

NEPPURE NEW YORK DOVREBBE IN FUTURO CONTENDERLE LA «LEADERSHIP»

Londra vuole essere riconosciuta come capitale finanziaria del mondo

**Gran quartiere generale
sarà la nuova Borsa valori
ospitata in un grattacielo
da fantascienza**
**Un ambizioso progetto
che rinnova
un'antica tradizione**

Londra, agosto

Per definire gli inglesi, Napoleone trono maggiore spontaneità nella sua lingua d'origine e disse in italiano: «Sono una nazione di mercanti». Mai come ora che l'Inghilterra ha compiuto il grande passo verso l'Europa un tempo considerata con sospetto, quelle parole si rivelano tanto vere. Dopo anni di incertezze, di dispute e di umiliazioni per i ripetuti «no» del generale De Gaulle, gli inglesi sono entrati nella Comunità con ammirabile spirito di intraprendenza, quasi alla ricerca di una rivincita. La stessa antenati quasi due secoli fa quando, perduto il Nord America, si dedicarono alla colonizzazione dell'India.

Eppure, come è noto, la nuova grande impresa commerciale sulla soglia di casa, al di là del canale della Manica, non riscuote i consensi più unanimi. Neppure dalla totalità della classe dirigente che, in molti sensi, appare divisa circa la convenienza di riversare sull'Europa tutte le energie del Paese. C'è ancora chi accantona il minimo del «wealth», c'è chi guarda con nostalgia ai legami di sangue e di cultura che uniscono la madrepatria al

nostri listini di Roma o di Milano offre una chiara misura delle proporzioni).

Alla fine di giugno, Sir Martin Wilkinson, presidente della grande istituzione finanziaria, si è ritirato a vita privata dopo aver condotto a termine un progetto che pone l'Inghilterra in grado di assumere la leadership, non solo europea ma anche mondiale dei mercati azionari. Con una spesa pari a 23 miliardi di lire italiane, la Borsa di Londra — sempre restando nell'area di terreno accanto alla Banca d'Inghilterra che occupa dal 1801 — ha assunto l'aspetto esteriore di un grattacielo rilucente di cristalli, con alla base un salone esagonale di 2.168 metri quadrati ricoperto di travertino e costellato da diciannove «isole», pure esagonali, intorno alle quali si svolgono le agitatissime e rumorose contrattazioni che caratterizzano le Borse in tutto il mondo. A differenza della vecchia Borsa, il soffitto del salone non è sostenuto dalle famose colonne intorno alle quali si radunavano gli operatori e, in omaggio alle moderne esigenze igieniche che stanno facendo passare di moda la sigaretta, è severamente vietato fumare durante le «sedute».

dicatore per le quotazioni dei titoli trattati (data l'enorme estensione del listino, ogni «isola» tratta solo determinate categorie di azioni). Tutto ciò senza contare i calcolatori elettronici e le normali attrezzature degli uffici che hanno sede nel grattacielo.

L'organizzazione creata da Sir Martin Wilkinson ha ristrutturato tutto il sistema borsistico della Gran Bretagna e della Repubblica d'Irlanda che formano ora un unico blocco finanziario. Fino a poco tempo fa, nel Regno Unito operavano ventuno Borse valori. Ora le sedi sono ridotte a otto in Gran Bretagna — Londra, Manchester, Glasgow, Liverpool, Birmingham, Bristol, Cardiff, Belfast — ed una nell'Irlanda del Sud, a Dublino. L'organizzazione anglo-irlandese viene semplicemente indicata come The Stock Exchange ma opera come un solo mercato grazie ai modernissimi mezzi di comunicazione che collegano fra loro le nove sedi.

**Se vincesse
Wilson**

Il concetto è molto sem-



alla totalità della classe dirigente, che in molti sensi, appare divisa circa la convenienza di riversare sull'Europa tutte le energie del Paese. C'è ancora chi accarezza il sogno del Commonwealth; c'è chi guarda con nostalgia ai legami di sangue e di cultura che uniscono la madrepatria al Canada, all'Australia, alla Nuova Zelanda; c'è, infine, il partito socialista che si propone — una volta tornato al potere — di bandire un referendum per confermare o cancellare l'adesione al MEC.

Tre pagine di giornale

Gli uomini d'affari della City, invece, non hanno dubbi: la carta che da quasi tre lustri essi hanno puntato sul tavolo verde della finanza internazionale è stata sempre quella del Mercato Comune. L'esempio più evidente viene fornito a questo riguardo dallo Stock Exchange, la gigantesca Borsa valori londinese il cui listino comprende novemila differenti titoli azionari che occupano ben tre pagine di giornale (il paragone con i

come un solo mercato che vecchia Borsa, il soffitto del salone non è sostenuto dalle famose colonne intorno alle quali si radunavano gli operatori e, in omaggio alle moderne tendenze igieniche che stanno facendo passare di moda la sigaretta, è severamente vietato fumare durante le « sedute ».

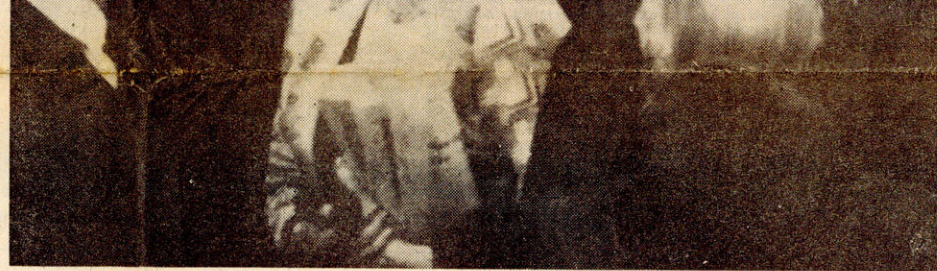
Ma ciò che maggiormente attrae l'attenzione del visitatore è rimasta in uso, convenientemente modernizzata, la galleria per il pubblico munita di spessi cristalli e la straordinaria quantità di quadri luminosi, di televisori a circuito chiuso, di telefoni, di attrezzature radio, di telescriventi. Ottanta canali radio assicurano i collegamenti tra gli uffici e gli operatori che circolano nel salone. Un gigantesco orologio, sulla parete di fronte alla galleria del pubblico, indica con inconfondibile evidenza l'ora e la data nei maggiori centri finanziari del globo. Tre enormi « schermi elettronici » mostrano, in lettere luminose, gli annunci diramati delle varie compagnie mentre altri undici schermi di minori proporzioni diffondono notizie economiche provenienti da ogni parte del mondo. Ciascuna « isola » esagonale dispone di un in-

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Il concetto è molto semplice: le isole britanniche costituivano un campo di azione piuttosto limitato; ora l'integrazione ed i criteri organizzativi permetteranno di attirare ed assorbire gran parte degli affari srotoli nel continente europeo ed anche in America dove non esiste un centro di contrattazione paragonabile a quello londinese per quanto riguarda l'efficienza e la modernità. Portato a termine il suo avveduto progetto, il sessantaduenne Sir Martin si è ritirato lasciando a Mr Loveday la presidenza ed il compito di offrire ai partners europei i vantaggi di uno Stock Exchange che già amalgama finanziariamente due nazioni e dove il giro di affari supera quello di tutte le altre Borse europee messe insieme.

Soltanto una vittoria dei socialisti alle elezioni politiche che si svolgeranno en-



Una foto « storica » per la Borsa di Londra: mostra Susan Shaw, una delle prime donne ammesse a partecipare alle contrattazioni. Fino a poco tempo fa, il grande tempio degli affari era riservato agli uomini

tro i prossimi diciotto mesi potrà ostacolare l'attuazione di questo piano. Il partito di Harold Wilson, influenzato dalle « correnti » di sinistra, non fa che parlare di nazionalizzazioni, di controlli, di confische, mentre — come ben si sa — il capitale è una bestiolina molto timida che fugge al primo segnale di pericolo. Nella City, comunque, prevale un senso di ottimistica fiducia. E' arrivato il momento — si dice — di prendere l'iniziativa per la creazione di un mercato del capitale che comprenda tutta l'Europa occidentale. Per questa ragione lo Stock Exchange si è modernizzato, ha ridotto ancora di più gli ostacoli della burocrazia paralizzante ed è arrivato perfino a scrollarsi di dosso qualche pregiudizio dovuto alla persistenza delle tradizioni: le donne hanno ora il permesso di partecipare alle contrattazioni.

Il sistema britannico divide gli operatori di Borsa in due categorie: quella dei brokers (che ricevono dalla clientela gli ordini di comprare o vendere) e quella dei jobbers che non hanno contatti con il pubblico e servono da intermediari fra i vari brokers, in concorrenza con altri jobbers. In sostanza, per acquistare azioni, occorre rivolgersi a un broker che scende sul mercato e interpella questo o quel jobber al quale fa capo un altro broker che ha ricevuto incarico di vendere il medesimo tipo di azioni.

Il mercato azionario è il prodotto di una antica tradizione inglese sorta spontaneamente a Londra nel Seicento per soddisfare una necessità del pubblico. A quel tempo, il commercio interno e quello d'oltremare si espandevano in maniera rapidissima e le compagnie per azioni, nelle quali ogni socio riscuoteva una parte di utile proporzionata al denaro investito, cominciavano a sostituirsi alle società private non più in grado di svolgere affari su vasta scala. Il nuovo tipo di impresa rendeva assolutamente necessario che, se

JOSEPH HEAD e S. L. CRANSTON: « La Reincarnazione » (Longanesi & C., Milano - pagine 414, lire cinquemiladuecento). L'editore definisce il libro « la prima documentazione completa delle opinioni umane su un argomento che ha affascinato religiosi, filosofi, scrittori e scienziati dalle origini del mondo a oggi ». Nella prima parte del volume si parla della reincarnazione del mondo delle religioni: cristianesimo, induismo, taoismo, buddismo, le correnti di Ceylon, del Tibet e del Giappone (non escluso lo Zen), le concezioni dell'antico Egitto e le società segrete di ogni tempo. Nella seconda parte vengono scelti e citati brani del pensiero occidentale: da quello greco e latino a quello italiano, francese, inglese, spagnolo, eccetera. Nella terza parte, parano scienziati e psicologi dei nostri tempi, da Thomas Huxley a Gustaf Strömberg, da William James a Carl Jung. Nella quarta parte, troviamo giudizi sull'immortalità espressi da personalità come Darwin, Einstein, Planck, Fromm.

colti insieme per la prima volta ed esclusamente per questa traduzione italiana, del Soboul — titolare alla Sorbona della cattedra di Storia della Rivoluzione francese e autore di opere di grande importanza — aprono un dibattito di fondo sul grosso problema del Feudalesimo nella Europa delle monarchie assolute e del suo disurgimento da parte dello Stato rivoluzionario: un dibattito fino a oggi mantenuto piuttosto nell'ambito di una discussione politico-ideologica o, in tutto a un problema di periodizzazione storiografica, e dal Soboul invece affondato in una ricerca storica concreta, capace di illuminare non soltanto il passato dell'Europa cinque-seicentesca, ma anche la strada che successivamente questa avrebbe seguito con le rivoluzioni nazionali e liberali prima, socialiste poi.

NINO BORSELLINO-ATTILIO MARINARI: « Leopardi - Introduzione all'opera e antologia della critica » (Baldoni editore, Roma - pagine 248, lire duemilanoventotto). E' un nuovo contributo alla migliore conoscenza della poesia leopardiana alla luce delle ultime ricerche della critica.

CARLO ZAGHI: « L'Africa nella coscienza europea e l'imperialismo italiano » (Guida editori, Napoli, collana « Storia, saggi e ricerche » a cura di Pasquale Villani, pagine 580, L. 7.500). Questo volume è uno studio originale e organico, condotto su materiale di prima mano, su temi e problemi di storia africana e continen-

Stock Exchange offre gratuitamente la proiezione di un documentario che spiega in maniera semplice ed efficace che cosa è la Borsa e quali sono le sue funzioni: il luogo dove vengono raccolti i capitali necessari per progredire le nazioni industriali senza usare il denaro del contribuente e dove ciascuno può vendere e comprare porzioni piccole o grandi di società, di imprese, di compagnie dalle più svariate attività.

ANTONIO FERRINI

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GEORGE THOMSON: « I primi filosofi - Studi sulla società greca antica » (Vallecchi editore, Firenze, pagine 392, lire quattromilatrecento). Il marxismo può inglobare la visione dell'uomo e del mondo in un « unicum » enciclopedico? Strumenti e discipline particolari possono essere volti verso la trasformazione rivoluzionaria della società? Qual è il senso del conflitto tra società borghese e prospettiva comunista per la storia della filosofia antica? A tali quesiti tenta di rispondere, nell'ambito di una ortodossia e tuttavia originale impostazione marxista, George Thomson. « Prima di tutto — egli osserva — la teoria deve essere unita alla pratica. Lo storico che chiude gli occhi al presente non può vedere in profondità nel passato; tutti gli studiosi di filologia classica devono adoperarsi per la pace e il socialismo; la società antica deve essere studiata nel suo complesso; insomma sociologia, antropologia, fenomenologia al per un nuovo approccio al mondo classico. L'autore svolge con rigore le sue tesi che naturalmente sono atte a suscitare polemiche e discussioni: come, del resto, è già avvenuto nello stesso ambito della cultura marxista.

NICOLA LISI: « Diario di un parroco di campagna » (Vallecchi editore, Firenze, pagine 136, lire ottocento). E' una nuova edizione economica del più noto e fortunato dei libri di Lisi.

ALBERT SOBLOU: « Feudalesimo e Stato rivoluzionario - I problemi della Rivoluzione francese » (Guida editori, Napoli - Quaderni di critica storica diretti da Armando Salita - pagine 224, lire tremilacinquecento) I sei saggi, rac-

MOSCONI

In questi giorni mi viene fatto di ripensare a lui, con molta tristezza. Autore di delicatissime poesie, dotato di una cultura che la maggior parte di noi non ha, egli ha ricevuto dalla vita meno di quello che meritava. Sentiva l'amicizia, con mutamenti improvvisi e con ritorni di fiamma, in un modo entusiastico e antico, ed essa non gli è stata sempre bene ricambiata. Non potrò mai dimenticare l'accorzenia con la quale rievocava l'infortunio e l'ironia con cui cantava amari, come Vitelliano Brancaleoni, ripagavano il suo attaccamento. L'uomo cui si dedicava con maggiore trasporto, e ne sono ancora un poco geloso, è Roberto Rossellini. Di donne ne ha amate molte, in una miscela d'ardore ottocentesco, di furore, di estrema dolcezza. Mi credete? Non so ancora rassegnarmi. E' l'amico che mi manca di più. Instintivamente, talvolta, guardo ancora verso l'angolo di via dell'Oca o verso la salita di via Veneto, nella speranza di vederlo ricomparire, in queste ore di fine agosto, in una Roma e in una Italia che ci hanno delusi.

DON DIEGO

Le care date

Ugo e Maddalena Abundo, 45 anni di matrimonio. Onomastico di Alessandro Balestri, Giovanna Selvaggi si è divorziata in ragioneria.

Le Ambasciate

Ambasciata della Repubblica di San Marino presso il Quirinale

prof. Fabio Ionascu, in occasione della Festa nazionale rumena ha ricevuto il Corpo Diplomatico e molte autorità italiane. Interventuti: monsignor Calomoneri della Nuziatura Apostolica presso il Quirinale; gli ambasciatori di Cina, Shen Ping; del Giappone, Harumi Takemuchi; di Turchia, Subasi; del Belgio, barone Francis van der Straeten; del Messico, Herberto Treviño con la consorte; dell'Algeria, Abdelhaini Akbi e consorte; dello Yemen, Mohamed Beshe; dell'Indonesia, Sastrowardoyo del Pakistan, Altaf Ahmad Khan; di Cecoslovacchia, Vladimir Berger; di Bulgaria, Boris Tzevetzov; della Repubblica dell'Honduras, Arturo Montes e consorte; l'incaricato d'affari dell'Unione Sovietica; il console generale della Repubblica d'Haiti a Roma, Daniele Palmari e consorte; il segretario generale del « Centro Azione Latina » Nello Carducci, il dott. Matilde Mancinelli, il dottor Guido Chierici, i consiglieri: Alessandro Dragomirescu, Moraru, Gheorghe Manea, Gheorghe Predecu, il comm. Rinaldo del Fabbricatore, Francesco Compagna, l'on. Giulio Orlando, il dottor Renato Cassella, i segretari rumeni: Pompiliu Celan, Gheorghe Hourabes, Aurel Gheorgescu, Petru Ciobanu, Lucian Muresanu, Dimitri Tatu e Ioan Petro Cordos, il dott. Costanzo, Herr Wolff de Wolff.

Società

A Marina Piccola di Capri, nella sua villa « La Petraia » Ermanno Staffieri ha offerto agli amici un meeting gastronomico. C'erano: Carlo e Mariella dall'Arcidia, Roberto Coriani, Yvettica Matti Doria, Fabrizio Linerivini, Letizia Franchetti, Livio de Simone.

Tina de Forcade de Biaix, nella sua « Cascinetta azzurra » caprese, ha offerto un « country party ». Interventuti il duca Jaime Borbone di Segovia, Chantale de Borbone, il barone e la baronessa de Kolb de Warendorf, il conte e la contessa de Warendorf, Lia Michilitti, Sveva

Caracciolo d'Acquara, Rossana Rossetti, Bill e Lucia Cannon, Francesco d'Alvares, Mario Carignani.

Mare e monti

A Chianciano la duchessa Cleo Grandi col figlio Riccardo. Ad Anzola: Tinti e Fabrizia Borghese, Maria Guglielmi di Vulci. In crociera nel Mediterraneo: Camillo e Nerina Gasparri. A Cortina d'Ampezzo: il prof. Cesare Frugoni con la consorte Giuletta Simionato, Francesco e Bibi Ruspoli, Renato Guttuso, la marchesa Lydia Montanari, Nicoletta e Antonio di Serracapriola, Sandra Monteleone, Luca di Montezemolo, Marina Straziotta, Daniele Gasparri, l'ambasciatore Zamboni, la duchessa Maria Lante della Rovere, il conte Vittorio Cini di Monselice, Lucia Rizzi, la contessa di Canossa, la marchesa Anna Teresa Bernabei con la figlia Barbara e Paola, la duchessa Silvia di Ghastino, A. Maria Peretti Braccetti col marito dottor Aldo, Luciano Rimoldi ed Enrico Rossano. A Porto Cervo: Marta di Umberto Marzotto, Ibj Fleischman, Mirta Barbelli Sciarra, Bruno Mentasti; di passaggio Caterina Caselli di Sassuolo col suo panfilo fuoribordo. Partita per la Grecia il conte Rinaldo Neville con Sofia Gaetani Ricciardi.

Caleffi, Piazza Montecitorio. La camera dell'uomo di classe.

Appuntamento da Mapil

In piazza in Lucina 26, si incontrano le signore più eleganti per vedere le pellicce create da Alberto Carlati. Fra i tanti clienti, abbiamo notato: la marchesa Patrizia, la contessa Chierleison, donna Adele Fazio, donna Loretta Pitolto.

Baltic Exchange

a Special Report



The trading floor, an essential meeting place where verbal agreements are binding.

Photographs: Mike Shell

Confusing promenade which makes more than £100m a year

by Patrick O'Leary

A ship's bell sounds once through the hall of the Baltic Mercantile and Shipping Exchange in the City of London. Lights go out, leaving just one throwing a bright circle on the floor under the central dome.

It is not the prelude to the announcement of some disaster at sea. This is the daily signal at 4.30 that trading must cease until the following day at the Baltic exchange.

Only members can walk the floor of the 20,000 sq ft hall, and their day will have

world to the other, or negotiated contracts to buy millions of tons of wheat.

Another member could be half way to clinching the sale of a tanker worth £25m, or arranging insurance to protect a ship owner against dock strikes. Yet another could have chartered an aircraft to take 100 people on a package holiday.

