards in wages and hours of work cannot yet be precisely judged. There are, therefore, still signs of some uncertainty in industry and in maintaining a reasonably strong balance of payments in our favour, but the recovery and expansion which have taken place have been more firmly based than previously..."

R.P.M. EFFECTS LESS THAN 30% OF RETAILERS

The Economist of January 18 carried an item which estimated the extent to which R.P.M. is current in retailing. It said: "Rather less than 30% of retailers in Britain, at a rough estimate, are significantly influenced by resale price maintenance. So its gradual abolition under the terms that the Government has proposed should not mean any sudden revolution for the shopper. Nor can the trades that might be able to secure exemption from the rule of abolition even be guessed at, until the grounds on which they can plead justification are published. One is therefore left with the knowledge that the main branches of retailing in which R.P.M. still prevails are confectionery and tobacco; the motor business (though there is no R.P.M. in the petrol trade); other durable goods; chemists; booksellers and drink shops. These trades sales added up to nearly 27% of retail sales in 1961. There should perhaps be added to these such sales of foods as are still made at manufacturers' set prices, though when nearly all of these have abandoned the attempt to enforce observation of R.P.M.; a small proportion of furniture sales; and also those clothing sales where it is also enforced, as on some brands of stockings. Altogether, the total must be less than the 30-45% of retail trade officially quoted..."

PUBLIC SCHOOL FEES GO UP

based on Financial Times article

Public school fees are going up again. Last week's news of a summer increase in Harrow's charges have been followed by Monday's (Jan 13th) announcement that Bradfield's fees will go up in May. And parents sending their sons to Winchester, Clifton or Westminster this week-end will have to paymore from this term onwards. Other schools raised their fees a few months ago - there was a spate of increases last autumn from Eton, Stowe, Fettes and others. Fees, moreover, are not the total of a parent's bill, While music, for example, is a genuine extra - about 5 guineas a term - in a few cases schools make a further charge for compulsory games. Stowe asks for £10 a term more to cover games as well as laundry, while Eton parents are expected to find another £19 for this... At Winchester there is one master for every 10 boys, and at Rugby one for every 11....In case readers of the Week are considering ~~their~~ sending children to public schools, here are some of the fees: Millfield (£705), Eton (£535), Harrow (£534), Winchester (£537), and for the poor Ampleworth (£432)

WOOLWICH AND NORTH WEST KENT FACTORY CLOSURES from a Loughborough reader

In a recent statement the secretary of Woolwich Arsenal combined shop stewards' committee, Mr. F. E. Glasson, complained, "This is fast becoming a depressed area". The closure of the Royal Ordinance Factory (i.e. most of Woolwich Arsenal) was announced in December. Mr. Glasson points out that one firm in Dartford has closed, and another will follow this year; Braby's modern factory at Crayford has become a G.P.O. stores depot; on the north side of the Thames stands the empty factory which belonged to Henley's until it closed, and next to it is Standard Telephones which is transferring most of its activity to Basildon New Town; Matchless Motors at Plumstead may soon move to a more suitable site out of London; and another local factory, Fraser and Chalmers, recently announced some redundancies.

He says that transfers to R.O.F.s at Leeds and Nottingham have been offered. "This would mean, of course, if the offer was taken up, that men unestablished in these places would be discharged to make room for us. What a welcome the local men would give us - taking bread and butter jobs from them." Charging the Government with giving lucrative contracts to private enterprise, Mr. Glasson states "Woolwich has suffered a takeover bid - not by R.O.F., Nottingham - who may well share our fate if the present trend continues, but by the private arms manufacturers - the really preferred source of the present Government."

NATIONAL LEVY TO SUPPORT PORT TALBOT STRIKERS?

Hard on the heels of the rejection by a mass meeting of the Port Talbot A.E.U. strikers of the TUC back-to-work proposals, come reports that the A.E.U. leadership is planning a national levy to back the strikers. Under the rules, it is argued, a 6d per week levy of the union's one million members is permissible. This would bring in a total of £25,000 per week - enough to pay each striker about £25 each week. The most likely way this would be worked would be for the payments to be made out of general funds and the levies to be collected at a later date.