The Baltic estimates that all this, and many related activities, gives the movement of some 300 million tons of cargo a year. It also makes a net contribution of more than £100m

a narrow lane called St Mary Axe in 1903 there were protests it was too far to the east, and away from the Royal Exchange. However, it is close to London's commodity markets, and a short walk from Lloyd's and the principal banks.

During the nineteenth century the industrial revolution and the introduction of the tramp steamship helped to establish London as the dominant market place for chartering. Now, at any time there are hundreds of ships in the world's ports seeking freight, and hundreds of car-

to ships in the most advantageous way for their clients.

A tramp owner lets out his ships, voyage by voyage, to carry goods wherever required. Much of the business still covers such transactions.

But other forms of contract have been introduced. A ship may be chartered for a period rather than a specific voyage.

There are also cargo liners, running regular services on popular routes, which carry whatever cargo is available when they leave port. A further refinement

long-term leasing of ships by a firm or consortium.

Not all such deals are transacted in St Mary Axe. It is even known for ship-owners and charterers to inquire about prices on the Baltic, then reach agreement direct with each other, eliminating brokers' commission.

The Baltic says, a little ruefully, that this at least shows it is still London

which makes the market. It does so because it is a clearing house for information, and because its members speak with authority, whether the subject be protection against sudden fluctuations in the price of barley, or flying a spare part to a vessel immobilized in a distant country.

It could be that the ship which is being fixed, as mem-

bers describe the process of negotiating a charter, is foreign-owned, with a foreign crew, carrying a cargo which will never come to Britain. But the business can still be arranged in St Mary Axe.

Much of the work is done in offices above the floor of the exchange, or in buildings near by. But it is the floor of the Baltic which provides the essential meeting place.

Superficially, this appears to be a confusing promenade of quiet men and women, exchanging a word here and a nod there—verbal agreements are binding. But it presents a different picture to the experienced broker or agent. The floor is invisibly divided according to the various specialties, with the freight market occupying the centre.

In spite of the addition of a new wing 20 years ago, the Baltic would like to move to meet the demand for office space by members.

Members know where they will find colleagues with particular knowledge of various areas of the world. Away in one corner of the hall is the futures ring, for traders in grain who wish to hedge against any change in price while cargoes are in transit.

As in other City institutions, attendants wear livery and are called waiters. One of their tasks, paging members to contact their offices or customers, has been simplified by a portable bleeper system. For international communication cables, coded for brevity, in general have given way to telex and telephone, often linked by satellite to New York and other ports.

The Baltic is unusual in being open both to middle men and principals. Members can be chartering agents, who represent merchants and others who need ships or aircraft, and brokers representing owners. But merchants and owners themselves can also belong, while many broking firms have both charterers and owners among their clients and so work on both sides of the fence. However, discipline is strict: with the exchange run by elected directors.

Mr Derek Walker, secretary of the Baltic, said: "It evolved through the needs of markets and traders. The exchange was not established by any particular set of circumstances or legislation."

Until the middle of the last century business was conducted in coffee houses. There merchants could exchange commercial information and read newspapers from home and abroad.

These origins are still reflected in the St Mary Axe building. There is a coffee room in the basement.

On the trading floor itself, lecterns carry teleprinter sheets of newsagency reports, and newspapers. Perhaps the press, in its present plight, should campaign for a public lending right in such establishments.

The word Baltic itself comes from a coffee house and recalls the former importance of trade with Russia and Scandinavia. By 1857 business had outgrown the informality of the coffee house, and a company was formed to buy South Sea House, 15, Threadneedle Street. Half a century later this company amalgamated with the London Shipping Exchange to build the present building.

In spite of the addition of a new wing 20 years ago, the Baltic would like to move to meet the demand for office space by members.

Unique reflection

disaster at sea. This is the daily signal at 4.30 that trading must cease until the following day at the Baltic, as shipping men refer to the exchange.

Only members can walk the floor of the 20,000 sq ft hall, and their day will have been a varied one. Some will have arranged the chartering of ships to move cargo from one side of the

to take 100 people on a package holiday. The Baltic estimates that all this, and many related activities, involves the movement of some 300 million tons of cargo a year. It also makes a net contribution of more than £100m annually to Britain's invisible export earnings.

When the exchange moved from Threadneedle Street to

the industrial revolution and the introduction of the tramp steamship helped to establish London as the dominant market place for chartering. Now, at any time there are hundreds of ships in the world's ports seeking freight, and hundreds of cargoes ready to be moved. It is the task of the brokers and agents who walk the floor of the Baltic to match cargoes

There are also cargo liners, running regular services on popular routes, which carry whatever cargo is available when they leave port. A further refinement, accentuated by the building of tankers and other bulk carriers displacing hundreds of thousands of tons, is the

The Baltic Exchange is a little ruefully, that this is still London which is being fixed, as mem-

Unique reflection

by Craig Howard

The Baltic Exchange is probably the least known of the City's financial centres. Everyone has heard of the Stock Exchange, Lloyd's or the commodity markets, but few know that "the Baltic" is something other than a sea north of Germany.

Yet more than any other, it is a market that singly reflects the price of bread, the cost of sugar and the level of unemployment in every country of the world. The Baltic is a unique centre in a unique market. Among its members are tanker owners, tanker charterers, aviation brokers, grain dealers and those who buy and sell ships, but its raison d'être is its prevailing task to serve the dry cargo shipping trades known as the freight market.

The freight markets, at most, form just 10 per cent of the world's maritime trade. It is this 10 per cent, however, which reflects all the vagaries of the trade. A grain shortage in one country can mean a shortage of ships to carry it; unemployment in an industrial nation can mean ships redundant from the world's iron and coal trades. One makes a boom, the other makes a slump.

Where the Baltic is concerned, it is still a fairly slow moving market. In shipping, only the most isolated incident can make 10 minutes seem important. In most cases dry-cargo chartering takes a fairly leisurely course and there are few cases when a ship or a cargo appears on the market without forewarning. The complexity of the market makes it impossible to work on a spot position all the time.

More often than not, an owner knows exactly when and where his ship will appear on the market. The same holds true with a charterer and his cargo—at least a month in advance. That is the basic pace of the Baltic but, when it has to hurry, it can do so and frequently does. A good example of this occurred earlier this year on a sudden welter of sugar sales from spot positions. Ships were in demand in India and the Philippines when no such demand had been expected.

The result was a surge in rates while the rest of the market was lukewarm. Within this pattern the Baltic has yet again a unique position. In the freight markets there are three important centres in the world—New York, Tokyo and London. New York's position reflects the industrial and agricultural might of the United States; Tokyo's reflects Japan's importance as a shipping nation and a

consumer of raw materials; London's reflects none of this. British ships form no great part of the freight market and Britain is not a major originator or consumer of tramp cargoes.

London's position reflects its skill; it is the composition of the Baltic Exchange which promotes such skill. Estimates vary, but it is said the about 75 per cent of the tonnage plying the freight markets is chartered at one time or another through the Baltics, only a little "fixing" now actually takes place on the "floor".

Neither of the other major shipping centres has its exchange, yet it is from them that business originates. London makes up for these physical drawbacks by having the best information clearing house in the world.

New York and Tokyo are telephone markets; except for the occasional luncheon or annual get-together, or chance meeting, brokers seldom get to see each other. In London there is daily contact on the Baltic.

Over the past two years the markets, overshadowed by the great mass of unemployable tankers, have not been buoyant. Commissions have dropped, there has been less business to do, and generally the Baltic has been depressed. However, conditions did favour the broker rather than anyone else in the market.

Brokers take their set commissions, which amount to a percentage, no matter what the level of freight rates. Thus, in times of boom brokers' commissions are much higher but in the present slump the increased bunker fuel costs made it impossible for rates to sink as low as in the past.

Shipowners' break-even points, the level at which it would not be profitable to trade, are now as much as 10 times higher than they were three years ago and consequently brokers' commissions are much higher than they might have expected in a depression of this magnitude.

Although commissions have not been so bad, the fact that business has been thin on the ground has resulted in increased competition from all over the world and a drive by owners and charterers to cut out the middleman.

But there is no denying the fact that, when a ship cannot find a cargo, then it comes to the Baltic Exchange. The same holds true when a cargo needs a ship, London is still the best place for them both to meet.



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to at least 1793, giving us an unbroken chain of expertise spanning the best part of 200 years.

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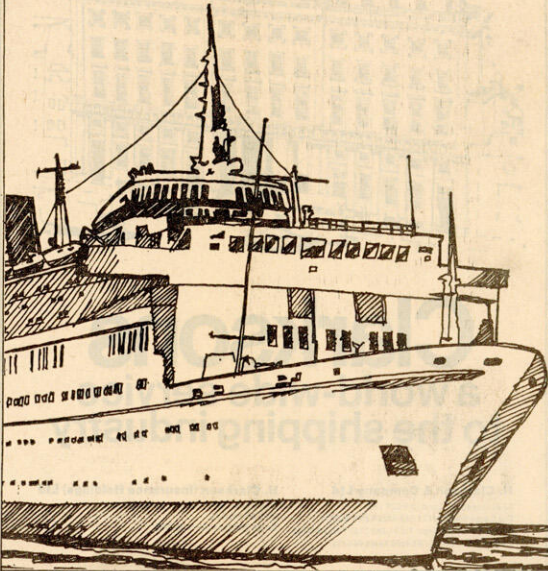
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Experience counts more than money

by Patrick O'Leary

Both companies and individuals are members of the Baltic. A total of 740 firms are corporate members, and nearly 2,500 of their partners, directors, and clerks are entitled to use the trading floor.

About two thirds of the companies are concerned with shipping, but some 20 specialize in the air charter side, and the remainder, such as the grain traders, represent mercantile interests.

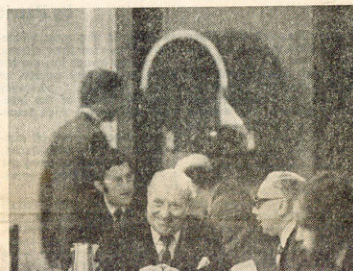
Firms must satisfy the exchange that they have adequate resources to carry on business. But for individual members, experience

nineteenth-century ballot box.

This is of wood, and looks like a Victorian camera, with a long round "lens". Through this directors can put in a hand and drop a ball into the no or yes compartment without anyone else seeing how they have voted.

Fifteen directors are elected by member companies and individuals. A proportion retire each year and elections are normally contested, with more candidates than places to go round.

They have the power to censure, suspend or expel



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specialize in the charter
of ships, and the remainder
such as the grain traders,
panies and individuals. A
represent mercantile inter-
ests.

Firms must satisfy the
exchange that they have
adequate resources to carry
on business. But for individual
members, experience
counts more than monetary
assets.

At one time firms were
almost all partnerships, with
each partner responsible to
his last penny for their com-
mitments. A few remain so,
but the vast majority are
limited companies.

Members are no longer
expected to wear black coat
and striped trousers. Be-
tween the wars, when the
exchange opened on Satur-
day mornings, a reprimand
awaited any young man who
appeared in sports jacket
and brown shoes.

Foreigners can join if
they qualify by residence
and business in Britain. Four
Soviet citizens belonging to
two firms work at the
exchange at present, a re-
minder of the former impor-
tance of the trade with
Baltic countries.

In 1974 the first women
were elected. They now total
25, including one who joins
in the sometimes noisy bid-
ding on the grain futures
market.

Applicants for mem-
bership, suitably proposed and
seconded, are usually
accepted on a show of hands
at the fortnightly meeting
of the exchange's directors.
But in cases of objection
these can still use their

Fifteen directors are
elected by member com-
panies and individuals. A
proportion retire each year
and elections are normally
contested, with more candi-
dates than places to go
round.

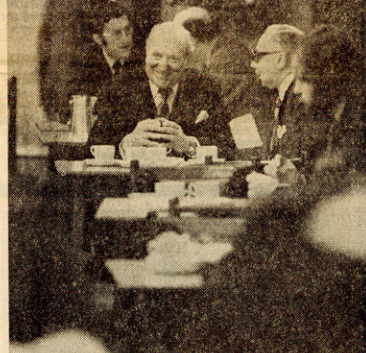
They have the power to
censure, suspend or expel
anyone who transgresses the
strict code of business.
Directors also act as spokes-
men in approaching the
Government and other
bodies.

Members are required to
buy shares in the limited
company which owns the
Baltic. It has always made
a profit, the main source of
income being rent received
from members for use of
office space.

The Institute of Ship-
brokers, which has about 700
members working at the Bal-
tic, was ahead of it in accept-
ing women members in the
1950s. At one time the sec-
retary operated from a desk
on the trading floor, but he
and his staff have since
moved to offices in Bury
Street at the back of the
Baltic.

In the main, the institute's
role is educational, supervis-
ing examinations which
qualify students for associate
membership or to become
fellows. Examinations in-
clude papers on legal sub-
jects, marine insurance and
the economics of sea trans-
port, among others, and are
open only to people already
working in shipping offices.
Altogether the institute has
about 3,200 members round
the world.

Mr John Parker, secretary



Relaxing in the coffee lounge beneath the Baltic Exchange.

of the institute, said:
"There seems to be an up-
swing in the numbers apply-
ing. Last year there were
about 600, but this year it
looks like being well over
700."

Just as members and fel-
lows are not confined to
working on the Baltic, so it
is not compulsory for
people applying for mem-
bership of the exchange to pass
the institute's examinations.
But Mr Parker said it had
been suggested that some
form of educational quali-
fication might be worked out
for new members, without

necessarily involving mem-
bership of the institute.

On a busy afternoon the
Baltic seems remote from the
oceans it serves, in spite of
the galleons in full sail re-
produced in plaster on the
walls. But Salcombe life-
boat, Devon, was donated by
members and named The
Baltic Exchange. This link
with the sea was reinforced
when the crew paid a visit
to the premises in St Mary
Axe.

It also seems appropriate
that among the many clubs
run by Baltic members is a
sailing association.

Reputation rests on a select group

by Marcel Berlins

More marine arbitrations
take place in London than in
any other part of the world put
together. Last year more than
700 awards were made by
London arbitrators. The
nearest rivals, Paris and
New York, can barely muster
a hundred awards annually
between them.

The preeminence of Lon-
don has nothing to do with
the nationalities of the parties
in dispute. In more than
90 per cent of cases neither
of them is British. The
clientele of London marine
arbitrators is international
in the full sense of the term,
geographically and political-
ly. The communist coun-
tries, for instance, are steady
users of the service.

The reputation of London
as the marine arbitration
capital of the world rests on
the ability and skill of a
small group of people, mem-
bers of the London Mari-
time Arbitrators Associa-
tion. Although without any
normal link with the Baltic
Exchange it is, in effect, the
Baltic's machinery for the
settlement of disputes. It
was formed by Baltic arbi-
trators in 1960 to assist
and encourage London arbi-
tration and the expeditious
procedure and disposal of
disputes.

The association has 50
members, some of whom take
on only a handful of arbi-
trations a year. At the other
extreme, some deal with
more than a hundred dis-
putes annually. Four are full-
time arbitrators. Last year
one member made 200
awards, and was the ap-
pointed arbitrator in hun-
dreds more cases which did
not get as far as an award
being made. Indeed, he acted
in more maritime arbi-
trations than took place in
the rest of the world.

Admission to membership
is not easy. Apart from hav-
ing to have expert knowledge
of some branch of shipping,
freight operations, charter-
ing and so on, the associa-
tion usually demands some
experience in arbitrating.

Most charterparties (the
contracts between ship-
owners and merchants for
the hire of the ship and deliv-
ery of the cargo) contain
a clause providing for Lon-
don arbitration in case of
dispute. Sometimes a single
arbitrator is specified. Usually
each party is given the right
to appoint an arbitrator.
It is only if the two
appointees fail to reach an
agreement that an umpire is
appointed by the two arbi-
trators to make the final
decision.

The advantages of a Lon-
don arbitration are numer-
ous. First, the procedure is
flexible. Most awards are
made without there hav-
ing been the need for a hearing.
The arbitrator decides on the
documents, if necessary
supplemented by additional
evidence in writing. Second,
even where there is a hear-
ing, the rules of evidence
are adaptable. Unlike a
judge, an arbitrator can suit
the procedure to the case.

Third, awards, unlike
court judgments, are en-
forceable in most countries
under a 1958 United Nations
convention. Fourth, the Lon-
don arbitrators are known to
be experts in the subject
being discussed, unlike
judges. Fifth, there is an
appeal procedure, on points
of law, to the courts, against
an arbitrator's award (this
does not exist in the arbitra-
tion systems of other coun-
tries).

On the other hand, London
arbitrators are not cheap.
The minimum fee for a straight-
forward marine arbi-
tration not involving a hear-
ing is about £150 to £200. If
a hearing is involved, the
daily fee is about £200. A
reasonably difficult arbitra-
tion can easily cost more
than £1,000 in arbitrators'
fees (in addition to which,

of course, the parties will
often have to meet some
 hefty solicitor's and counsel's
bills).

The slide in the value of
sterling, however, makes
British fees seem cheap to
foreign disputants. They are,
anyway, less than those
charged for marine arbitra-
tions in Paris, which is try-
ing hard to challenge Lon-
don's supremacy.

In the end, foreign ship-
owners and merchants come
to settle their disputes in
London because the mem-
bers of the association are
the most expert and experi-
enced marine arbitrators in
the world. It is a reputa-
tion which has been achieved
only by keeping careful and
constant watch over the stan-
dards of the service pro-
vided. Any falling off would
inevitably result in the lucra-
tive business going else-
where, not only to the
financial detriment of
Britain's invisible exports,
but also to the loss of a
great deal of London's pres-
tige abroad and status as
mercantile capital of the
world.

The author is Legal Corres-
pondent, The Times.

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Finding a floor to trade on was easier in 1823

Moving house has been a recurring feature of life on the Baltic Exchange. In early days, when business was transacted directly by ships' captains and merchants, several City coffee houses served in turn as headquarters.

It was in a Threadneedle Street tavern that trading was first formalized by the institution of a Baltic Club with 300 members in 1823. By the middle of the century larger premises were required, and the club bought what was then South Sea House in the same street.

Nearly 50 years passed before expanding business made another move necessary, and in 1903 the specially-built exchange in St Mary Axe opened. It has been the home of the Baltic ever since.

In the past few years members have begun to feel that another move is necessary. The exchange building cannot accommodate all the companies which want to be in close touch with the trading floor, and the cost of renting offices in premises near by has risen.

But the next move, if it takes place, is likely to be the most difficult in the Baltic's history. It would first have to survive the hazards of planning control, of uncertainty in the property market, and of the tax implications of the Community Land Act, which came into force this month.

Plans have been put forward for the Baltic to sell its St Mary Axe site and redevelop another in Cutler Street, a short walk away. This is occupied by warehouses no longer required by the Port of London Authority.

The warehouses, covering four and a half acres, were built between 1770 and 1820 and are listed as of historical and architectural interest.



est. Plans for redevelopment retain some existing features, as required by the Greater London Council.

But conservationists who have examined the ware-

houses are campaigning to have almost all of them preserved. A decision now rests with the Minister of the Environment; to complicate matters further, this was among the Cabinet posts which changed hands in Mr Callaghan's reshuffle.

As uncommitted observer, one might think that anything would look better than the gaunt, old buildings. Until, that is, he remembers some of the gaunt, new buildings in City streets. In the end, it may well be the cost of the scheme, and the uncertainty of ensuring its viability, which will decide the issue.

If the Baltic does move, another problem could arise; what to do with the present premises. The marble columns, fireplaces and staircase, 20,000 sq ft of flooring, stained glass windows, and drinking fountain with nude statue, might provide a palm court setting for a tea dance; it is difficult to visualize it in any other role, except, I

suppose, a shipping exchange.