Meanwhile a fund has been established by the local district committee of the A.E.U., which has already had a generous response from A.E.U. organisations all over the country. The address of the fund is: Mr. R.W. O'Neil, district secretary, Mid-Glamorgan, 131, Windsor Rd., Neath, Glamorgan.

NOTTINGHAM TRADE UNIONISTS CALL FOR BOYCOTT OF WOOLWORTHS

At its meeting on January 15 the Nottingham Trades Council passed a resolution expressing disgust at the attitude of F.W. Woolworth and Co. towards trade union organisation of its employees. The resolution, which was referred to the executive committee for action, was proposed by the Nottingham Central branch of USDAW. The mover reported that when USDAW workers in Nottingham tried to distribute leaflets they were followed by supervisors who took the leaflets from the assistants. The boycott was suggested during the discussion.

DIVIDEND LIMITATION ONLY BENEFITTED TAKEOVER SPECIALISTS

The Statist of January 17 carried an article: "Dividend Limitation Again?" by John Nash, Managing Director, Samuel Montague. The central argument of the piece is that most forms of profit restraint are ineffective and that effective profit restraint is incompatible with a dynamic capitalist economy. Nash implies that one either has to dispense with capitalism or with profit restraint if one wishes rapid growth.

"It will be generally agreed" he said "that both dividend limitation and differential profits taxes failed in the past. The only people who gained from the policy of dividend limitation (between 1945 and 1951) were not the workers to whom this policy was meant as a sop, but the takeover specialists of the sixties. These latter quite correctly found stagnant pools of economic resources not used in the most economic fashion, but bloated by past limitations, and proceeded to remedy that situation by takeovers and reorganisation. Where companies were not in fact "stagnant pools" they represented a collection of resources that were wrongly priced in the market, owing to the distortions of dividend limitation. In either case, takeover and reorganisation took place, capital gains and capital losses were made by shareholders, but the objectives of income restraint and income equalisation were not advanced one whit...

"The distortions created over a period of time by two-tier profits tax (i.e. higher distributed profits tax and lower undistributed profits tax) have been even more insidious. In a market economy, or in the market sector of a mixed economy, there is hardly a policy which could guarantee misapplication of economic resources more effectively. By penalising payout and encouraging retention of profits, one reinforces the position of static companies, encourages "diversification" for its own sake, and one removes from the market the choice as to where economic resources are to be applied. If the market has any role to play at all, it is surely to determine in which direction resources are to flow, to reward successful, fast growing companies by making it easier and cheaper for them to raise money (via their rating or market price of their shares) and to penalise unsuccessful companies.

"Assuming that the present mixed economy will be substantially unchanged structurally in the next five years (complete socialisation is not around the corner) one of the principal tasks of economic policy will be to co-ordinate the operations of the free market sector within the overall growth policy. Is the best way to go about it to distort the operations of the market (i.e. make it less efficient) in order to achieve a doubtful advantage on a point of individual morale?"

"INVESTORS CHRONICLE" EDITOR CAUGHT OUT

In a recent article in the Financial Times, Harold Wincott, editor of the Investors' Chronicle argued that incomes policy should concentrate on wages and salaries rather than unearned income because of changes in the share of the national cake. The former have risen 6-fold since 1938 but the latter only 2½ times. A letter published on 16 Jan. pointed out that the drawers of rent, dividend and interest had had a 4-fold increase in the value of their capital, which, moreover was tax-free, since 1938.