Even the catering arrangements would suit a ballroom, for below stairs are basements further, this was among the Cabinet posts which changed hands in Mr Callaghan's reshuffle.

The whole complex covers nearly an acre. The frontage on to St Mary Axe, near the City's Leadenhall Market, has polished Norwegian granite pillars, and a pediment featuring Britannia.

On the first floor is a reference library, equipped with deep armchairs, and sometimes irreverently referred to as the dormitory. Outside it a balcony overlooks the floor of the exchange. There *Last Post* is sounded on Armistice Day.

A central dome of glass lights the trading floor below. Offices are built above the floor, round this dome. All but one is let to mem-

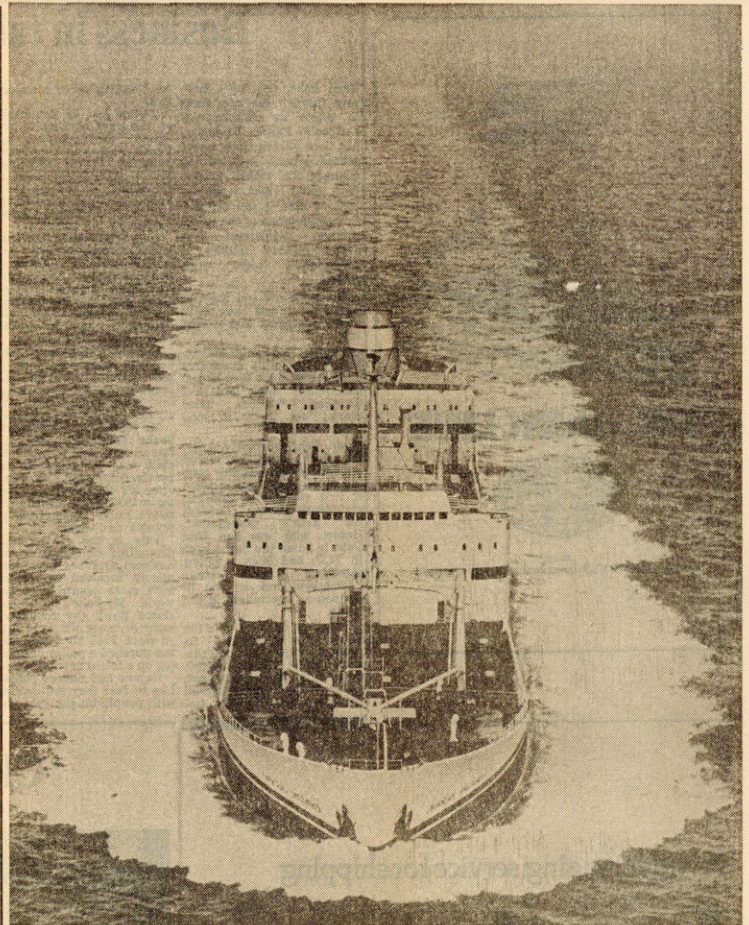
bers. A fifth floor is to be added to these offices, giving between 9,000 and 10,000 sq ft more space.

The Baltic escaped serious damage during the last war. When a shop on the opposite side of St Mary Axe was set ablaze, firemen saved the exchange by hosing down the front of it, but in doing so they pumped dry the Baltic's own well.

However, members also benefited from the war, for in 1947 they were able to buy a bombed site next door. This was used to add a new wing, whose foundation stone was laid by Sir Winston Churchill in 1955. It is said this ceremony achieved what the bombing failed to do—the cessation of trading on the floor while it took place.

The 1903 building occupies the site of Jeffrey Square. If the conservation bodies had been active then, perhaps it would never have been built. This would have solved the question of what to do with it now.

P.O.L.



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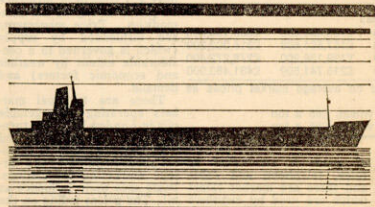
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A central dome of glass lights the trading floor, becoming a stage for a tea ceremony. How offices are built above it is difficult to visualize it in any other role, except, I All but one is let to mem-

Too wide for the City alone

by Craig Howard

There is no such thing as a central international air broking market. If there were, however, it would be in Britain and possibly in the Baltic Exchange. Air chartering forms only a small part of exchange activity, surrounded as it is by the giant freight market and the smaller ship sale and purchase and grain trading.

The market is too spread out to be centred in the City alone. It is also young, developing just after the Second World War when peaceful work was being sought for surplus transport aircraft and bombers. Air chartering also has none of the eighteenth-century coffee house background of shipping and insurance.

In Britain it grew up around the hangars and terminals of Heathrow, Gatwick and Prestwick. The aviation markets also have a very different character. Ships are chartered for days, months and even years, aircraft are normally hired by the hour. Similarly, the terminology differs—cargoes and tons to payloads and pounds.

Nevertheless, air chartering, like the freight markets, is a handmaiden of world trade. In another sense both air and ship chartering are alike—they are both high-risk markets. If anything the air carries a greater risk. An airline's assets are often worth the same as those of a ship operator, but the airline needs a much faster flow of business with profits endangered by just a few days' unemployment.

As in shipping there are two main types of employment—the straight A to B movement or hire on a period basis. In present conditions the first type of employment almost invariably seems to end up in the Middle East, where air chartering has profited from the need to get low-volume high-value shipments past congested ports. But an air-

craft has to be repositioned—"ballasted"—often all the way back to its starting point. Sometimes cargo can be picked up en route or perhaps from a close country, such as India. All this is reflected in the freight charges—from Europe an aircraft will cost sometimes £3 a kilogram for an eastbound cargo but only 80p a kilogram if it came back with a cargo from India.

Middle East trade is just one example from a wide range of airborne freight movement but it is a very profitable trade. Some others are not: for instance, charters to Australia are not popular because more often than not there is nothing to bring back. The aircraft would have to be repositioned in Japan or Hongkong if lucky, in Europe if not. And flying empty aircraft is not a cheap business.

As for hire on a period basis, in some cases well-established international airlines will charter aircraft with flight and maintenance crews to operate under the flag of a developing nation as part of that nation's attempts to establish an international air carrier. Charter aircraft owners seeking period employment usually hire out their machines in blocks, based on a guaranteed number of hours worked in any one month, say to package tour operators or freight forwarders who may expect to have specific movements at specific times.

Many of the aircraft used are second-hand airliners replaced on passenger routes by newer types. The introduction of the Boeing 747, for instance, made it necessary to find other work for aircraft such as the Boeing 707 and the DC8.

For some this proved a blessing for others a curse. A good example has been the improved versions which replaced the original 707 in the passenger trade. The earlier versions had to turn to freight, but the 747 has now put the improved 707s into freight, once again displacing the earlier types, which now have to accept much lower rates for employment and are yet more expensive to run.

Few of the wide-bodied jets have made their appearance in the freight trade as yet, and almost none have been up for regular charter—the major exception being Laker's DC10s, bought for the ill-fated Skytrain. In this case Laker's DC10s have proved unsuited to air cargo alone—the seats and luggage racks are not read-

ily removable and the craft lack adequate cargo doors. But this is only a temporary setback and almost certainly the DC10s will make their presence felt in air cargo chartering before long.

Certainly some companies are using the big jets on regular, rather than chartered freight runs, notably Seaboard's 747s and the new longer-range airfreight 747s just taken over by some African airlines. At the other end of the scale, the replacement of the aging DC4s, Dakotas, Viscounts, and the like, has also caused problems because they cannot be totally superseded by jets. As recently as two years ago there were fears that as these older craft gradually disappeared there would not be enough suitable aircraft to use the rough "up-country" strips of South America, South Africa, Australia and Asia, on which only prop aircraft can land. However, the introduction of new propeller aircraft such as the Trilander have gone some way to easing the pressure.

There is also a luxury end of the market—the executive jet. Sometimes thought of as the managing director's toy, many are used on charter when not required by their owning company. Among those who charter their private jets are a group of three top stars and the Green Shield stamps company.

There is still another sector of the air chartering market, one that goes hand in hand with the Baltic Exchange. Without doubt the exchange came into air broking as adjunct to its shipping, many of the leading air brokers being in fact subsidiaries of shipping companies. For them the exchange is almost a captive market.

Where else does a shipowner go if he has urgently needed ship stores to be flown to a broken down vessel in Bombay? Where else does he go to get his crew repatriated when their duty to six months tour of duty is over and the ship is still plying between America and Australia? The shipowner may not necessarily use a Baltic colleague but it can be very convenient to do so.

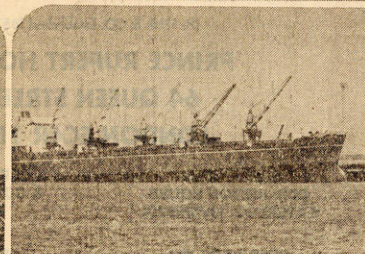
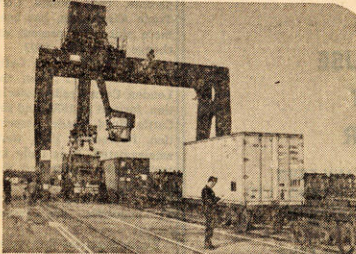
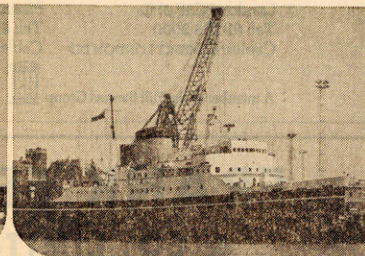
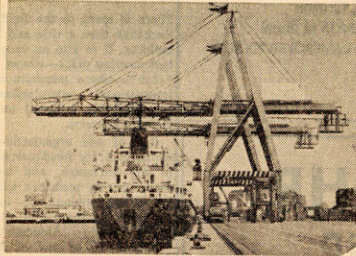
In all, the Baltic Exchange is a place with which many air broking companies through their shipping affiliates are very familiar and in the case of the Baltic Chartering Association it does give them a focal point within Britain and at least a source of employment.

P.O.T.

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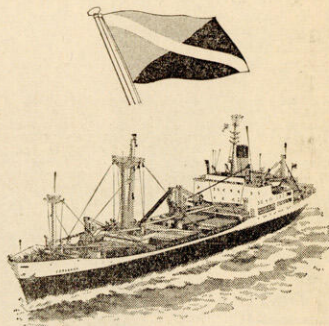
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Business in tallow survives the inroads of synthetic detergents

by Derek Harris



THE BANK LINE



MANROW WHEAR & COMPANY LIMITED BAL TIC EXCHANGE BUILDINGS 21 BURY STREET LONDON EC4A 3AB

Basil Fehr, not quite half-way through his two years in office as chairman of London's Baltic Exchange, had been talking about major preoccupations such as the state of the tanker market ["it could right itself by 1980 or 1981"] and the Baltic's assimilation of the EEC's complex regulations ["it makes forward trading in commodities more difficult"].

He broke off and was out of his office and back again with the product that started it all.

"Tallow", he said, indicating the smoothly consistent contents of a tin that looked and faintly smelt like beef dripping. "Here's some more; not such a good colour, this one."

Mr Fehr obviously knew his tallow, which is rendered animal fat and was the trading basis of the Baltic when it first started in candle-lit eighteenth-century London. Mr Fehr's grandfather, Henry, who was the first Fehr to go on the Baltic back in 1857, had been a tallow merchant in his native Switzerland and at first in London he specialized in the trade.

The Fehr business, like the Baltic itself, widened its range as times and international trade needs changed, diversifying into grain, cocoa, rubber, vegetable oils, animal feeding stuffs, textiles and

steel among other commodities.

Tallow lost its dominance as the days of candles and tapers disappeared, but Frank Fehr and Co—Frank being Mr Fehr's father and also a former chairman of the Baltic, accounting for a unique family double—is still one of the biggest tallow traders in the world.

Now tallow goes into soap and the company buys and sells it worldwide. Lately it has also been a 10 per cent ingredient in animal feeding stuffs. The trade has thus survived the inroads of synthetic detergents which, for a time, produced a tallow surplus.

Only recently Frank Fehr and Co spent £80,000 on a tank installation in the Republic of Ireland to store tallow. Beef slaughtering there created a big tallow market.

Mr Fehr has been 42 years in the commodities trade. His father, who was 74 when he died, was 60 years in the business. It was Mr Fehr, after his election to the Baltic in 1936, who extended the firm's range of interests to textiles and steel.

Fehr is one of the most diversified companies in the business and has been intimately involved in trading with most countries of the world. Mr Fehr's father had closed down the company's many overseas offices in 1924 so since 1945 Mr Basil Fehr has pursued a policy of opening up a world network again.

Buyers and sellers abroad like to feel they are dealing with people on the spot and

not through a third country. Mr Fehr is convinced of this and says: "I am a great believer in seeing the people with whom we trade and there is hardly a country in the world I have not visited at one time or another."

At one point he was spending so much time abroad that some of his fellow Baltic directors jokingly called him their overseas associate director. His chairmanship of the exchange has curtailed foreign travel for the time being as he splits his time between the chairman's job and running his own business. He is on the Baltic floor every morning now, soon after 11 o'clock.

But putting in the time getting to know people abroad has paid off. Fehr is now developing warehousing in the North American continent. Back in 1957 Mr Fehr went over to the first China trade fair and has since built up trading links with the Chinese, buying goods like T-shirts and ski-gloves.

The textile trade from China, with cheaper prices at the moment even than Taiwan, looks likely to grow. Canada particularly is a ready customer for the Chinese products.

An early cosmopolitan background has helped Mr Fehr in his globe-trotting role. He was at Rugby School but completed his education at Neuchâtel in Switzerland, subsequently spending another three years in Germany, France and Spain. He is fluent still in French and

German, although he says a trifle rusty in Spanish.

His expert knowledge has always been in demand. He first became a director of the Baltic in 1963. He has also at various times been chairman of the Cocoa Association of London, of the Copra Association of London, the Incorporated Oilseed Association, the London Commodity Exchange and the United Associations of London. Not unexpectedly, he is also a past-president of the London Oil and Tallow Trades Association.

Concern over world trade

Mr Fehr takes a look at the immediate future and says: "What concerns us most is whether there will be a recovery in world trade. There may be some signs of it in the United States but I am not sure that the United States has so critical an influence. They do seem anxious to export. But until goods generally move about more than they are doing at the moment there will be a surplus of shipping space, a weak freight market and a lowering of brokers' earnings."

He went on: "The weakness of sterling has serious implications for British-based operators and institutions. Nor in the long run will it assist exporters since prac-

tically everything which this country exports has in it a fair percentage of imported material."

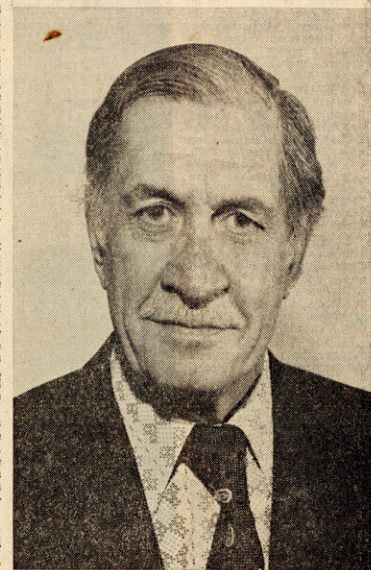
With the present excess capacity in the tanker and dry cargo carrier markets, Mr Fehr is not too sanguine about suggestions both in Britain and Sweden that government cash should be sunk into stockpiling ships. "This would only make matters worse. Producing goods which are not wanted is not a sound cure for unemployment. But the situation could right itself by 1980 or so."

Mr Fehr sees development still for the Baltic, which only recently developed an air freight market. There could, he believes, be developments in transport and the field of commodities. "I cannot see that other markets would overtake the Baltic. The exchange is unique for its experience, reputation, integrity and efficiency. I think the expansion will continue."

Mr Fehr, although 64, is obviously going to be on the Baltic for a long time yet. A long innings would be appropriate enough for a man who has always been a keen sportsman and an assiduous follower of cricket.

A fourth generation of the Fehr family is already well established on the Baltic. Mr Fehr's eldest son, Richard, is a director of the family business.

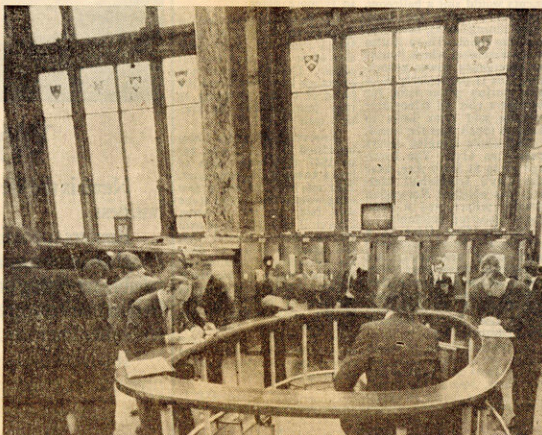
The author is Commercial Editor, The Times.



An early cosmopolitan background has helped Mr Basil Fehr in his globe-trotting.

'Club' for making informal international contacts

by Wallace Jackson



LONDON GRAIN FUTURES MARKET

Crop year	Commodity	Amount (EEC)	traded (Wet tons)	Approx. value	Turnover
Oct-Sept					
1973-74	barley	2,430		£153,090,000	£306,180,000
1973-74	wheat	2,316		£157,501,600	£315,002,200
1974-75	barley	2,399		£139,136,200	£278,272,400
1974-75	wheat	3,319		£215,741,500	£431,483,000

The above calculations based on average market prices as follows:

1973-74	barley, £63 a ton	wheat, £68 a ton
1974-75	barley, £58 a ton	wheat, £65 a ton

is a totally unrealistic way of dealing with the difficulty and is bound to lead to considerable disruption of the trade and distortion of prices of all protein materials. The association is concerned about the effect of such a measure on existing contracts.

A close neighbour of Gaifa is the Federation of Oils, Seeds and Fats Association (Fosfa) which also was formed in 1971, from the amalgamation of four bodies—the Incorporated Oilseeds Association (1863), the London Oil and Tallow Trades

Neither Fosfa nor the established trading markets have any control or influence on prices of any of the commodities. Price movements are influenced by supply (which is governed to a considerable extent by weather and economic factors) and demand.

There are terminal markets operating in vegetable oils in London but their turnover is fractional compared with the quantities of physical goods handled by the various marketing associations. Fosfa sees their influence as nil. The prices ruling on the terminal markets follow the price of the relevant physical goods.

The author is Commodities Editor, The Times.

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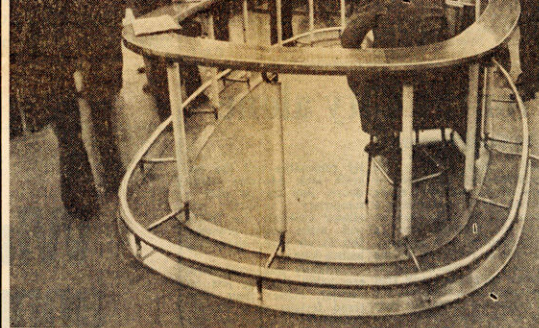
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MEMBERS OF THE BALTIC EXCHANGE SINCE 1875

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The grain trading ring at the Baltic Exchange.

There is more to the Baltic Exchange than a title and a building. It is also an excellent meeting place—almost a “club”—where members of international organizations can establish informal and friendly contacts.

One of the organizations which has its headquarters in the exchange, and has many British members who are also members of the exchange, is the Grain and Feed Trade Association (Gafta). It, or one of its parents, the London Corn Trade Association, has been there since the present exchange opened in 1903.

In its present form Gafta dates from 1971 when the London Corn Trade Association, formed in 1878, and the Cattle Food Trade Association, formed in 1906, were amalgamated. It is truly international; almost half the 670 members are from outside Britain and altogether 41 countries are represented.