TWO STRIKES IN NOTTINGHAM

by a Nottingham correspondent

For 12 days now, 250 workers at the Bulwell, Nottingham, factory of Spray and Burgass have been on strike to enforce a wage agreement concluded last April. This agreement should have come into effect on the first pay day this year. The latest development in the dispute, at time of writing, is a threat by the managment to sack all the strikers unless they report for duty, at pre-agreement rate of pay, on Wednesday morning, January 22nd. Jack Charlesworth, secretary of the Nottingham district of the men's union, the Hosiery Finishers' Association, replied: "We will not be intimidated." The union plans a demonstration on Sunday, January 26th, starting at 10.30 at the Forest, to be followed by a march into the centre of Nottingham. All trade unionists and others who support the strikers are being asked to take part. The union has also produced a special leaflet giving its case.

The well-known cycle factory of Raleigh Industries, Nottingham, now part of the Tube Investments group, is hit by a strike of 300 craftsmen who are members of the A.E.U.. The craftsmen, mostly members of the toolroom staff, are striking in protest against the management declaring 25 members of the A.E.U. redundant. They are determined to impose their union's policy of work-sharing instead of sackings. The strike is officially backed by the local district committee of the A.E.U. which is considering establishing a strike fund, based on a levy of members. Recent moves in the strike include the calling out, by the mass meeting, of the millwrights and the rejection by the men of an offer to find the 25 alternative employment with other firms. The latter was described as ludicrous by Fred Wilkins, district secretary of the AEU, as it would involve very big reductions in wages.

SMALL TRADERS PLAN CAMPAIGN AGAINST ABOLITION OF R.P.M.

The Financial Times of January 20th reported:

"Further action is being taken this week by trade associations and shopkeepers in protest against the Government's decision to end resale price maintenance. Proposals for action made by a committee representing about 32 trade associations, including the National Chamber of Trade, will be placed before a full meeting of constituent associations in London during the week, after which a statement will be made.

"The executive of the 12,000 strong National Union of Small Shopkeepers decided at a meeting at Nottingham, January 19th, to ask the Government to consider setting up a Royal Commission to go into the whole field of retail distribution. An official said: "Delegates were angry at the decision to end resale price maintenance and they felt that the small shopkeeper had been sold to the wolves by Mr. Heath."

"The union also decided to press the Postmaster-General to allow small shopkeepers to issue postage stamps as a bonus system in opposition to trading stamps. Scottish members of the N.U.S.S. are to meet on Jan. 28 to discuss the abolition of R.P.M.. Mr. A.R. Mitchell, president of the Radio and Television Retailers' Assocation and the Electrical Appliance Association has sent telegrams to the Prime Minister and the President of the Board of Trade protesting at the decision to end R.P.M.."

U.S. UNIONS' POSITION WEAKENED BY HIGH UNEMPLOYMENT

The New York Times of January 13 carried a report entitled "Unions bedevilled by unemployment..", it read:

"For the nation's unions, the year just ended was one of frustration and disappointment. The central fact of life on the business front was the continuing high level of unemployment. The year ended as it began, with the unemployment rate pushing 6% of the labour force... The relatively high level of unemployment has meant, for the unions, diminished membership and a weakened position at the bargaining table. It vastly complicated their major chore in negotiations - to work out ways of protecting their members from the impact of automation and other forms of technological change that are cutting into the ranks of the unskilled and semi-skilled and remaking the country's occupational map. The year brought tangible evidence that the unions' concerns were not idle speculation. A labour department report put total union membership of national and international unions with headquarters in the United States at 12,630,000. This was a drop of nearly 500,000 members in two years. The loss was concentrated in manufacturing, a principal centre of union strength.

One set of Government figures also showed a marked decrease in the size of union wage gains. Another showed that the annual rate of increase of output per man hour in the private non-farm economy was rising but that the percentage of gain in non farm earnings was dropping. The conclusion that the unions drew from these figures was that they were not getting a fair share.