Eight countries are represented on Gafta's council, as are a number of sister associations in Britain, including the corn trade associations of the five major port areas outside London.

There are two very important facets of Gafta's work. One is that it is primarily an international contract-making association and the other is in connexion with futures markets.

As far as the contract making is concerned, most of the major international sales in grain and animal feeding stuffs are made on, or are subject to, the terms of Gafta contracts. It is estimated that about 80 million tons of goods are moved each year on the terms of those contracts.

There are 72 different contract forms to cover the various commodities, origins or methods of shipment and in support of them a range of standards representing the

“fair average quality” of cereals and pulses are regularly made up by expert committees of Gafta and maintained for reference.

Under the contracts, any dispute between parties must go to arbitration under Gafta arbitration rules before there can be any other litigation and therefore Gafta maintains a specialized arbitration department, under Mrs Pamela Croft—one of the first women to be elected to membership of the exchange.

Once arbitration disputes mainly concerned the quality of the goods, but in recent years the complexity of trade and the tendency of governments to increase intervention have led to a greatly increased number of disputes about contractual terms known as “technical arbitrations”.

Contracts and arbitration rules are constantly under review. For this purpose Gafta has an international contracts policy committee, on which eight countries besides Britain are represented, which meets four times a year.

As far as Gafta's work in connexion with futures markets is concerned, the one for EEC wheat and barley has its trading ring on the floor of the Baltic Exchange. The one for soya bean meal, which was opened in April 1975, operates in the Corn Exchange building.

Both markets are managed by Gafta under the supervision of Mr W. J. Englebright, the secretary. The clearing house for the grain futures market, of which the manager is Mr Sidney George, is an integral part of the Gafta organization.

The volume of business in the grain futures market has grown enormously in the past few years. The reasons are, first, that farmers and merchants have found that the market provides a useful hedge against price fluctuations on actual grain; second, the uncertain conditions of trade caused by currency fluctuations, legislation, increased levies, and so on; and third an increase

in popular interest in futures markets attracting money which might otherwise have been invested in stocks and shares.

An example of the immense amount of work created by the EEC Commission's scheme for the disposal of surplus skimmed milk powder, which Gafta describes as bizarre. This requires all importers to pay a “security”, or refundable tax, which varies according to the commodity involved (£11.80 for soya bean meal, £15.77 for soya cakes) on all protein raw materials imported after March 19.

The security is repayable on production of milk powder, certificates which are obtainable from the Intervention Board for Agricultural Produce by companies which purchase a quantity of skimmed milk powder for incorporation into animal feedingstuffs.

Gafta has resisted this on the ground that the scheme

is a means of raising funds which was formed in 1971, from the amalgamation of four bodies—the Incorporated Oilseeds Association (1863), the London Oil and Tallow Trades Association (1910), the London Copra Association (1913) and the Seed, Oil, Cake and General Products Association (1935).

The membership is international, covering all producing and consuming countries except those of Eastern Europe (which nevertheless buy on the Fofsa contracts) and China.

Fofsa's objects are: to promote trade; to establish greater uniformity in commercial usages, forms of contract and other documents; to establish and promote internationally accepted analysis facilities for trade use and to introduce reforms or arrangements which will benefit the trade.

Every country is both a consumer and a producer of oilseeds, oils or fats and most, if not all, are importers or exporters of them.

London is one of the main exchange centres and besides providing the marketing machinery, by virtue of its institutions and the skill of people engaged in trade, it is also a centre through which finance is arranged. In addition, it is the centre for arranging freight space and the main centre for insurance.

Fofsa is the main contract issuing body in the world and has world-wide links with associated bodies. It also has its own laboratory service which is widely used for analysis of samples of oils, oilseeds and fats.

The volume of business using Fofsa's contracts amounts to more than 30 million tons a year. Marketing

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Business Brief

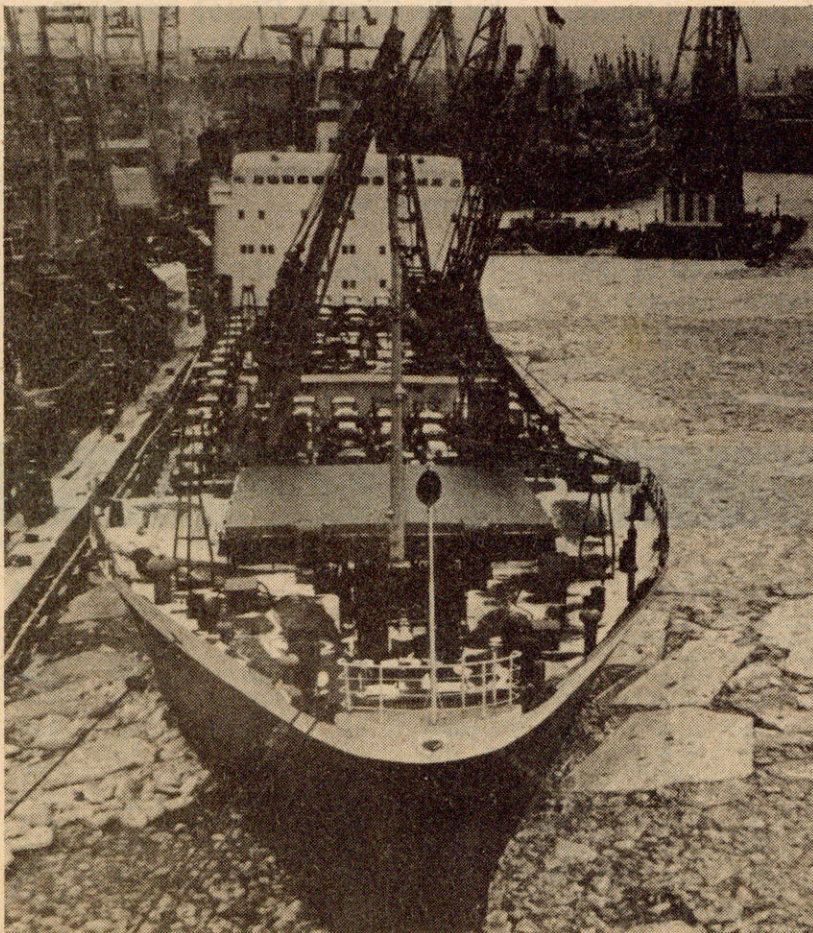
Russia's merchant fleet

The Russian merchant marine minister, Mr Timofei Guzhenko, arrived in London this week on a hastily arranged visit for talks with the British government. Western shipping companies, led by the British, have been clamouring for government action to check Soviet encroachment on their liner trade through rate-cutting. After a year spent trying to reach a commercial agreement with the Russians over rates in the North Atlantic, both American and European shipping leaders are pessimistic about any settlement unless political pressure is put on the Russians.

Mr Guzhenko's visit to London was an obvious attempt to pour oil on troubled shipping waters. His arrival coincided with regular Anglo-Soviet maritime talks normally held at official level. He heard Britain's trade secretary, Mr Edmund Dell, warn him that Britain wanted Russian rate-cutting to stop and more Anglo-Russian trade shipped in British vessels.

The Russian response was to agree that there should be further talks. They are clearly worried about western governments taking concerted action to shut out Soviet vessels. In May the head of America's Federal Maritime Commission, Mr Karl Bakke, called for congress to legislate against third-flag (read Soviet) carriers practising cut rates. Yet only a year ago Mr Bakke staved off such a bill when he was trying to reach a commercial agreement with the Soviet state shipping organisation, Morflot.

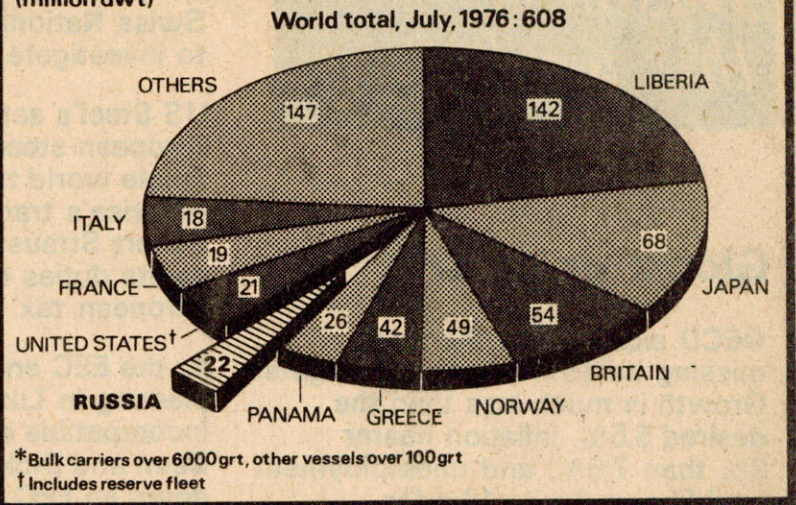
Although bulk trade is involved in bilateral deals, the big row is really over Soviet moves on general cargo on regular liner routes. Russia itself generates only 1.6% of international seaborne trade in general cargo, but its fleet has a carrying capacity for 9%. Swashbuckling price-cutting has enabled the Russians to carve a growing share of cross-trade in the North Atlantic and Pacific and with East Africa.



Odessa's back on the map

Russia is number 7

The world's 10 largest merchant fleets* by carrying capacity (million dwt)



Source: Lloyds Register of Shipping Statistical Tables

Cross-trade is trade up for grabs between any two destinations and theoretically open to any carrier no matter what his nationality; ie, Russians carrying New Zealand lamb to Britain would be cross-trading, whereas a New Zealand vessel wouldn't be. Most cross-trade is general cargo carried on ships operating in "conferences"—cartel arrangements which apportion shares of trade on specific routes to participating national shipping companies and set the rates. The Russians are members of only 12 of the 350 such conference arrangements and prefer to set about increasing their tiny share of trade by operating as cut-price independents. They are aiming at juicy high-value traffic, such as American liquor on the Atlantic routes and Japanese electronics exports on the Pacific.

The West's cartels are also threatened by the desire of developing countries to build up their own merchant fleets. An Unctad agreement (not yet ratified by enough countries to come into force) lays down that trade between any two countries should be split: 40% for each, with 20% for cross-traders. This puts all the cross-traders under pressure.

Since western countries such as Britain, Greece and Norway are leading cross-traders they can hardly attack Russia's right to have a share in it. But they are furious about the cut-price rates being charged by the Russians—between 15% and 25% below the conference rates. According to some of the more hawkish voices in western shipping, the Russians are practising political pricing for a variety of economic and strategic purposes. Not only do the Russians want to earn foreign exchange and ruin western shipping firms, say the hawks, but

they seek the strategic advantages of becoming the world's biggest carrier with a fleet of liner vessels that would also be handy for shipping military equipment anywhere in the world.

An active, ubiquitous merchant fleet would also be helpful for Russia in dealings with developing countries: trade follows the shipping flag too, as British nineteenth-century history showed. Telling a poor country that you will regularly run cargo ships to and from it is a marvellous way of winning friends in the third world. This is the important political difference between liner trade and the freelance tramp trade of bulk carriers and tankers, which is what flag of convenience fleets practise.

Russia's odd fleet

Naturally, the Russians retort that their lower rates simply reflect the greater efficiency of Soviet shipping and accuse Western lines of indulging in under-the-counter price-cutting too, even within conferences. Some western observers also reject the strategic interpretation; they think that the Russians landed themselves with a surplus of general cargo liners through miscalculation. Now they are obliged to deploy it as best they can.

Apart from Poland, Comecon shipbuilding did not really take off until the late 1960s. At that time, the dry cargo tonnage in the Soviet fleet was a rough assortment of hulks, much of it built outside Russia, and much of it very old. The Russians decided to embark on a major programme of fleet modernisation and expansion, the effects of which began to be felt in the early 1970s. Russia now has the

world's seventh largest merchant fleet (chart 1), and the largest tonnage of general cargo vessels.

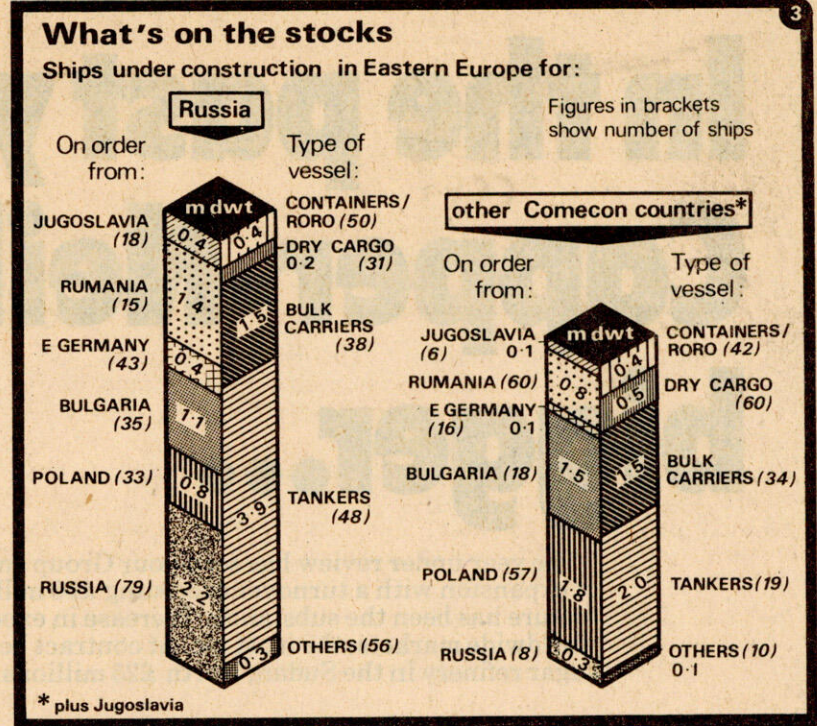
They miscalculated, however, the growth of world and Comecon trade. They now find themselves exposed to world markets with a fleet too large for their needs. Their socialist book-keeping (and crew wages) allow them to operate these ships at rates which would never be possible for western operators. Aggressive rate-cutting is also a way of putting pressure on western lines to admit the Russians to conferences (which allocate future share according to established business) and so permit them eventually to increase their rates and operate profitable lines with prices in line with western shipping firms. So communist rate-cutting makes good capitalist sense, even if it rocks the conference boats.

The oddities in the Russian merchant fleet show up when Soviet trade is compared with the profile of its fleet. While some 80% of Russian foreign trade by volume consists of bulk or bulkable commodities (oil, coal, ores, timber, grain and fertilisers, etc), tankers and bulk carriers only account for about a third of the tonnage (excluding fishing vessels). Dry bulk cargo accounts for some 40m-50m tonnes of seaborne foreign trade, for which the Russians have only 1.2m tonnes of carrying capacity and so they have to charter bulk carriers from the west.

Soviet seaborne imports and exports of general cargo are estimated at around 9m tonnes a year, only one sixth of Russian

carrying capacity for such cargo. Some of this spare capacity is used for carrying cargo that would normally be better carried in bulk ships, had Russia enough of them. Lloyd's Register shows Russia as having 1,831 general cargo ships, totalling 7.7m gross registered tonnes (chart 2). East German sources indicate that over 300 of them are deep-sea liner vessels, operating on the 57 regular lines that Soviet ships operate. Of these, 25 are essentially cross-trading, carrying cargoes that are not Russian imports and exports. An analysis by Lambert Brothers in London of movements of a sample of 160 Soviet ships in 1975 suggested that about 37% of their ton-miles were devoted to cross-trading.

Russian success on some routes has been striking. According to the magazine *Seatrade*, Russian liners (together with vessels from East Germany and Poland—the two other Comecon countries with significant fleets) have cornered 35% of cargoes between northern Europe and the Mediterranean: 25% between northern Europe and the west coast of South America; and over 20% of traffic between the Gulf of Mexico ports and the Mediterranean. In the Far East, the Russian Fesco shipping company has already acquired 12% of liner traffic between Japan and the American west coast. In the past two years, Russian liners have been moving aggressively into North Atlantic traffic. They have also gained a 10% toehold in shipments between northern Europe and East Africa, where



Source: Fairplay, World ships on order

rates quoted by the Russian Besta Line are said by the General Council of British Shipping to be 30% below those of the 17 companies in the East Africa Conference.

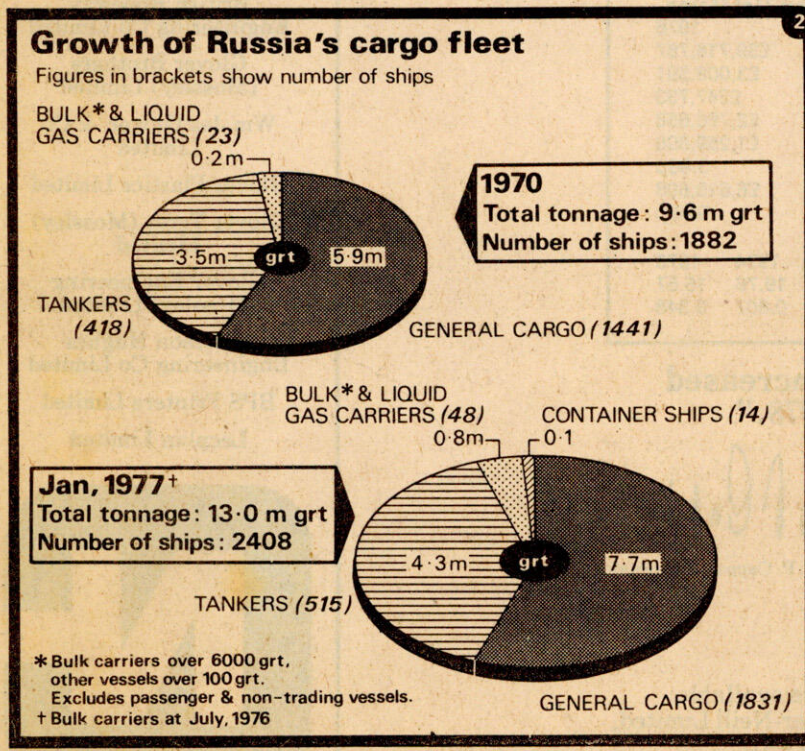
One route where the Russians start with a major advantage is Europe-Far East, where they can put cargoes on their developing trans-Siberian 9,000-kilometre "landbridge", thereby running a much cheaper service than going the whole way round by sea. Their success here is worrying British shipping. Liner services at each end suck in the cargo, and the Russians are planning to expand both the feeder services in the Baltic and Pacific as well as increase the carrying capacity across the mainland by completing a second relief freight railway line along half the distance and a major container handling port at Wrangel Bay on the Russian Pacific coast, capable of handling up to 70,000 containers a year. This will double the existing handling capacity at the Pacific end. Philips and ICI are two companies said to be big users of the Russian landbridge, which is already reckoned to have captured 10% of traffic between Europe and the Far East.

ing costs of general cargo vessels, 50% for container ships). Likewise, the Russian lines do not have to pay insurance themselves; it is covered by the state. And Russian seamen are reported to earn only \$30 a week, while a western seaman gets \$150.

The Russian shipping strategy is wider than cross-trading. In most bilateral trade, the Russians manipulate fob and cif prices (buying fob and selling cif) to ensure that at least 50% of the trade goes in Russian vessels. In some cases the Russian-shipped percentage of bilateral trade is much higher: 84% of trade between Russia and Britain travels in Russian vessels; 75% between Russia and Japan. The Russians claim that 52% of their trade is carried in foreign vessels, but, because of the preponderance of oil and bulk cargoes, most of this is for bulk carriers and tankers.

Russia's surplus cargo liner capacity and rate-cutting would worry Western shipping companies less were it not for its plans to modernise it with container and ro-ro (roll-on/roll-off) vessels for liner traffic (chart 3). The Russians have only 14 proper container ships and four ro-ro vessels. Britain has 87 container ships, and Japan 48.