MORE AMERICAN WORKERS SACKED BECAUSE OF UNEMPLOYMENT

The Economist of January 18 reviewed an article in the August issue of Monthly Labour Review - "Job mobility in 1961". Among the interesting facts which emerged were the following:

"...The greatest difference lay in the reasons for changing jobs. In 1961 almost exactly as many people left jobs because they were dismissed as left them to better themselves; in 1955 the large majority of shifts were made to find a better job.....Obviously, a high rate of unemployment freezes people in their work, though only a quarter of those who experienced unemployment had to accept lower paying jobs..."

"BIG BROTHER" PINKERTON WATCHES TELEPHONE WORKERS

The Industrial Union Department Bulletin carried the following in a recent issue:

"Male employees of the mighty American Telephone & Telegraph Co. recently found themselves "on camera" when they entered the 9th floor men's room at Long Lines Depart. National headquarters in New York. Investigation of clicking sounds...revealed a camera hidden in a ceiling air-conditioning duct...It turned out that the cameras had been installed by the Pinkerton Detective Agency. The company - after much publicity and altercation - agreed to give the local a copy of an affidavit from Pinkerton saying that no pictures had been taken...AT & T cleared itself with the pious excuse that it was only trying to catch a pervert who scrawled obscenities on the lavatory walls....The local has demanded to know if the "I-spy" arrangements was also intended for the women's..."

"BURIED ALIVE" - ITALIAN WORKERS IN BITTER STRUGGLE TO SAVE VILLAGE

The little village of Ravi, a few miles from the west coast of Italy, just opposite the island of Elba, has been for 4 months the scene of a bitter struggle between the people of the village and the Marchi company who own the pyrites mine on which the village is totally dependent. On Sept. 10, 1963, the company announced that it was sacking 160 of the 300 miners employed by them. The entire village was united in its resistance, answering first with a strike, then with occupation of the pit. A first group of 40 volunteers remained for 30 days in bitter cold 1000 feet down - 350 feet below sea level - ending with 84 hours hunger strike. They were followed by a second group. Protests began on a nation-wide scale; 8000 demonstrated in the nearby town of Grosseto; sympathy strikes took place; questions were asked in Parliament. Finally a provisional agreement was reached, and the men were able to leave the pit - but it was at once cynically broken by the company, and the miners occupied the pit again.

This struggle is not the result of high labour costs or of a market crisis - the pretexts given by the company for the sackings. On the contrary, pyrites is the mineral in highest demand by the chemical industry (and at present Italy is importing it from Russia, Jugoslavia and Spain) and the Ravi pit has exceptionally low labour costs. The reason for the dismissals is that the company intends to sell its mining concession to the vast Montecatini chemicals monopoly, and it will get better terms if the mine is free from ties so fas as possible. But Ravi is a desperately poor village, and the mine is its lifeblood. Its people cannot, and will not surrender in this struggle. They have two courses open to them: either to force the company to withdraw the dismissals, or to induce the government to take the mine into public ownership. The three unions which represent the miners are united in demanding the second solution; but Montecatini are powerful, and nothing has been done by the government.

It is now 4 months since the last pay packet was seen in Ravi. The village is at starvation level, and appeals for help have been organised throughout the Italian left - what comes in is not enough, but it has enabled them to continue their struggle. Any British socialist wanting to send a contribution should address it to Livio Trentin, Mondo Nuov, Rampa Mignanelli 12, Rome. This would be a great opportunity for the TUC to show solidarity with the Italian workers, and since the miners are supported by all three trade union centres in Italy there should be no ideological obstacle.

From a special correspondent.

SKODA TO BUILD IN AUSTRIA?

based on Economist article

A delegation from Prague visited Vienna last autumn to seek a suitable site for a motor assembly plant in Lower Austria, near the Czech border, and to start negotiations on supply agreements with a number of firms. Diplomatic circles in Vienna believe that an assembly plant may be built only if Austria is successful in reaching some form of arrangement with the Common Market, thereby gaining Skoda a bridgehead into the 'Six'. Financing of the plant presents considerable difficulties, as state undertakings in communist countries do not normally make capital investments in the West. This problem could be bridged if money were put up either by the Skoda agencies, or by the Austrian suppliers.