But by 1980 the Russians plan to increase their container and ro-ro number to nearly 40. About 20% of the world's new container liner ships on the stocks are being built for Comecon. Western shipping leaders fear that Russia's conciliatory noises in London this week could just be a ploy to defuse criticism while its fleet continues to expand.



Sources: Lloyds Register of Shipping Statistical Tables; General Council of British Shipping

Soviet accounting

Western shipping firms maintain that Soviet accounting completely falsifies any basis on which they try to justify their lower rates. Russian shipping lines are not required to pay depreciation on their vessels (while western firms have depreciation which works out to an amount equivalent to about 35% of the operat-

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Il dollaro perde terreno

Le brutte notizie sul fronte del commercio con l'estero e dell'inflazione all'interno hanno imposto al dollaro, in apertura di settimana, un brusco arretramento, che sarebbe stato maggiore secondo gli operatori, se il mercato inglese fosse stato aperto e se in USA non fosse stato il giorno dei defauti.

La moneta americana ha perso terreno rispetto alle principali valute: contro il marco è scesa da 2.1218 a 2.1118, contro il franco svizzero da 5.9295 a 5.9370; anche la lira ha guadagnato due punti passando da 871,05 a 869,65.

I dati di aprile della bilancia commerciale hanno mostrato un lieve aumento del deficit rispetto al mese precedente (da 7,70 a 2,86 miliardi di dollari). Ma ciò che più ha preoccupato gli osservatori è il saldo negativo del primo quarto dell'anno, che è di 12,63 miliardi di dollari contro i 7,96 dello stesso periodo dell'anno scorso. Quattro mesi, si fa osservare, rappresentano un arco di tempo abbastanza lungo per poter delineare già una tendenza.

Emissione BEI in Italia di 50 miliardi

LUSSEMBURGO — La BEI ha firmato ieri un accordo con un gruppo di banche italiane, guidate dall'istituto bancario San Paolo di Torino, per un'emissione obbligazionaria sul mercato internazionale di 60 milioni di dollari. Il ricavato della vendita sarà usato dalla BEI per finanziare le sue operazioni di prestito. Il piazzamento avrà luogo soprattutto in Italia, i titoli per un'importo massimo di otto anni ed una cedola all'8,375% pagabile annualmente, saranno offerti al 95,75%. Il rendimento è stato calcolato all'8,42%. Alla scadenza le obbligazioni saranno redimibili alla pari.

Truffe e rapimenti non minano il grande "impero" dei Lloyds

DATI DI ESERCIZIO ULTIMO TRIENNIO (miliardi di lire correnti)

RAMI	PREMI	INDENNIZZI UTILI/PERDITE	% PREMI
Rischi marittimi	935	880	+55 + 5,9%
Aviazione	215	210	+ 5 + 2,3%
Rischi non marit.	1.095	1.145	-50 - 4,5%
Automobili	140	115	+25 -17,8%
TOTALE	2.385	2.350	+35 + 1,5%

Fonte: elaborazione su dati Lloyds - Londra.

Lo stesso discorso a maggior ragione vale anche per il cosiddetto «affare Savonta», cioè l'indennizzo di centinaia di milioni (oltre 850 si dice, ma i Lloyds sostengono che per quanto il riguarda il danno è molto minore) che è stato negato da poco per l'incendio di uno stock 301 automobili Fiat nuove di fabbrica, imbarecate da Savonta e dirette negli Stati Uniti. Dell' intricata storia si stanno occupando in questi giorni gli ispettori dei Lloyds, che hanno preannunciato un rapporto per il prossimo luglio. Dell' intricata storia si stanno occupando in questi giorni gli ispettori dei Lloyds, che hanno preannunciato un rapporto per il prossimo luglio. Dell' intricata storia si stanno occupando in questi giorni gli ispettori dei Lloyds, che hanno preannunciato un rapporto per il prossimo luglio.

Scattò quindi la richiesta di indennizzo e i rottami furono venduti a una concessionaria Fiat di Napoli, la «Dotoli», che se li accaparrò a modico prezzo con l'intento di rimettere le vetture a nuovo. Infatti i Lloyds spedirono sul posto un ispettore. Due mesi fa un deputato conservatore inglese, l'onorevole Jonathan Aitken, alla camera dei comuni ha dichiarato senza cerimonie che i Lloyds erano rimasti vittime di un «imbroglio alla napoletana». L'«imbroglio alla napoletana» è la magistratura britannica. Quest'ultima è stata chiamata a occuparsi dell'affare Savonta in seguito alla querela sporta dal broker di assicurazioni londinese Pearson Webb Springbett il 23 maggio scorso contro la Fiat, nella persona del dirigente di quest'ultima Benito Salata.

Ma ecco l'antefatto del misterioso affare poco dopo la partenza della 301 Fiat sul mercante «Savonta» scoppiò un incendio e i Lloyds, quali rassicuratori del trasporto, furono informati che le automobili erano quasi da buttare.

uno-tino e 25 per cento sul totale dei premi incassati che resterà attualmente, se la partita dei rischi non mancherà così fagge deficitaria in naviglio così ragguardevole.

Quanto ai rapimenti per colmare l'importanza del fenomeno nella sua giusta proporzione, ai fini assicurativi, occorre tenere presente che, nonostante l'espansione verificata nel ramo soprattutto in America Latina e in Italia, i premi corrisposti per polizze anti-sequestro di tutte le industrie assicuratrici del distretto Paesi aderenti al Comitato European des Assurances assommano al 2 per cento del totale. Per i Lloyds, a quanto precisano fonti ufficiali del consorzio, l'introito di questo settore è dell'ordine dei 35 miliardi di lire per tutto il mondo.

Anche a proposito dell'organizzazione dei Lloyds entrati negli cronache in questi giorni in Italia quando la guardia di finanza di Milano ha scoperto negli uffici del prociocatore d'affari Francesco Palestro dei documenti dai quali risulterebbe che una trentina di noti industriali lombardi si è assicurata contro i rapimenti imbozzando capitali all'estero. In Italia circolano molte voci inesatte. Palestro non è un broker come è stato detto, ma un semplice sub-agente intermedio - precisano a nome Street, strada dove ha la sede il gruppo nella City. I brokers o agenti autorizzati che propongono l'affare nella room «la stanza», come viene chiamata per antonomasia la sede delle contrattazioni) sono una specie di casta senza la quale il cliente non può metterli in contatto con i sottoscrittori.

I paesi Comecon non riescono a liberarsi dalla recessione

VIENNA — Si riapre in questi giorni la trattativa della CEE con il Comecon per la realizzazione di un «accordo quadro» che dovrebbe regolare le relazioni tra i due blocchi economici. La proposta sovietica di accordo indica la

dell'espansione economica non ha superato il 3,5 per cento. Il più basso dal 1945. In tutto il Comecon il tasso di aumento del prodotto nazionale lordo è stato nel 1977 del 4,2 per cento (1975: +5,4 per cento, 1976: +3,2).

Gli esperti dell'Istituto viennese dicono che il fenomeno ha una «causa di fondo» e che «cause contingenti». La «causa di fondo» ce l'ha nel fatto che tutti gli stati del Comecon si trovano in una delicata fase di trapasso dallo svi-

sto che prodotti industriali finiti: i parametri tecnici del macchinario non corrispondono ai livelli mondiali. Soltanto un quarto dei prodotti industriali occidentali corrisponde a qualità e prezzi al livello standard internazionale. Ma tanto più complesse diventano in URSS e negli altri stati socialiste le strutture industriali, tanto più completa e articolata risulta la specializzazione della produzione industriale.

Nessuno, a Mosca, pare ottimista.

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Europa

In the face of Soviet shipping expansion

Will the EEC fly the flag for its liner fleet?

by Michael Baily

Next Monday should be a fascinating day for world liner shipping, East-West relations and family squabbles within the EEC.

The Council of Ministers is to take an historic decision to adopt, or not to adopt, Commission proposals that would take the first steps towards a united EEC front against the growing depredations of Soviet-block shipping in world liner trades. The decision seems likely to be: do nothing.

If that is so it will be much to the chagrin of the shipping "hawks" among EEC members such as Britain, whose large liner fleet has been steadily sapped by cut-price Russian competition in the past decade, and Germany, always sensitive to chill winds from the steppes. And also to the chagrin of Mr Richard Burke, EEC Commissioner for Transport, who in recent months has tirelessly urged the need for a Community stance in the face of Eastern-block expansion.

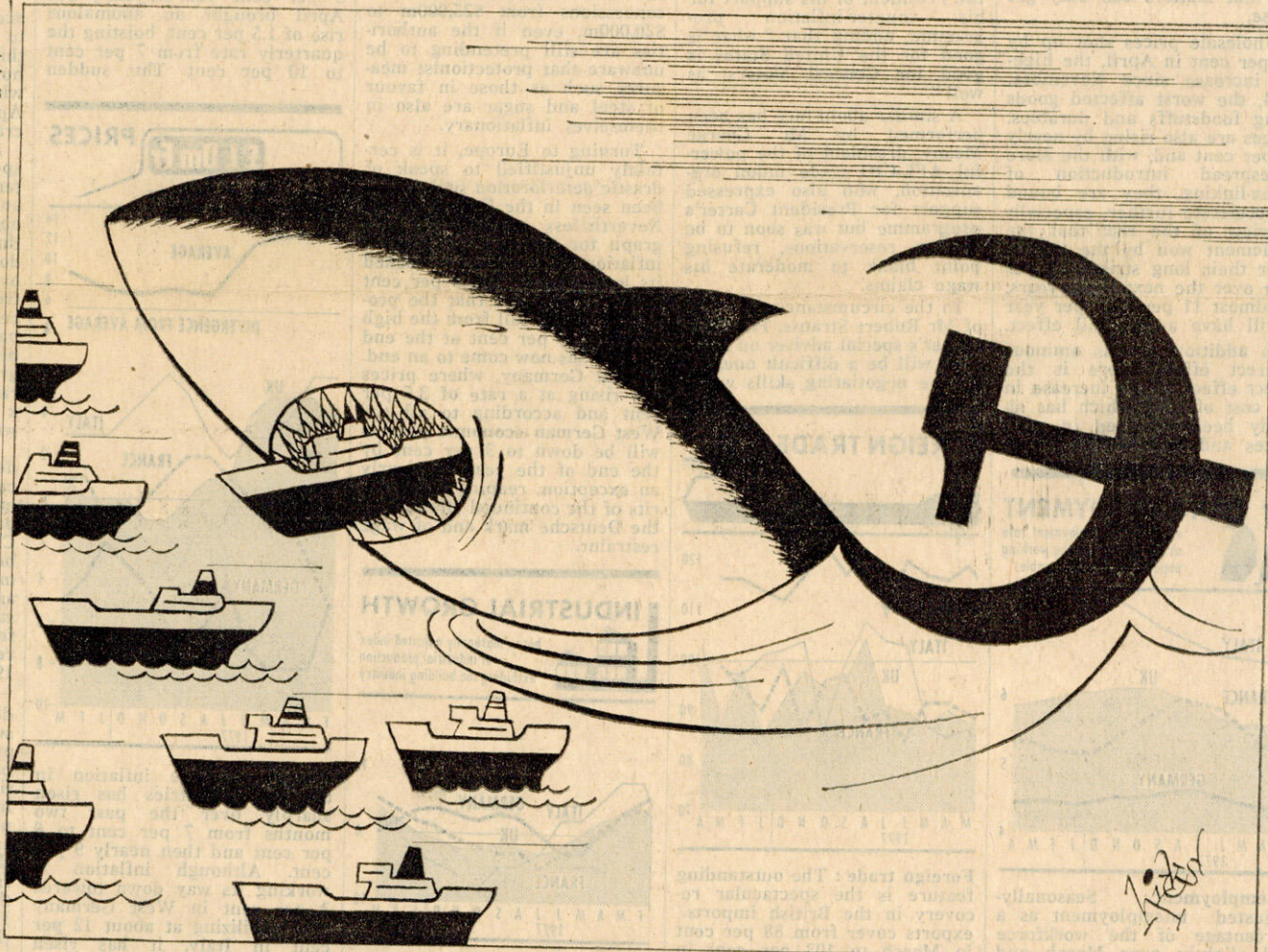
As for the Russians: they will be laughing their heads off.

The problem was well summarized by Commissioner Burke in a recent speech in Bremen. Soviet-block shipping has been expanding rapidly in recent years, far more rapidly than either world trade or its own foreign trade would justify, and this expansion has been primarily at the expense of the established liner fleet of the EEC, the United States and Japan.

Russia has doubled its liner trade, acquired the world's largest liner fleet, and plans further, and technologically more formidable, expansion in the years ahead.

This expansion, based on cheap labour, arbitrary pricing and the massive weight of Soviet state buying power, has a commercial value to Russia, in that it provides foreign exchange for vital imports from the West which Russia seems unable to pay for by selling its own uncompetitive goods. But it also has political and strategic implications as shown already in Cuba, Vietnam and Angola, Mr Burke pointed out. Many Soviet merchant ships are equipped with advanced naval equipment, and naval and merchant crews are largely interchangeable.

Soviet shipping expansion is slowly eroding the economic health of western shipping lines, which cannot fight back by commercial means. Therefore



"It will be necessary for us to establish vis-à-vis the state trading countries a new set of rules of the game taking into account their economic system and not ignoring it", Mr Burke said.

"Neither the Commission nor the member states want to provoke a confrontation with the Soviet Union, nor do we want to exclude them from our trades", he went on. "All we want is to put our defences in order while still expecting that negotiations will ultimately lead to a solution of our problems. But we want to negotiate from a position of strength, and in establishing this position it seems to me that the Community has an important part to play."

The Commission proposals would take what some consider a too tentative step in that direction. They call for monitoring by EEC states of the nature and extent of Soviet shipping

activities in EEC trades, co-ordinated consideration by the Community of the implications of these activities for EEC interests and, if the Council agrees, coordinated counter-measures designed to control or limit such activities.

All seemed set until, a few weeks ago, France threw a large and well-aimed spanner in the works. Having appeared earlier to be accepting the common approach, France suddenly declared that in a world of shipping malpractice it was wrong to single out one group for censure; it was wrong of the Commission to have published its proposals; and—smarting perhaps from the Amoco Cadiz—that the Community should concentrate its attention on more important shipping matters, such as the evils of ships flying flags of convenience.

The Council of Ministers is

unlikely to approve the Commission's proposals on so sensitive an issue without a common view; so in the absence of a French change of heart in the next few days—an unlikely eventuality—the cause of EEC unity in response to Russia's shipping challenge seems about to suffer a severe setback. Recent Russian soft-peddling as the EEC began to show signs of a resolution it had suspected it did not possess will no doubt go into reverse, and the "aggressive expansion by uncompetitive means" to which Commissioner Burke referred will be resumed. The states with most to suffer will presumably attempt by ad hoc combinations to contain it: on past experience without much success.

Whether all this is a good or a bad thing depends on one's point of view. Unity in EEC liner shipping could never be

easy to attain given the conflicting interests (some shippers like Russia's cheap rates), uneven shares (Britain's third of the EEC 17 million-tonne liner fleet is thought by some to be disproportionate), and minimal interest in shipping on the part of some member states, and a long history of *laissez faire*.

There are those who believe in the genuineness of *détente*, in Russia's right to use the familiar techniques of outsiders to win a share of established liner trades at the expense of the sitting members, and of eventual "fair shares" among the different flags by just letting things take their course. But there are those, evidently including Commissioner Burke, who consider it naive to regard the monolithic Russian state as just another competitor. Time, it appears, is to be given another year or two to tell.

January 1980

LLOYD'S: FACING UP TO THE CRASH OF '79

Last year was a bad one for the world-famous insurance market ending in the collapse of one of their syndicates and now a High Court case where Lloyd's itself is a defendant. Brian Widlake reports on the losses of Syndicate 762 and how the usual "utmost good faith" among insurers is being steadily eroded away

Lloyd's of London, the world-famous insurance market, has lately learned to its cost and embarrassment that tradition, good faith and professionalism are terribly frail.

Last year was a bad one, for several reasons: £300 million of losses on insurance for computer leasing contracts came to light; Lloyd's had to invoke statutory procedures to look into the affairs of a big broking group, Christopher Moran; and it was a year of litigation, marked by the reluctance of more and more underwriters to accept claims just on the assumed "utmost good faith of brokers."

But above all 1979 was marked by the Sasse debacle: the collapse of Syndicate 762 with losses of more than £20 million, leaving in its wake a host of potential bankruptcies and now, a High Court case in which Lloyd's itself is a defendant — a challenge to the dignity of an institution which has never been short on pride and self-esteem. The case is due to be heard in April.

Syndicate 762 was formerly headed and run by Mr. Frederick "Tim" Sasse, a man with an enthusiasm for racehorses and a reputation for considerable charm.

No amount of charm will ever redeem Sasse in the eyes of the syndicate's 110 members, among them Murray Gordon, chairman of Combined English Stores, and Joe Benjamin, who runs a successful property business.

Underwriters expect to take the good

years with the bad, but they do not expect to be ruined overnight.

Lloyd's 400 syndicates, while managed by professional underwriters, have varying financial records: some are consistently good over the years, others less so. The outside Names, wealthy individuals who represent the bulk of underwriters, put themselves in the hands of Agents who use their judgment to place them with the syndicates they think are likely to do best. Those members of Syndicate 762 who are suing Lloyd's are also suing eight underwriting agencies.

Sasse piled up something like £8 million of losses on insuring computer leases and

"I'd have to live to 160 to wipe out the debt"

another £8 million on North American property insurance. On top of that the syndicate "wrote" — in plain English, insured — business to the tune of two and a half times its premium income, a clear contravention of Lloyd's rules. Syndicates should only write up to the level of their premium income — in Sasse's case £4 million.

Sasse himself is now subject to official investigation under the Lloyd's Act of 1871 which features expulsion as the ultimate deterrent, but that is no consolation to the syndicate members. They face average

liabilities of £250,000 each. Joe Benjamin and Murray Gordon notch up liabilities of almost £1 million between them. Another member, the opera singer Nigel Douglas, will have to pay up only £120,000.

Benjamin first got an inkling that something was wrong in March, 1978. Two months later Lloyd's put in the underwriting agents, Merrett Dixey (who are also being sued) to handle the affairs of Syndicate 762. Benjamin was appalled. Gordon heard the news with "profound shock". He says: "In a very bad year you might expect to lose £20,000 but this was something quite different." But neither man did anything at that stage; there was a feeling that Stephen Merrett, a tough, non-establishment figure would somehow sort out the mess.

But by March, 1979, a clearer picture was beginning to emerge about the true state of the Sasse losses and Benjamin, a mild-mannered man who enjoys ocean racing, went with Gordon to his solicitor, Martin Mendelsohn of Adlers and Aberstones.

Another syndicate member, Paddy Davis, took his problems to the firm of Clifford Turner. Davis, 59, is chairman of a small group of private companies, but says that if he has to pay up his liabilities of £250,000 he will be bankrupt. "I've calculated that if I continued in Lloyd's, and it proved to be profitable all the time, I would have to live to the age of 160 before I wiped out the debt." He echoes the concern of Benjamin and



Nigel Douglas: Accepting private charity



"Tim" Sasse: Subject to official probe



Peter Green: Lloyd's new chairman

DESMOND O'NEILL

Gordon at the way Lloyd's is run. "When we joined Lloyd's we were led to believe that the rules were adequate. We know now that they're not."

Benjamin had originally wanted judicial arbitration, a complete investigation of what happened in Sasse to determine liabilities. "It would have been infinitely better than washing dirty linen in open court." Even the Lloyd's committee were persuaded that it would be the best course. "The arbitration was dependent on there being no calls on our money," Benjamin says, "and on loans from Lloyd's." However, a group of insurers would not give two of the agencies involved in the dispute leave to participate in the arbitration.

That left only one option — the courts. But Lloyd's did provide two loans to help out underwriters who were financially embarrassed — first, a £7 million loan which will be repayable after what money there is has been recovered from the wreckage of Sasse; and a further loan of £3 million which will remain in force until the central dispute has been settled by the High Court.