MASS OF INDIAN PEOPLE HAVE NOT BENEFITTED FROM ECONOMIC GROWTH

The Wall Street Journal of December 20th carried an article on India's economic growth by Mr. Shenoy, director of the School of Social Sciences, Gujarat University, Ahmedabad. The article is remarkably frank in its appreciation of the set-up in India:

"....In India, national income has grown by 54% during the past 12 years....But it cannot be inferred from this statistic that the level of living of the Indian people has gone up correspondingly. India's population has been rising at an annual rate of 2.2%. This alters materially the picture...The rise in per-capita income in the past 12 years was only 1.3% a year....the past decade has seen substantial shifts of income which have benefitted the small upper-income group at the expense of the masses. These shifts have resulted from inflation from controls and from the undue expansion of the public sector of the economy. Inflation obviously has cut into the buying power of those whose incomes rise very little or not at all, and this includes the majority of the population. Traders and industrialists, on the other hand, have often been in a position to profit handsomely from rising costs.

Economic controls, by creating monopolies and near-monopolies, often bring profits to the traders and industrialists they protect. Controls also provide incentives for black-market operators. And the monopoly and black-market gains ultimately are collected from the consumer through higher prices....From this standpoint, perhaps the worst controls are those over imports. Import licences fetch enormous prices in the market, varying from 30% to 500% of their face value, depending on the commodity involved. If the average price runs about 75%, a not illogical assumption, the illicit gains from sales of import licences run close to $1 billion a year.

These illegal gains are shared by government functionaries, "contact" men and the recipients of the licences - all likely to be among the nation's more prosperous group. When Indian consumers purchase imported commodities, or commodities produced from imported raw materials, they contribute from their meagre incomes to the affluence of those who trade in these licences....Graft and corruption unquestionably have converted into private incomes a portion of the funds supposedly invested in India's state enterprises. These illicit benefits like all the other income shifts, have tended to widen the gap between the prosperous Indians and the rest of the population.

Per-capita consumption of food grains averaged 15.8 ozs. per day in 1958, below the usual gaol ration of 16 ozs., the army ration of 19 ozs. and the current economic plan's target of 18 ozs.. Since then, the average has fluctuated downward. Between 1956 and 1960 the annual per-capita use of cloth fell from 14.7 metres to 13.9 metres. Further evidence of the plight of the bulk of the population shows up in the wage rates of industrial and agricultural workers. Although output of each industrial worker has risen $2\frac{1}{2}$ times in the past decade, wage rates on average have gone up by only 10%. Agricultural wages have actually declined. In the context of steadily rising prices, both groups of workers, in real terms, have done even less well. Moreover, unemployment has increased......"

SULTAN'S ESCAPE SHIP RETURNS TO ZANZIBAR from Hsinhua 20/1/64

The Zanzibar ship S.S. Salama, which was used by the deposed Sultan on the morning of January 12th, after the start of the revolution to fleethe country, sailed back to Zanzibar harbour January 17th amid the warm applause of the people to pay allegiance to the new Government. She has been renamed S.S. African by the Government. After the Sultan, his family and part of his followers were transferred to another ship, S.S. Salama remained at sea for 5 days with 29 persons, most of them police, and many rifles and a large quantity of ammunition on board. They finally decided to return to Zanzibar in response to a call by the new Government

Badi Mzee, an officer of the ship, said, "We are all safe now and we fully support the revolutionary Government." S.S. Salama is one of the two steamships owned by Zanzibar and calls regularly at East African ports.

FRENCH PLANNERS NOT SO CERTAIN ABOUT SAHARAN GAS

Following the item in the last issue of the Week, we read in the Oil And Gas Journal that: "France is negotiating for a big supply of Dutch natural gas. Dutch natural gas is looking far more attractive to the French than the mammoth gas reserves of the Sahara with all their problems...The contract talks with the Dutch gas producing company are regarded in Europe as just one more indication that the French have less and less confidence in the future of the Sahara as primarily a French energy source.