The Benjamin group being advised by Mendelsohn numbers ten Names and the Davis group with Clifford Turner has 45, among them Nigel Douglas. By a curious irony Douglas was a working Name in Lloyd's until he turned to music 20 years ago. Married to a young wife, and with tiny children, Douglas thought he had made provision for a withdrawal from professional singing over the next ten years.

"After all, your vocal chords don't last forever," he says, "and in my business you don't get a pension. In my bachelor days I bought a flat in Switzerland to be close to the international opera circuit. I was going to sell that to deal with things like my children's education. We would also have moved to something smaller in the country and taken a decent profit on the sale of the London house. And I would still have had an income from Lloyd's."

But in the last fortnight Douglas has had a bill from his solicitors for £700 to keep up his part of the action against Lloyd's. In addition he's had accountant's bills to cope with and a heavy life assurance policy to finance on behalf of his family to cover the Lloyd's deficit, totalling £4,000 in recent months.

"I'm now in the position of accepting private charity. One good friend has given me a loan of £25,000, interest free, for as long as I need it. And others have come forward. My only chance of paying off these debts is staying a member of Lloyd's."

Talking about the Lloyd's market in general before he left the chairmanship at the end of last year Ian Findlay, a staunch traditionalist, acknowledged that "there is today a feeling among insurers that the principle of 'uberrima fides' ('utmost good

The big risk-takers

Three principal groups of people who make the market work

Lloyd's calculates its collective profits after a three-year time lag to allow for claims to be settled. In 1976 ultimate profits were £122.8 million; premium income was £1.7 billion; the number of members 8,565. Last year premium income was probably over £2 billion with 17,278 members. There are three principal sets of people involved in the market.

Names: Underwriters who take the risks, receive the profits and bear the losses. They must show minimum personal wealth of £100,000. Only a quarter of the present membership actually works in the Lloyd's market. Names operate in 400 syndicates.

The money of the syndicates' members is managed by professional, working members of Lloyd's who calculate the risks, decide the premiums and are responsible for the management of the syndicates. **Agents:** Underwriters who place, and manage, names in syndicates. Many agents have their own syndicates. No one can be introduced to Lloyd's without an agent and agents generally place their names in more than one syndicate to spread the risk. **Lloyd's Brokers:** Insurance brokers who are entitled to deal with underwriters in the "Room" — the place where the insurance is "written". Brokers take round the risks to underwriters who deal in specific markets, who then indicate on the "slip," which describes the nature of the business, the proportion of the risk accepted.



The "Room" at Lloyd's where the insurance is written

CHRIS CORMACK

faith') is being steadily eroded." Findlay himself set up a committee of inquiry under Sir Henry Fisher to look into the workings of Lloyd's and the market's much-vaunted self-regulatory procedures. Fisher will probably report in April.

But Findlay speaks for most members when he says: "I cannot really believe that the time has come when Lloyd's as a society of underwriters and as an insurance market needs a governing body equipped with and ready to use even more draconian powers in the maintenance of law and order."

But there are already signs that Lloyd's is intending to tighten up a number of procedures — among them the use of the "binding authority," an authority granted by a syndicate to a third party to write business on its behalf up to certain limits.

Lloyd's is concerned because a binding authority holder for Sasse, an American company called Den-Har, was not approved by the accepted market procedures known as "tribunalisation." It was this authority which led to Sasse taking on fire and damage insurance for high-risk property in North

America at low rates. The subsequent losses were enormous.

Findlay has made the point that it is "no part of the Lloyd's committee's function to intervene in matters of day-to-day underwriting judgment; and it would not be in members' interests to do so."

The key word is judgment. It is no secret that in competing for business both brokers and underwriters can be tempted to overlook commercial prudence. Lloyd's cannot afford another Sasse. For one thing, it has to accept the fact that insurance has never been more competitive. Europe is expanding into overseas markets and a New York answer to Lloyd's — the New York Insurance Exchange — is just starting up. The London market is worried too about a suggested £245 million takeover bid for D. T. Bowring, a broker with big interests in Lloyd's, by the American Marsh and McLennan group.

The new chairman of Lloyd's, Peter Green, is said to be intelligent and vigorous. Lloyd's must hope he is the right person to put discipline back into a market that its critics say badly needs it.

schi) e dall'argomento geopolitico (che fare? dove intervenire?).

Nella primavera del 1939 l'argomento ideologico non bastava più a giustificare il ricongiungimento di quel che restava della Cecoslovacchia al Reich: in risposta, il governo britannico concluse un trattato di mutua assistenza con la Polonia. In settembre le truppe tedesche attaccarono la Polonia, scatarono quindi le garanzie franco-inglesi concesse a Varsavia: cominciava così la seconda guerra mondiale.

In altri termini, negli anni '30, ogni iniziativa di Hitler era seguita con incredibile rapidità da un'altra. Perché tanta precipitazione? Il grande stato maggiore tedesco pensava nel 1936 che la «Reichswehr», in piena riorganizzazione, non avrebbe potuto resistere ad una risposta francese; nel 1938, nel 1939 la riteneva pronta non per una piccola, ma per una grande guerra. Fu Hitler, solo Hitler che prese le decisioni fatali. Giudicava la guerra inevitabile e al tempo stesso necessaria alla realizzazione dei suoi piani di conquista; per di più si considerava l'unico uomo capace di condurre quest'impresa e confessò in tutta franchezza che preferiva la guerra immediata mentre si trovava nella forza dell'età.

La biografia dell'uomo si confondeva con il destino della Nazione. E quell'uomo tentò di trascinare il popolo tedesco alla morte quando riconobbe la fatalità della sconfitta.

Gli uomini del Cremlino ragionano in tutt'altro modo. Supponendo che mirino a dominare il mondo, essi non hanno già fissato né le tappe né le date.

confine.

8/12/1980

I «Lloyds» di Londra sospettano gli armatori liberiani

Sarebbe soltanto una truffa il naufragio delle petroliere

Londra, 7 aprile
L'affondamento negli ultimi tempi e in circostanze oscure, di alcune super-petroliere battenti bandiera liberiana al largo delle coste africane suscita perplessità negli ambienti delle assicurazioni marittime londinesi e pone pesanti interrogativi sulla natura di alcuni traffici petroliferi.

Dall'inizio dell'anno ben tre sono le petroliere da oltre 100.000 tonnellate andate perdute. Il 17 gennaio naufragava, al largo del Senegal in circostanze misteriose, la «Salem», giovedì scorso era la volta di due altre petroliere battenti bandiera liberiana: La «Albahaa B» (esplosa a 400 miglia dalla costa della Tanza-

nia) e la «Mycene», naufragata al largo del porto senegalese di Dakar.

Il capitano e il direttore di macchina della «Salem», si trovano attualmente in prigione a Monrovia sotto l'accusa di aver provocato volontariamente l'affondamento della loro nave. Ciò ha acuito i sospetti negli ambienti delle assicurazioni marittime e ha suscitato interrogativi anche sugli altri due naufragi benché l'inchiesta avviata in merito dai «Lloyds» non abbia finora fatto emergere alcuna prova sull'origine dolosa degli incidenti.

All'origine dei sospetti nutriti dagli assicuratori è l'attuale crisi del mercato dei noli marittimi che — rilevano gli specialisti del settore — potrebbe spingere certi armatori a progettare l'affondamento di loro unità per chiedere poi l'indennizzo alle compagnie di assicurazione piuttosto che affrontare le spese della immobilizzazione.

Nell'affondamento delle super-petroliere vi possono essere anche altri lati oscuri. Il Kuwait, come del resto anche gli altri Paesi produttori del Golfo, non permette che il proprio petrolio venga destinato al Sud Africa: questo come rappresaglia per la discriminazione razziale. Una volta caricato il greggio, tuttavia, può anche non essere troppo difficile eludere il divieto sia facendo figurare la nave in rotta per altre destinazioni, sia — ed è questo che sospettano gli assicuratori — facendola naufragare dopo la consegna, ma dichiarando ufficialmente che era ancora carica.

Il caso della «Albahaa B» presenta analogie con quello della «Salem».

Il naufragio è avvenuto al largo di Dar Es Salaam, mentre in quel momento la super-petroliera (che proveniva anche in questo caso dal Kuwait) «doveva far rotta verso Singapore», secondo quanto reso noto giovedì scorso dai «Lloyds». Successivamente, la società che aveva noleggiato la nave, la «Wallem» di Hong Kong, ha però riconosciuto che anche la «Albahaa B» aveva sbarcato il suo carico a Durban.

Il corrispondente da Singapore del giornale inglese «Daily Telegraph» ha potuto stabilire, sulla base delle registrazioni delle autorità portuali dello scalo asiatico, che negli ultimi 14 mesi la «Albahaa B» in pratica non aveva effettuato nessuno dei viaggi a Singapore che pure erano stati dichiarati ufficialmente.

Cervelli elettronici sabotati in Francia

Parigi, 7 aprile

Degli «specialisti» hanno sabotato gli elaboratori della compagnia «Philips Informatique» di Tolosa. I cervelli elettronici sono stati resi inutilizzabili «scientificamente» dai sabotatori, i quali hanno anche asportato tutte le schede del personale, contratti della ditta e documenti importanti.

La polizia sta indagando, finora senza risultato. Il direttore della ditta ha messo in rilievo il fatto che prima di lasciare i locali della «Philips Informatique» i sabotatori hanno consultato attentamente gli schedari con le tariffe praticate per i servizi e l'affitto degli elaboratori; forse si tratta di un caso di un nuovo tipo di spionaggio industriale.

I ribelli afgani strappano ai russi un'altra città

Islamabad, 7 aprile

Gli insorti musulmani afgani che combattono il regime filosofico di Kabul hanno riassunto, dopo violenti combattimenti, il controllo della città di Kama, ad otto chilometri di Jallalabad, che era stata presa una settimana fa dalle forze sovietico-afghane. Lo ha annunciato oggi ad Islamabad un portavoce del gruppo di resistenza afgano «Hezbi Islami».

Il portavoce ha precisato che nei combattimenti vi sono stati trentasei morti in campo sovietico e che sono stati distrutti sette carri armati mentre fra i ribelli vi sono stati un morto e tre feriti.

Edmund Stevens

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The danger of stagflation

THE BEST that can be said about the present parlous state of the international economy is that at least it shows that the world's leaders are capable of learning from their mistakes. After the chastening they have suffered over the past five years as a result of heeding the refractionary siren calls which followed the 1973 oil crisis, politicians in all the main industrial countries are now batten down the hatches and preparing to sail straight into recession with a grim determination that would have been almost unimaginable 10 years ago.

The trouble with learning from mistakes is that the number and variety of mistakes that can be made is usually inexhaustible. The leaders at the Venice Summit last weekend were unanimous in their determination to put the fight against inflation ahead of all other economic objectives. This was convenient from a political standpoint, because it looks as if inflation is now peaking in every industrialised country. But they carefully averted their attention from the equally clear indications that one country after another is moving into recession, in a synchronised downturn which could make each economy's slump unusually painful, and wasteful of productive resources.

Downturn

The IMF world economic outlook published this week underlined the way that growth prospects have suddenly begun to deteriorate this year, not just in the U.S. but also in Germany, France, Italy and, needless to say, Britain. These worsening prospects are, according to the IMF, attributable primarily to the policy reactions to mounting inflation. The trouble is that restrictive policies against inflation which are domestically desirable and often ultimately unavoidable, have a threatening international dimension. It is a pity that the Venice Summit did not discuss the danger of stagflation.

One of the main reasons for hoping that the downturn now looming would be a good deal less

mentally party to defend the European currencies against a strengthening dollar, since that would have no effect on the world's insurance market, packed his traps and set off for a fishing holiday "somewhere in Scotland."

Mr. Green lists "working" as one of his other recreations so no doubt he will be reflecting while he casts a line, on the radical changes recommended for the 300-year-old insurance market by Sir Henry Fisher, whose report was published on Thursday.

Necessity

The fact that the U.S. is beginning to appear to its own businessmen as one of these inflation-addicted countries, makes international economic cooperation all the more desirable over the coming year or so. For the U.S. economy needs to get out of recession by raising investment and exports, rather than consumption and government spending. More than any other country the U.S. needs to embark on a massive industrial transformation to adapt its economy to high energy prices. But for many of the industries which have been most affected by energy costs this transformation will be especially difficult in a world economic slump.

In Britain's many uncompetitive industries the same necessity for structural transformation in the midst of a recession looms even larger. While Britain's steel and car industries have not been adapted to a cheap-energy economy in the same way as America's, their dependence on relatively cheap and highly unproductive labour is an even greater affliction, at a time when North Sea oil and the soaring exchange rate are mak-



THE FISHER REPORT INTO LLOYD'S

It's not all A1 at the £100,000 club

BY JOHN MOORE

AFTER disposing of the main business for a week, Mr. Peter Green, 55-year-old chairman of the City of London's most famous commercial club, Lloyd's, the insurance market, packed his traps and set off for a fishing holiday "somewhere in Scotland."

Mr. Green lists "working" as one of his other recreations so no doubt he will be reflecting while he casts a line, on the radical changes recommended for the 300-year-old insurance market by Sir Henry Fisher, whose report was published on Thursday.

Sir Henry and a working party, established by Lloyd's, have been studying the way the market conducts its affairs and regulates its members. For an internal report it is frank, something which surprised many members of the market. The constitution of Lloyd's "is no longer appropriate" and the powers of the 16-strong ruling committee of Lloyd's "are inadequate for self-regulation in modern conditions," it concludes.

Although Sir Henry is a former High Court judge, the language used in his study is mercifully free of legal circumlocution and spells out a simple message over and over again: all is far from A1 at Lloyd's. Why have this report and the recommendations for sweeping changes at Lloyd's been necessary?

Lloyd's started life in a coffee house in the 17th century when there were no insurance companies as we now know them. It originally specialised in underwriting marine risks for shipowners.

Some of the origins of the market are still reflected in present custom. Commissioners are called "waiters," and wear red robes and silk hats recalling the costumes of Lloyd's early days. The underwriters sit at "boxes" similar to the benches where their counterparts would have sat writing the business in the coffee house.

rules backed by law barely exist.

The 16-strong ruling committee of Lloyd's has relied on assent and agreement of its members who, it would like to think, will always act in the best interest of the market as a whole. Last November, Mr. Ian Findlay, then Lloyd's chairman, said: "I cannot really believe that Lloyd's as a society of underwriters and as an insurance market needs a governing body equipped with and ready to use more draconian powers in the maintenance of law and order."

Lloyd's, of course, is not a company but a market place summed up in the phrase used by one member in the 19th-century: "Individually we are underwriters, collectively we are Lloyd's." Lloyd's has no shareholders and the role of the Committee and Corporation of Lloyd's (the latter organises the market) is largely administrative, taking no share of the profits.

It is the 18,552 underwriting members of Lloyd's who back the risks, receive the profits

test—usually individual wealth of £100,000 must be shown—the membership is drawn from people of financial substance. Landed gentry, successful businessmen, the odd pop group, the occasional well-heeled journalist, sportsmen, television personalities and others representing most aspects of successful and wealthy sectors of society all participate in Lloyd's prosperity.

Lloyd's reputation as an insurance institution which offers first-class security to insurance policyholders, and financial probity remains supreme in the insurance world.

But in the last 21 years Lloyd's has been rocked by a series of messy scandals which have challenged the way it operates. At least 10 of its underwriting syndicates have required special internal investigations, some of which have led to City of London fraud squad inquiries. The result of one police investigation into the affairs of a Lloyd's insurance broker are with the Director of Public Prosecutions. Members of the Sasse syndicate, which

a reflection of the highly competitive conditions in which the market is operating. In order to secure business both brokers and underwriters are sometimes neglecting traditional commercial prudence and were circumventing accepted market procedures.

"It was the consciousness of the lack of powers to deal adequately with abuses and difficulties which led to the setting up of this working party (into self-regulation)," the Fisher report says simply.

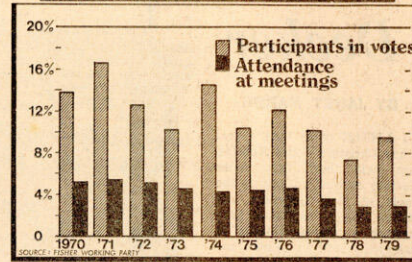
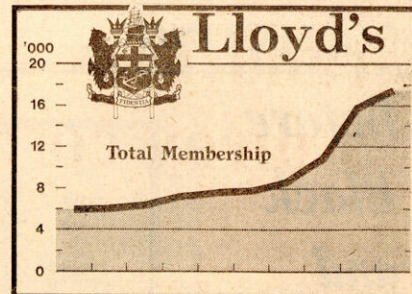
Two main themes dominate the Fisher report: the question of Lloyd's government and its discipline. In what is itself the most revealing modern social history of Lloyd's, the report points out that there were only 675 underwriting members of Lloyd's, all resident in the UK and most of them carrying on business in the City of London in 1871.

Lloyd's principal Act of Parliament was established in that year and it is that Act which is still referred to when troubles break out in a much changed market.

In Lloyd's it is referred to as "the chop" act because if it is invoked for disciplinary matters, the procedures used lead only to expulsion from the market. There are no penalties. "It is the nuclear bomb or nothing," said one member of the market.

Moreover, the rule-making power is entrusted to the whole membership of Lloyd's—including the pop stars, businessmen and landed gentry—and not the committee of Lloyd's which works in the market. If the rules had to be changed, a general meeting of members would have to be called. With over 18,000 members this year Lloyd's would be somewhat worried if all the membership did turn up in Lime Street to take a part in Lloyd's affairs. It would also pose an accommodation problem.

Sir Henry has concluded that only a small minority of members attend general meetings—the percentage has not exceeded 5.3 per cent in recent years. With the great increase in membership between 1977 and 1979, when membership climbed from just under 11,000 to over 17,000, the percentage has de-



elector by the working members. The Fisher report points to the voting trends of the last 10 years in support of this argument. Under the present system the committee is elected by the entire membership but, because votes can only be cast in person, those that cannot make the journey to Lloyd's Lime Street offices are in effect disfranchised.

The Fisher team has dealt with the new problem of depriving the outside members from voting in the council election by allowing them six of their own representatives

through a postal ballot, a device which will give the many overseas members of Lloyd's a say in who should govern Lloyd's. It says that three outsiders, completely independent of Lloyd's, should sit on the new council. They would be nominated by other members of the council and the nominations would require confirmation by the Bank of England.

On the question of discipline the Fisher report observes that Lloyd's has traditionally operated without any formalised disciplinary procedures, other than the limited ones laid down under the 1871 Act which have been rarely invoked. Adherence to accepted standards of behaviour has, for the most part, been maintained by the

pressure on all insurers and brokers. Large insurance brokers at Lloyd's, which are quoted on the Stock Exchange, have shareholders to answer to and earnings per share figures to improve. They may not take much notice of a private reprimand by one of the Lloyd's chairmen if it could mean the loss of a big line of business.

If disciplinary action has to be taken against some of the more powerful elements of the market, almost inevitably the alleged wrong-doer contacts his lawyer and challenges the word of the Lloyd's fathers in the court. One chief executive of an insurance broker is challenging Lloyd's disciplinary proceedings in this way.

So rules, properly codified, are necessary. Lloyd's will have to seek a new Act of Parliament to bring these changes into effect.

One aspect of the Fisher report which is causing controversy in the market is that it seems slanted towards the underwriters, the traditional hub of the market.

The big brokers, it has been recommended, should divest themselves of their shareholding interests in managing agencies, the groups which manage the affairs of syndicates, because of the potential abuse of the conflicts of interest. "No proposal short of complete divorce is sufficiently watertight to reassure the public," and the members, "and give underwriters the greater independence and standing which is health of the market requires," says the report.