"This does not mean that the French have abandoned plans to try to bridge the mMediterranean with some kind of pipeline system to move Saharan gas to Europe. But, it is obvious that the socialist administration of Premier Ben Bella has compelled French gas planner to shift priorities..."

U.S. CAPITAL INVESTMENTS IN MALAYSIA INCREASE based on Hsinhua report

The Netherlands Handels Bank of Singapore will be reorganised into a U.S. Chaze Manhattan Bank Singapore branch within a month, said David Rockefeller, President of the Chase Manhattan Bank, in Kuala Lumpur on January 15th. It was reported that his bank had bought up the Bangkok, Singapore and Hongkong branches of the Handels Bank last year. The Chase Bank has also loaned Malaysia $5 million.

Rockefeller said that the existence of a branch of Chase Manhattan in Singapore would encourage U.S. investment in Malaysia. He pointed out that Malaysia has considerable foreign exchange and natural resources. The Malaysian Governemnt policy has offered adequate opportunity for foreign investment, he added. The U.S. embassy in Kuala Lumpur issued a communique on January 8th saying that the U.S. Government encouraged investment in Malaysia and would like to provide facilities for investment. According to official information released in Kuala Lumpur, January 14th, U.S. capital of 50 Malayan dollars (a little under £6m.) was so far the largest compared with other paidup foreign capital invested in the newly established industries in Malaysia.

"THE ECONOMIST" IS DUBIOUS ABOUT CIA FIGURES

This week's Economist carries what it calls an inquiry into Russia's economic performance in light of the CIA report. It poses the question: "Is the growth gap really widening?" and answers along the following lines:

"...The centrepiece of the CIA's revelations is that Soviet national income grew by only 2½% in each of the last two years. This seems incredibly low for 1962, and too low also for 1963, compared not only with Soviet official data but also with past estimates made by independent western analysts, including those understood to emanate from the CIA itself. The official Soviet version does admit a drop in the rate of growth of national income: from 8% in 1960, to 7% in 1961, and 6% in 1962. It is true that these figures relate to the Soviet definition of national income, excluding so-called unproductive services; but it is hard to see why this should have contributed to the dramatic drop in growth rates that the CIA claims to have observed. It is not surprising that virtually all experts on the Soviet economy, including even Mr. Warren Nutter, who usually produces the lowest estimate of Soviet growth, are sceptical....It is difficult to judge the CIA figures in the absence of detailed supporting evidence - which it has not provided; our own guess at the growth rate for the past two years would be nearer 5%, or double the CIA figure.

"Soviet statistics are known to be often exaggerated; but if the official growth rates are to be adjusted, one must know specifically whether the exaggeration has been larger than before. Has CIA the secret information required? It may well receive many items of specific economic intelligence, casting new light on performance in particular industries and particular places; but this kind of information can surely not be built up into aggregate figuresfor total national product or investment as a whole. For the CIA to get hold of these, one must suppose not only that it has a spy inside the Moscow statistical office itself but also that there is in fact some second set of "correct" information which the top Soviet planners keep side by side with phoney figures rather in the manner of a Bloomsbury hotelier.

"Statistically the most difficult comparison is always between total national products themselves. The CIA puts Russia's at only 47% of that of the U.S. in 1962. Unfortunately it does not say whether its weighting has been based on rouble or dollar prices; and as the work of Mr Bornstein has shown, the Soviet figure is much higher if dollar prices re used. The reason is illustrated by the following, fairly relevant, example. The U.S. is far ahead in production of cars, the Soviet Union in production of bread. Relatively speaking, cars are cheap and bread dear in American prices, and the opposite in Russia. Consequently, Soviet output of a given combination of bread and cars looks relatively higher if measured in dollars. In fact, recent Soviet computations place national income at 62% of that of the U.S. in 1962, and this would be exactly consistent with Bornstein's dollar-weight calculation.

"...Total Soviet investment in "new plant and equipment" is said to be nearly as large as that of the U.S., with a national product of under half...One suspects that so high a figure..was arrived at by revaluing it in dollar terms - in which case comparisons of national products should also have been in dollars...."

CHINA BLAMES RUSSIA FOR OIL TROUBLE from Oil and Gas Journal

"...Peking is still reluctant to issue firm figures on the country's industry, but it says 25 new wells have been drilled in the Karamai field and several gas fields have been developed in Szechwan Province. Production in 1963 was up "considerably" over 1962. In 1960, the last year when an official figure was given, output was 110,000 barrels a day, including both crude and synthetic oil. Present output of crude oil is believed to be about 120,000 barrels a day. A communique issued by the 2nd National Peoples' Congress makes it clear that the Peking Communists consider the improved oil situation a victory over Russia, which in July, 1960, they say, "Took our economic problems as an opportunity to bring pressure to bear on us.

"They suddenly and unilaterally decided on complete withdrawal of 1,390 experts who were in China to help with our work. They tore up 343 contracts for experts and they abolished 257 items for scientific and technical cooperation. Since then they have reduced in large numbers the supplies of complete sets of equipment and key sections of other equipment. This has caused our construction to suffer large losses, thereby upsetting our original plan for the development of our economy and greatly aggravating our difficulties."

"The Soviet Union cut exports of oil products to China by 1,856,400 metric tons, about 37,12 barrels a day, in 1962. This was down from 2,928,200 tons in 1961, and was the lowest level since 1957. USSR shipments of oil-field equipment plunged to $2,000 in 1962, compared with $6,215,000 in 1960, before the ideological feud got personal."

YUGOSLAV ECONOMY MAKES RAPID PROGRESS

The New York Times of January 17 reports that despite the terrible blow of the Skopje earthquake the Yugoslav economy advanced rapidly last year: "The Government authorities reported a 15% rise in production over the previous year, thanks to good showings in shipbuilding, chemicals, electrical appliances, the tourist industry and the wheat harvest." Yugoslavia is now among the world's twelve largest shipbuilders, and exports of ships were worth $33million last year.

CZECH INDUSTRY TO BE REORGANISED based on Financial Times report

"Hundreds and thousands" of people in Czechoslovakia will have to change their jobs in the course of a "vast regrouping of the labour force," according to Prague radio's economic correspondent. He said that the Czech chemical industry would be substantially increased; in engineering there would be shifts towards electronics and electrical engineering, the production of automation equipment, agricultural machines and chemical plant. The power industry would use more oil and natural gas.

The production of motor cycles, television sets, washing machines, radio receivers and other consumer goods would be restricted since demand at home and in the country's export markets had been substantially satisfied."

PRE-ELECTION BOOM? from an Oxford correspondent

There is every indication that economic activity will increase during the next few months. Last summer it appeared that capital equipment expenditure would be increasing at a rate of 5% in 1964, but now this estimate has risen to 10%. In addition to this the Government has announced an increase in state investment of £400m. This combination of increases makes it probable that the economy will be overstimulated, in which case deflationary measures may have to be adopted later in the year. By this time it seems almost certain that the Labour Party will be in power, facing the necessity of a cut in capital expenditure. Unless it adopts some form of control to spread this over both private and public expenditure, the plans to develop the depressed areas would have to be cancelled, as this would be the only part of the economy where a drastic reduction in expenditure is possible. If the Labour Party did this, however, it would have to accept the political consequences of losing the confidence of the affected sectors of the working class.

The Labour Party will, therefore, be forced to decide quickly whether the economy is to be planned or manipulated out of each difficulty as it arises.