A GLOSSARY

NAME: Shorthand expression for an underwriting member of Lloyd's. His name appears on the list of participants of syndicates at Lloyd's.

SYNDICATE: Group of underwriting members. To allow a certain volume of insurance business to be accepted speedily and efficiently members of Lloyd's group themselves into syndicates. Some have hundreds of members, some a handful. There are over 400 syndicates looking after the affairs of 18,552 members.

ACTIVE UNDERWRITER: Person (usually, but not necessarily an underwriting member) who conducts underwriting on behalf of a syndicate of underwriting members. Most members do not work at Lloyd's but "invest" in the market by committing their private wealth to allow the market to function. Usually means of £100,000 must be shown.

UNDERWRITING AGENTS: Groups which manage the affairs of the members of Lloyd's. A managing agent manages a syndicate or a number of syndicates. A members' agent deals with the applications for membership, and introduces members to syndicates.

BROKERS: An insurance broker buys insurance on behalf of a client. Brokers who use Lloyd's need special approval by Lloyd's before doing business there. Lloyd's has no direct dealings with the public. Business must be channelled to underwriters through the brokers. Large Lloyd's brokers often have shareholding links and control of managing agents.

and bear the losses.

The members of Lloyd's are grouped into syndicates, which rules

is facing £20.2m of losses, are suing Lloyd's for alleged broken rules and breach of duties.

industries have adapted to a cheap-energy economy in the same way as America's their dependence on relatively cheap and highly unproductive labour is an even greater affliction. It is a pity that the Venice Summit did not discuss this in greater detail.

One of the main reasons for hoping that the downturn now looming would be a good deal less severe than the 1974-75 recession was the prospect that the U.S. would move into recession much earlier than the European economies and Japan, which would provide opportunities for world trade growth, and reasonably buoyant markets for the less developed countries until the American economy, in its turn, began to recover.

Unfortunately, the delay in the American recession, which was widely expected to begin last year, coupled with the restrictive policies in much of Europe, which were imple-

mentally adapted to a cheap-energy economy in the same way as America's their dependence on relatively cheap and highly unproductive labour is an even greater affliction. It is a pity that the Venice Summit did not discuss this in greater detail.

Whether it is politically possible to carry through the sort of production improvements that British industry requires at a time when demand both at home and abroad is weakening and there is little scope for increasing production is the great question facing the Thatcher Government. The disastrous losses of British Steel may be only the first indications of how difficult a task the Government has set itself.

Since the 17th-century, in an eventful history, Lloyd's has become one of the most important insurance organisations in the world with an annual premium income of nearly £2bn. Although the market started out insuring ships and cargoes, it now has the reputation of being a market in which any risk can be covered from a space satellite to a family car.

These developments have been fostered in an environment which has given much encouragement to the entrepreneur and private enterprise. The individual freedom of the working members of the company, over 3,000 in all, has been respected by the ruling bodies. This means that refined

and bear the losses.

The members of Lloyd's are grouped into syndicates, which are not partnerships. A member of Lloyd's is not liable for what is done in the name of any person. But each member of Lloyd's is individually liable for the share of the risks in which he has participated through his syndicate to the full extent of his wealth.

Over 15,000 of the membership do no work in Lloyd's. They are shareholders in public companies, they provide capital for the market to function.

Because each member of Lloyd's has to pass a means

is facing £20.2m of losses, are still Lloyd's for alleged broken rules and breach of duties.

A Parliamentary question was raised two years ago into the way a possibly fraudulent claim was settled by the market. On top of this Lloyd's is facing its largest-ever losses on computer leasing insurances, and has attracted criticism for carrying out inadequate checks on this new class of business.

It had become apparent by 1978 that the freedoms of Lloyd's could be abused, a feeling which became confirmed as the troubles continued to mount. Many of the controversies were

the percentage has not exceeded 5.3 per cent in recent years. With the great increase in membership between 1977 and 1979, when membership climbed from just under 11,000 to over 17,000, the percentage has declined still further. This though the Lloyd's Act of 1981 may seem to place the rule-making power where it should belong, in the whole membership, "this is a fiction. General meetings are not truly representative of the whole body of members," says the report.

With this in mind the Fisher team has set about designing a new Lloyd's council which would take over the rule-making powers of the membership.

This new council would consist of 16 working members

than the limited ones laid down after the 1871 Act which have been rarely invoked. Adherence to accepted standards of behaviour has, for the most part, been maintained by the effectiveness of warnings informally given by successive chairmen and deputy chairmen in a rather headmasterly way.

Many people working at Lloyd's fear that the introduction of excessive legalism into the affairs of Lloyd's will squeeze the vitality out of the market.

The Fisher team sympathises, but has no doubt that "formal procedures must now be able to deal with those who transgress the rules."

writers. The report also says the health of the market requires," says the report.

Strong words. And Lloyd's will need considerable courage to act on many of the recommendations of the Fisher report, which has been accepted in principle by the Committee. If all the proposals are implemented the committed capital of the 18,552 members can be safely protected from abuses within the market. Until the new Act of Parliament is brought into being, which could be sometime next year, the market will have to muddle along with its existing limited rules, which Mr. Grech described this week as "archaic and obsolete."

Competition in international insurance markets has put

Letters to the Editor

Mortgages

From Mr. W. Shepherd

Sir,—I note from his report of June 11 that Michael Cassell, attended the building societies conference. Frankly, I did not feel I had a proper answer to my enquiry as to whether tenants exercising their rights to purchase would inhibit builders from providing new low price housing. They certainly will not be able to build houses at a price competitive with the "discount" price of council dwellings. It would appear therefore that these provisions in the Housing Bill may prove counterproductive.

Mr. John Stanley, the Housing Minister, did indeed plead with building societies to lend more on "rundown properties" in inner cities. But why should the societies do so when they haven't enough to invest even in better securities. The Minister's hope that societies would maintain the £400m a year local authorities support scheme was not welcomed by Mr. Ralph Stow owing to accusations of "queue jumping." Mr. L. Williams however, divined a "spin-off" benefit from the liaison that the scheme required building societies. Unfortunately in the second year's operation of the scheme when I was a council valuer, the Department of Environment allocated different building societies to those councils had been dealing with the year before. Thus valuable contact and liaison built up over the year were lost.

The Government would be far better to entrust mortgage advances to local authorities even at the risk of affecting its current fixation with reducing the public sector borrowing requirement. And that would mean for their funds, happily free to concentrate upon the more attractive investments for their funds.

Insurance

From Mr. A. Barnes

Sir,—I read with interest the article (June 14) on motor cycle insurance and while it throws considerable light on the subject, it fails to answer my question as to why the renewal notice for my policy due on August 1 quotes a premium more than 68 per cent higher than on the same date last year.

I am 31 years of age—one year more mature and 12,000 miles more experienced than last year—and have made no claims on the policy during the period so the insurer's risk, I would have thought, is somewhat less. I have been with the insurance company since returned to motor-cycling three years ago and despite an accident and claim-free record had not been offered any no-claims discount, a situation neither I nor any other driver would tolerate if insuring his car.

A possible explanation can be found if one considers the commercial environment suggested in the article in which just a few insurance companies are quite willing to transact business from a legally obligated clientele who have very little choice—and absolutely no voice—in the matter. There is only one company which offers the cover that I require. It is simply its monopolistic situation which enables it to increase my premium from £104 to £175 at a stroke. Motor cycle insurers rely on the fact that the bulk of their customers are young and while not uncomplaining, have no effective medium to proclaim their exploitation. While such rich pickings exist, the insurers can forget their ethics, confident that their lapse will not be exposed.

And before I am dismissed as a Left-wing radical for holding these views, let me add that I am a qualified accountant working to uphold the profit motive in a large organisation. My general outlook is conservative, and my "bias" being a preference for two- rather than four-wheeled motorised trans-

port. I resent the fact that insurance companies consider my disposition in this matter to qualify me for an annual "rip-off." If there exists a more viable explanation I would be pleased to hear it.

A. Barnes,
70 Birch Gardens,
Rainford,
St. Helens, Merseyside.

Transport

From Mr. F. Gilman

Sir,—Voters north of Watford are entitled to question the wisdom of spending large sums of their taxes on subsidies to encourage the continuance of commuting, which is a prime cause of the urban blight at which yet more taxpayers' cash then has to be thrown.

London commuters have over the years grown accustomed to living many miles from their place of work; they should now be prepared to pay the full economic cost of so doing, or alternatively they should return to the city to live "over the shop."

F. E. Gilman,
Coppice Farm House,
Church Lane, Glaston,
Uppingham, Rutland.

Tickets

From Mr. D. Pantlin

Sir,—Your excellent article on the London Underground (June 28) makes no mention of one simple improvement which could be introduced rapidly at little cost: I refer to the need to control excess fare payments. This could be done by issuing staff with the same sort of ticket machines which are used by bus conductors, to enable them to issue a receipt for money collected.

Surely many passengers will share my belief that it is morally wrong for an employer to put staff in a position of temptation when they handle fairly large sums of money. Most of the staff are surely honest people but human nature

being what it is, there must be a loss of income because of this elementary precaution.

Many businessmen who arrive at Heathrow early in the morning from abroad find it necessary to purchase a low denomination ticket in the machines because of enormous queues at the booking counters. They are then upset to pay the substantial excess fare on arrival in the City without being issued with a receipt. The same problem arises when returning abroad by taking the Underground in the City during the evening rush hour.

Maybe one day the Underground will require a subsidy but surely it should start by putting such simple improvements into operation, by dealing with the queues, and by using modern electronic ticket-issuing machines capable of taking notes and giving change.

Dick Pantlin,
11 Avenue de Mercurie,
1180 Brussels, Belgium.

Orchestras

From Mr. F. Pirouet

Sir,—Mr. Robert Ponsigny has challenged (June 21) my assertion that ticket prices have risen faster than inflation.

In 1958, the year before Sir William Glock became responsible for the Henry Wood Promenade Concerts, a mid-price loggia seat cost six and sixpence. This year the same seat will cost £5.50. Extra VAT element of the price and it has increased nearly fifteen times since 1959 against a retail price index increase of about five. Similarly a season ticket cost £200 in 1959 and is now £300; deduct the VAT and the price has increased nine times.

So far as the prospectus is concerned he and I have different views of what amounts to extravagance. I find, however, I have under-estimated the rate of increase in its price. It cost six pre-inflationary pennies in 1960 and has therefore gone up thirty times in price in twenty years.

I don't know what is meant by "a courageous programme building" which to me smacks of jargon, but I can suggest a number of luxuries which ought to have been axed by the music department before it sacked 150 of its musicians. The appointment of foreign conductors to top posts; expensive foreign tours by the Symphony Orchestra with minimal broadcasting; to be conducted by foreigners; importation of foreign orchestras; under-utilisation of the house orchestras and abandonment of "repeats." With the amount of broadcast-time available for music so much greater than in the fifties the answer that the latter is "something our present editorial policy does not allow" is unconvincing.

F. E. G. Pirouet,
185 Barnett Wood Lane,
Ashted, Surrey.

Pounds

From Mr. F. Hobbs

Sir,—There seems to be a tendency for people to be informed that Euro-currency rates are different from their local ones. In a time of free exchange it cannot make any difference whether a pound is owned in Hakney or in Timbuctoo. The ownership of a pound may change dozens of times all round the world, but sooner or later it comes home to roost and has to be redeemed in England. It follows therefore that all pounds "manufactured" by the Government have to be taken into account in assessing the inflationary effect of the proceeding.

John H. Hobbs,
26 Boulevard des Moulins,
MC Monte-Carlo.

Accounting

From Mr. H. Norris

Sir,—While agreeing with Mr. Greener (June 24) that it is

a pity that it has taken so long to make progress with price change adjusted accounts—ignoring his simplistic view of who is to blame—must dissent from his strictures on accountants' responsibility for taxing capital. He has forgotten the Inland Revenue's substantial, though rough and ready, allowances in lieu.

Furthermore, one of his examples ("Cursor's examination" . . . "taxable profits less the taxation levied") happens to produce current-loss-accounting figures on which tax is still less than a third of reduced adjusted profits.

H. Norris,
Deben Haugh, Ipswich Road,
Woodbridge, Suffolk.

Engineers

From the Executive Secretary Council of Engineering Institutions

Sir,—In "Men and Matters" (June 25) you paid a tribute to the confidence of the Council of Engineering Institutions in publishing its first diary at a time when the engineering profession awaits government decisions upon the Finniston report. That orders for the diary are already being received in encouraging volume from individual engineers is surely an indication of the strength of feeling upon which our confidence is based. Professional engineers are determined that their right to govern the affairs of their own profession shall not be taken away from them. This right is a primary characteristic of every profession in this country and throughout the free world. Ordering a diary for 1981 is a modest demonstration of their confidence that the Government will not adopt this particular recommendation of the Finniston report.

Denys Wood,
Council of Engineering Institutions,
2 Little Smith Street,
Westminster, SW1.

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Monday November 3 1980

A poor choice for America

WHEN the American electorate goes to the polls to elect its President, the rest of the world holds its breath. Better or for worse, the American President remains the most powerful political leader in the western world, and the choice made by American voters is likely to go far beyond the frontiers of the United States.

In this case, their choice is particularly difficult. As has been evident from the unusually high proportion of "don't know" in the public opinion polls, the American voters have had a hard time making up their minds between Jimmy Carter and Ronald Reagan. It is equally difficult for the rest of the world to make a confident prediction about which of the two main rivals would be likely to make a better fist of the job. There is a widespread anxiety in America and elsewhere that perhaps neither would do it especially well.

Impression

Jimmy Carter's record in the White House is not particularly impressive. He has some important achievements to his credit: the courageous decontrol of gas and oil prices, the Panama Treaty, and (with reservations) the Camp David agreement between Egypt and Israel. But too often he has given the impression of indecisiveness and inconsistency, and some people accuse him of incompetence.

Governor Reagan's competence is so far untested, since he has so little experience in national let alone international affairs. He has tended to be more decisive than Mr. Carter, but too often that decisiveness has appeared to be founded on simple-mindedness and ignorance. As the campaign has gone on, his one-word answers have tended to be more qualified. Some people believe that, provided he secured and depended on first-rate advisers, his tendency to simplify might be preferable to Mr. Carter's excessively detailed answers.

Whoever wins the race will be facing an extremely taxing period in office. In response to the Soviet invasion of Afghanistan, both

could continue to play too central a role in American foreign policy thinking, at the expense of other aspects of East-West relations, and at the risk of a new and damaging arms race between the two superpowers.

Both candidates have expressed their support for arms control negotiations with the Soviet Union, if in different terms, but neither man would find himself in a particularly favourable position for moving in that direction.

After swinging back and forth on the issue, Mr. Carter now wants ratification of the second Strategic Arms Limitation Treaty, but it remains questionable whether he could get the necessary Senate majority. Mr. Reagan wants to bypass SALT II and move into a third SALT negotiation with the Soviet Union; but it is even more questionable whether the Russians would find that an acceptable option. Russian recklessness may have delivered a damaging blow to detente, the more so as it is perceived in America as threatening the vital oil supplies from the Middle East. Yet one way or another, the U.S. has to remain on some sort of terms with the Soviet Union.

America's mood of national toughness, which has been encouraged by both main candidates, may also cause difficulties in trans-Atlantic relations with the Alliance. Few reasons of history and geography, most European countries are not prepared to abandon what has been achieved in the name of detente for the sake of being tough with the Russians.

American criticisms of some European countries are failing to pull their full weight in the Alliance may not be entirely unjustified, yet one way or another the next U.S. President will need to manage his affairs so that he is not simultaneously at odds with the Russians and with the European allies.

Uncertainties

The trouble is that on the political front, the future is uncertain, and unpredictable and unstable; on the economic front, the only thing that is predictable about the future is that it will be a great deal more

"We have always managed very well at Lloyd's without the heavy hand of bureaucracy and I cannot envisage that this will greatly change. There is a need for reform, but the time has not yet come for us to lose ends we have absolutely no intention of strangling ourselves." — Mr. Peter Green, chairman of Lloyd's, addressing the Institute of Bankers on October 28.

TOMORROW, for the first time in 30 years, the private membership of the City of London's famous commercial club, Lloyd's, the insurance market, is meeting to promote a new Act of Parliament. The members are to be asked to approve the planned legislation.

About 4,000 of the total membership of 18,552 are expected to attend the meeting which is to be held at the Royal Albert Hall in London.

The new draft legislation has been prepared after completion of a detailed report into self-regulation at Lloyd's by Sir Henry Fisher, a former High Court judge. The study was commissioned by Lloyd's.

That report, presented to the ruling committee five months ago, raised serious questions about Lloyd's structure, its government, discipline, efficiency, management, security, and its accountability. The constitution of Lloyd's "is no longer appropriate" and the powers of the 16-strong ruling committee of self-regulation "are inadequate for self-regulation in modern conditions," the report concluded.

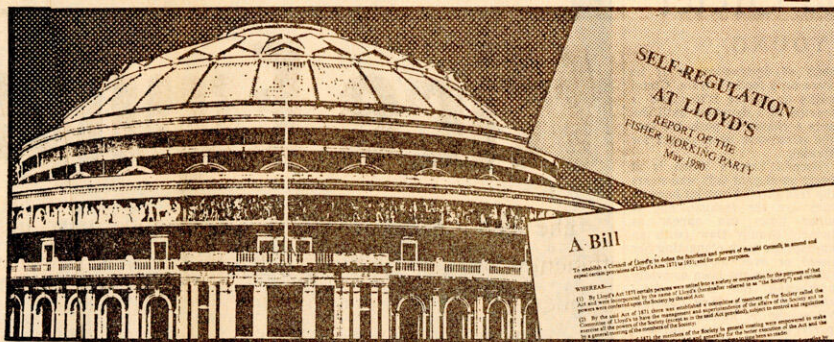
Sir Henry Fisher's report and the subsequent draft legislation are a direct response by Lloyd's to the growing number of troubles and scandals which has occurred in the market in the past three years, posing a challenge to the way Lloyd's operates.

A dozen of the market's underwriting syndicates, the units into which the members of Lloyd's are grouped, have required special internal investigation, some of which have led to City of London fraud squad inquiries. A broker and an underwriter have been arrested.

Members of the Sasse syndicate, which faced £21.5m of losses, were rescued by Lloyd's. The 110 members had to pay up £62.5m between them, with the Lloyd's community meeting the rest of the syndicate's liabilities. Until the rescue members of the syndicate were suing Lloyd's for alleged broken rules and breach of duties.

Apart from the Sasse affair, a Parliamentary question was raised in 1978 into the way a possibly fraudulent claim was settled by the market.

Another dispute between a



John More previews tomorrow's meeting at the Albert Hall, where members of Lloyd's are being asked to approve draft legislation to

reform the insurance institution's system of government by creating a new council and formal disciplinary procedures.

broker and underwriters over a claim arising from the destruction of a butty warehouse in Holland showed that more formal procedures, less dependent on goodwill of the parties involved, were needed to deal with commercial arguments.

In recent years, membership has expanded dramatically. When the last Lloyd's legislation appeared, in 1951, there were 2,913 members. This year there are 18,552 members and the number is likely to increase to nearly 20,000 next year.

More than 15,000 members do not work at Lloyd's and about 2,500 live overseas. Like shareholders in public companies, they provide the capital for the market to function. The large non-working membership generally has little knowledge of the day-to-day workings of the insurance business and does not exercise its right to take part in the government of Lloyd's.

The Albert Hall meeting to approve the new legislation emphasises how cumbersome the legislative machinery of Lloyd's has become.

Lloyd's members are drawn from people of financial substance, who have to pass a means test. Usually worth of £100,000 has to be shown. Landed gentry, politicians, successful businessmen, the odd pop group, journalists, sportsmen, television personalities and others representing most aspects of society and wealthy sectors of society all participate in Lloyd's prosperity.