IMPORTS AND EXPORTS AT PEAK IN DECEMBER, TRADE GAP WIDENS

Provisional figures issued by the Board of Trade on January 17 show that when the figures have been seasonally adjusted, exports rose by £20m. during the month to a record of £361m. (the previous highest figure being £351m. in August, 1963). Imports also rose by £20m. to another record, £443m. (this compares with the previous highest of £423m., November last year). Re-exports fell back by £2m. to £12m. so that the trade gap, i.e., the difference in value terms between goods sold abroad and those bought from other countries, rose to £70m. Total exports during 1963 reached the figure of £4,075m. - a rise of 7%. However, imports also rose by 7% to £4,825m.

As the year progressed the trade gap gradually widened. Between the 3rd and 4th quarter, for example, exports grew by ½% but imports grew by 2½%. Also during the year the pattern of imports changed, in the early months of 1963 the increase in imports was mainly accounted for by extra purchases of food and oil. But in the latter months of the year a large increase took place in the imports of materials used in industry - timber, ores, wool, wood pulp and fibres. This reflected the increase in industrial activity.

The main reason for the slowing down in the increase of exports has been that sales in Western Europe have been stagnating. Increases in exports to France, Holland and Italy have been balanced by reductions in sales to Western Germany. In EFTA a reduction in exports to Sweden combined with smaller losses elsewhere has reversed the recent improvement. In the sterling area, too, exports are levelling off. Small increases in exports to India, Eire and South Africa have been matched by decreases in exports to New Zealand and Australia.

OVERSEAS STERLING HOLDINGS from a London correspondent

The Economist quotes the Bank of England Quarterly Bulletin, which, in its December issue, makes the fullest revelation of the size and distribution of sterling holdings for eighteen years. "The largest holders were (on June 30, 1963) Australia, Hongkong, Malaysia and the Persian Gulf territories, whose combined holdings totalled £1,307m., each within the range of £200m. - £400m. The combined holdings of India, the Republic of Ireland and New Zealand amounted to £397m., each holding between £100m. - £200m." Of non-sterling countries, "only six countries, whose combined total was £399m., hold over £50m., and only seven more held over £30m." The Economist points out that it is impossible to work out the exact figure for any one specific country from the information given, but it concludes: "Half of all sterling balances owned by sterling area countries, or about one third of the total, are in the hands of the former African colonies, the Gulf territories and countries like Malaysia, Brunei, Hongkong and Burma. These countries have in common a desperate desire to develop their economies - a desire that seems certain to draw down their sterling balances."

Socialists will note the contradiction between the economic needs of Britain's ex-colonies and British economic, military and foreign policies, demanded by the "defence of sterling" - such as military involvement in the Persian Gulf and Malaysia, the very areas which must withdraw sterling to develop.

STERLING HOLDINGS

Sterling area countries	£mn.	Non-sterling countries	£mn
Australia, New Zealand and South Africa	559	EFTA countries	221
India, Pakistan & Ceylon	225	EEC "	205
East, Central and West Africa	390	Other West European countries	105
Caribbean area	195	Eastern Europe	41
Gulf territories, Libya, Jordn	423	Middle East countries	135
Malaysia, Brunei, Hongkong and Burma	675	Far East countries	154
Other overseas sterling countries	296	North America	113
Total	2,763	Latin America	41
		Other non-sterling	22
		Total	1,037

FRANCE'S BALANCE OF PAYMENT POSITION WORSENS from a Nottingham reader

In 1963, for the first time since 1958, when the currency reform was carried out, France's balance of visible trade was in the red (this is the value of exports as compared with the value of imports). Imports amounted to 35.5 billion francs and exports totalled 32.3 billion francs - the difference being 3.2 billion francs compared with almost equal imports and exports in 1962. However, these figures are misleading because of the way they are calculated. Imports are calculated C.I.F. (cost, freight and insurance) whilst exports are considered F.O.B. (free on board), therefore for a given cost value imports are always given a higher figure than exports. When this is taken into account the visible trade gap amounted to 3%, compared with a surplus of 5% in 1962. Allowing for net invisible earnings the current surplus must be down to a fraction of 1962's $765 million.

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