The membership backs the risks, receives the profits and bears any losses. Only a small minority attend general meetings; the percentage has not exceeded 5.3 per cent in recent years. That is not representa-

tive of the whole body of the membership, for those that attended were largely the 3,000 or so who work at Lloyd's, such as underwriters, brokers or agents.

Sir Henry Fisher and his working party concluded that Lloyd's would be best served by a representative democracy, rather than a direct democracy, with a new council comprised of all interests in Lloyd's, including non-working members who do not sit on the existing ruling committee of Lloyd's.

The new draft legislation prepared by Lloyd's will remove the legislative and disciplinary function from the hands of the Lloyd's membership and place it in the hands of the new council, which would be similar to that of the Stock Exchange.

But Lloyd's has back-tracked on the central concept of representative democracy since the Fisher proposals appeared. Although the new council is to be formed, the membership will be able to have an ultimate say in rule-making matters. Only 500 members will be needed to petition for a meeting, at which in person or by proxy, the members can overturn any rule or bye-law which the council has recommended.

Mr. Peter Green, Lloyd's chairman, has said that it is not envisaged that this power will be invoked lightly or wantonly, and, of course, a third of the membership is required to vote in favour of any veto before a council ruling is overturned.

This change and other subtle alterations in Lloyd's version of the Fisher draft Bill are the result of heavy lobbying by sec-

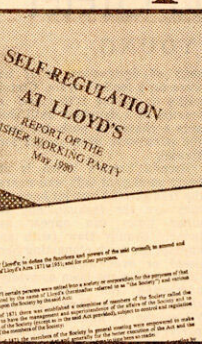
retional interests in the market. Many of those working in Lloyd's fear that the introduction of excessive legalism into the affairs of Lloyd's, together with an officious bureaucracy, will squeeze the vitality out of the market and lose it business.

The 300-year-old growth of Lloyd's has been fostered in an environment which has given much encouragement to the entrepreneur and private enterprise. The individual freedom of the working members of the community has been respected by the ruling bodies. Codified rules backed by law have barely existed.

There is a significant body of opinion in Lloyd's which feels that the council, as proposed by the Fisher report, would have had too much absolute power. Moreover, the big brokers were worried about the recommendation that the new council should insist that they divest themselves of their underwriting links at Lloyd's, because of potential conflicts of interests.

Over half the underwriting capacity in Lloyd's is under the management of agencies which are controlled by Lloyd's insurance brokers. The eight largest broker-controlled agencies are in the hands of the eight largest Lloyd's brokers, which between them produce nearly 60 per cent of the premium income of Lloyd's.

The Lloyd's underwriting interests of Lloyd's brokers can contribute as much as a third to overall profitability. Naturally enough, the Fisher divestment proposal is being fought hard by the brokers. They want to retain the access to this important line of revenue.



The power of veto which they have gained for the membership should allow them a fall-back position to resist any proposed bye-law for divestment in the future. Even now, some of the large brokers are unhappy about the number of members required to vote in favour of a veto—they think that a third of the membership is too high.

Sir Henry Fisher, in his own proposals, did not include the divestment issue as part of the Parliamentary legislative programme and its future as a by-law is uncertain. Other important proposals recommended in the Fisher report may also fail to be implemented, as the arguments of all vested interests are to be taken fully into account before any bye-law is introduced.

Lloyd's has traditionally relied on consensus opinion and the assent and agreement of its working membership before arriving at major decisions. That will not change.

There are underwriters at Lloyd's who feel that the draft bill as amended by Lloyd's is too skeletal, not incorporating enough of the hundreds of Fisher proposals in the Lloyd's Act and leaving too much uncertainty for the future. Other members feel that perhaps there should have been greater emphasis on the role and duties of underwriters and brokers when possibly fraudulent claims come into the market.

And of course there are those that feel the Fisher proposals and further legislation are unnecessary.

What Lloyd's has prepared is essentially an enabling Bill. It is a comparatively brief document, but it contains much to Lloyd's efforts to meet its Parliamentary deadline of November 27. Lloyd's has preferred to leave most of the Fisher proposals for the new council to consider and establish through bye-laws at its discretion. This allows the new governing body the greatest flexibility and room for manoeuvre.

Sir Henry Fisher, in submitting his report to Lloyd's, said that if Lloyd's could be strengthened by the new constitution and self-regulating powers it would be able to "put aside any suggestion that it is not in control of its own membership and affairs."

To achieve this, it is important that Lloyd's sustains the spirit and essential details of the Fisher report when it comes to establishing its bye-laws. Since the new council will not be fully in control until the existing archaic structure will have to continue to serve the community.

La bandiera della filibusta è tornata sui mari africani

Trucidati due ufficiali - Miliardi di danni rifiutati dai Lloyd's

Londra, 25 marzo

Tra gennaio e settembre del 1980 i Lloyd's di Londra hanno dovuto rifondere danni per 138,7 milioni di dollari dovuti ad azioni di pirateria lungo le coste africane e particolarmente lungo la costa dal Ghana alla Nigeria.

Il bollettino degli attacchi di pirateria diramato dalla rivista dei Lloyd's sembra riemergere da un passato che appariva sepolto con Morgan il pirata o con le avventure della filibusta. E' invece un realtà attuale che tra l'altro è già costata la vita a due comandanti di navi da carico, uno tedesco e l'altro inglese.

I pirati, che assalgono le navi sia in rada che addirittura all'interno dei porti, viaggiano a bordo di velocissimi motoscafi d'altura in gruppi sempre più numerosi e collegati tra loro con un efficiente servizio radio. Sono ovviamente armati fino ai

denti e attaccano le navi con il più classico dei sistemi pirateschi: i rampini d'abbordaggio. Scalano le murate con agilità di scimmie e affrontano gli equipaggi, sempre disarmati e impotenti a difendersi. Nei due casi nei quali si sono verificati omicidi si è trattato appunto degli unici armati a bordo delle navi: i capitani, che hanno tentato di opporre una qualche resistenza.

Il consiglio generale della navigazione inglese, sollecitato dai Lloyd's ha convocato i responsabili portuali e della marina mercantile nigeriani per studiare insieme il modo di porre un freno a questi attacchi che rendono sempre più difficile l'attracco delle navi occidentali nel tratto di mare del Golfo di Sao Tomè e il transito nelle acque territoriali nigeriane.

Tra le proposte avanzate, oltre a quella di armare le navi e una parte degli equipaggi (magari facendo «giu-

rare» gli uomini in modo da trasformarli in guardie autorizzate) i Lloyd's hanno chiesto agli ufficiali di polizia nigeriani di istituire una serie di punti di avvistamento strettamente collegati via radio per prevenire gli attacchi dei pirati.

Negli ultimi giorni, dopo che la polizia costiera nigeriana è stata maggiormente sensibilizzata sul problema della pirateria, si è ottenuto qualche modesto risultato: gli attacchi sono diminuiti e si sono ridotti ad «appena» sei o sette al giorno. Un'altra operazione infine che i Lloyd's sollecitano con le autorità nigeriane riguarda il sistema di controllo dei bollettini di carico: oggi que sti debbono essere redatti in 19 copie e con un giorno d'anticipo sullo sbarco delle merci; quanto basta cioè ad un buon «basista» per avvertire i propri complici del valore, della quantità e della esatta dislocazione della merce.

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Grido di allarme di un viceammiraglio tedesco sullo sviluppo della flotta militare e commerciale russa

Le navi di Ivan alla conquista degli Oceani

In costruzione altre 2 portaerei mentre la marina mercantile è passata dal 24° al 6° posto nella graduatoria mondiale

Dal nostro corrispondente
Bonn, 20 marzo

L'Unione Sovietica, realizzando metodicamente i piani dell'ammiraglio Sergey Gorkov, l'architetto della moderna Flotta Rossa, continua a rafforzare la sua mara da guerra. Sta facendo costruire altre due portaerei (ne ha già tre) di cui una a attacco di settantamila tonnellate, nuovi tipi di cacciatorpediniere e sommergibili lanciamissili, incrociatori pesanti e decine di mezzi d' sbarco; inoltre ha aumentato del trenta per cento l'effettivo dei marinai stazionati sulle coste del Baltico.

Questi necessari sforzi di espansione navale da parte di una potenza terrestre come l'Urss, che importa via

mare solo il cinque per cento di quanto occorre alla sua economia, sono seguiti con preoccupazione dal ministero della Difesa tedesco, come ha detto in una conferenza stampa il vice ammiraglio Ansgar Bethge, ispettore capo di S.M. delle forze navali della Bundesrepublik; ma, ha aggiunto Bethge, pende su di noi un'altra minaccia alla quale i Paesi occidentali non prestano la dovuta attenzione: l'aumento del tonnellaggio della marina mercantile sovietica, balzata in venti anni dal ventiquattresimo al sesto posto nella graduatoria mondiale, e che penetrando nel mercato dei noli con «prezzi politici» rovinosi per le flotte commerciali dei Paesi dell'Ovest, mira chiaramente, a lungo termi-

ne, ad assicurare all'Urss la supremazia anche nei traffici marittimi.

La concorrenza della marina mercantile sovietica — ha sottolineato il vice ammiraglio — è senza scrupoli, basata sul dumping, ed è possibile perché fra l'altro le spese che deve sostenere Mosca per il personale e per le assicurazioni sono più basse rispetto a quelle occidentali. Per dare un esempio dei successi conseguiti dai sovietici, Bethge ha rivelato che nel 1982 soltanto il sei per cento delle merci spedite dalla Bundesrepublik all'Urss è stato trasportato a bordo di navi tedesche: il 77 per cento su navi russe. E su navi sovietiche arriva in Germania il sessanta per cento del caffè acquistato in America Latina. Anche nei trasporti terrestri Mosca si è assicurata ormai la parte del leone: il 98 per cento dei prodotti che essa scambia con la Repubblica Federale viene trasportato su camion sovietici.

Un errore commesso dagli occidentali, ha osservato Bethge, è di trattare l'Urss, nel traffico marittimo, come un normale concorrente del proprio sistema di economia di mercato, e il Cremlino, che sa sfruttare «ogni debolezza e disattenzione» dell'Occidente, ne approfitta per estendere la sua influenza anche in questo vitale settore: influenza che un giorno potrebbe essere usata anche politicamente.

Premesso che tutti i mercantili sovietici possono essere impiegati anche a scopi militari, il vice ammiraglio ha spiegato che, secondo la «strategia globale» di Gorkov, la marina commerciale, i pescherecci, le unità per ricerche scientifiche e la Flotta Rossa sono integrati e ogni loro movimento è diretto, via satellite, da una centrale. Mosca, dunque, senza impiegare armi punta alla conquista del dominio degli Oceani, insidiando la sicurezza dell'Europa occiden-

le, la cui sopravvivenza in tempi di crisi o in caso di guerra dipende dai collegamenti con gli Usa attraverso l'Atlantico.

Di fronte a questa strategia, ha detto Bethge, noi siamo purtroppo privi di qualsiasi mezzo di difesa

Michele Topa

Espatriata all'Ovest la nipote del premier Rdt

Bonn, 20 marzo

Ingrid Berg (28 anni), nipote del presidente del Consiglio della Repubblica democratica tedesca, Willi Stoph, è arrivata oggi nella Germania federale. Secondo

quanto ha reso noto la polizia di frontiera della Turingia, la signora Berg è stata accolta al centro di smistamento dei profughi di Gies-sen dove è arrivata a bordo di una macchina privata, una «Volga», insieme con il marito Hans Dieter (35 anni) e ai figli Jens (8) e Simone.

L'ultima settimana di febbraio la nipote del presidente del Consiglio della Rdt insieme con la sua famiglia e la suocera Olga aveva chiesto asilo nell'ambasciata di Bonn a Praga per ottenere il visto di uscita dal suo Paese. Dopo sei giorni di trattative la famiglia Berg era tornata in Rdt ma aveva ottenuto la promessa delle autorità orientali che presto sarebbe stato concesso loro un permesso di espatrio.

Si preparano la guerra te sabato a Bruxelles

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Questi portati oggi ad una clamorosa azione di protesta date dei trasportatori francesi che hanno bloccato i valichi di frontiera, inibito il passaggio anche alle automobili ed esigendo le autorità spagnole di garantire la sicurezza dei mezzi e dei conducenti, che la polizia basca riebla in parte ad attuare.

A fine dei camionisti (che, letto per inciso, stando la stessa sorte che a ai colleghi stranieri) cadono tra le grinfie dei contadini o dai vignaioli (cesi) si è schierato il nro dei Trasporti, Fiterne ha parlato di aggressioni ingiustificabili ed hanno passi decisi pressovvero a Madrid

affinché ponga fine agli atti di pirateria. Sulla stessa lunghezza d'onda si è espresso anche il portavoce del governo, Max Gallo, facendo intendere come episodi del genere non favoriscano certo quel clima di comprensione necessario al processo di integrazione della Spagna nel Mercato comune.

Per tornare agli agricoltori, vi è da aggiungere infine che la categoria ha ottenuto l'appoggio totale ed incondizionato del presidente del partito gollista, Jacques Chirac, che ha sferrato in questi giorni severi attacchi contro la strategia attuata da Mitterrand come presidente di turno della Cee, e soprattutto contro le intese raggiunte prima del vertice di Bruxelles dai dieci ministri dell'Agricoltura, con la benedizione di Parigi.

Gabriele Cané

Disastroso terremoto nell'Unione Sovietica

Dal nostro corrispondente
Mosca, 20 marzo

Un violento terremoto ha scosso vaste regioni dell'Asia centrale sovietica, devastando le città di Buchara e di Samarcanda e altri centri. Ne dà notizia la Tass, evitando di aggiungere la precisazione di routine «non vi sono vittime». L'assenza di questa frase lascia intuire che oltre a danni presumibilmente di vasta portata vi siano anche perdite umane. L'agenzia precisa che gli aiuti alle popolazioni locali vengono portati dalle organizzazioni regionali e da quelle «di tutta l'Unione», cioè nazionali. Il che lascia supporre che l'entità del disastro sia rilevante.

Secondo la breve nota della Tass, la terra ha tremato in Asia centrale (Repubbliche dell'Uzbekistan) alle ore 2,29 ora locale della notte scorsa, pari alle ore 23,29 ora di Mosca di ieri sera. L'intensità del movimento si-

smico ha raggiunto i nove gradi della scala sovietica che ha un massimo di 12 gradi; l'intensità è ufficialmente classificata come «devastante» nella scala sovietica.

La scossa è stata registrata dall'istituto geologico di Golden, Colorado, come di intensità 7,1 della scala Richter: cioè molto più intenso delle scosse che hanno distrutto il Friuli e l'Irpinia.

Epicentro del terremoto è stata la città di Gazli, che era già stata colpita da scosse nel 1976, lasciando senza tetto diecimila persone.

Buchara, 196 mila abitanti, e Samarcanda, 490 mila abitanti sono tra le città più popolate dell'Asia centrale sovietica, e sono ricche di moschee e di monumenti storici. Il terremoto si è sentito anche a Tashkent, capoluogo dell'Uzbekistan, città già devastata del 1966. Non si è mai saputo ufficialmente il numero delle vittime.

million.

Meanwhile, USM dealings start tomorrow in a trio of newcomers. Expect both

□ First Leisure Services Corporation, the former Trusthouse Fort Leisure interests, arrives by co

New doubts over Lloyd's test case

THE surprise news that underwriter Raymond Brooks has resigned from Lloyd's to live—and perhaps work—abroad raises questions over Lloyd's new self-regulatory powers in their first test case.

Until Friday, Lloyd's was set to begin disciplinary proceedings against Brooks and his fellow suspended partner, Terence Dooley, probably within the next two months. Expulsion was a possibility.

The proceedings were to have followed the inquiry into Brooks and Dooley's passing of reinsurance premiums from the Lloyd's syndicates they managed to a Bermuda-based company they owned called Fidentia Marine Insurance.

Fidentia made more than £6 million in secret profits. The committee of inquiry called this a 'serious' and 'deliberate' abuse of fiduciary duty. Brooks and Dooley were found to have committed 'substantial misconduct.'

The two underwriters failed last month in a High Court bid to block any disciplinary action.

But then came Brooks'

resignation with effect from today. With Brooks no longer a member—unlike the Stock Exchange, Lloyd's has no power to prevent a suspended member who faces possible expulsion from resigning—can and will, proceedings proceed against him?

If not, will we have to wait until the Lloyd's report is published before the details of the serious allegations against Brooks are made public? Meanwhile, Brooks will be free to operate as an underwriter in the United States or Europe.

The disciplinary committee could also find itself in a difficult position regarding Terence Dooley. For the inquiry report repeatedly stressed that Brooks bore 'greater culpability.'

The committee may find it difficult to recommend severe action.

Such a turn of events could appear to some to be a little too convenient.

And it might be difficult to show that justice had been done in the first of the Lloyd's scandals to be handled under self-regulation.

labour market; if people are prepared to accept lower 'real wages' it will be more

recently by Sir Alec Cairncross, a former

figures are going to stay close to three million. The fact that the figures for 'employment' are improving (which the

saying you're prepared to do anything?'—'Yes.'—'You needn't worry: there aren't any jobs anyway. . . .'

The torpedoing of Britain's shipping

by VICTOR SMART

BRITAIN'S rapidly shrinking merchant navy looks like being dealt its final death blow—not by the overseas competition which has already decimated it—but by the Chancellor. Disconsolate shipowners are mounting their most intense lobbying for years in a bid to change Budget proposals which could scupper the fleet for good.

The General Council of British Shipping—traditionally a staunch ally of the Conservatives—warns that 'the outlook is one of an ever more rapidly decreasing, ageing and uncompetitive fleet': and council president Richard Tookey, head of Shell's tanker operations, has begun to publicly question whether the Government any longer cares. The shipping lobby is privately admitting it has lost its once substantial political clout.

Competition from flags of convenience and other foreign operators during the recent

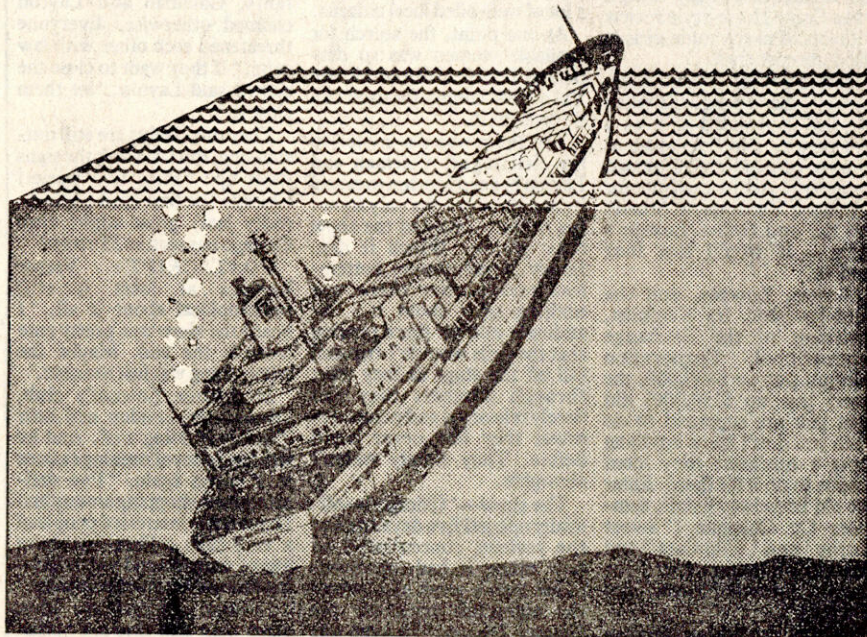
recession—the worst for shipping since the 1930s—cut the British-owned and registered fleet from 1,614 ships totalling 50 million tons in 1975 to 769 ships of 21 million tons by last December.

Britain has already sunk to twelfth in the world league table of new orders—behind not just the likes of Panama, Liberia and Japan (top three), but also upstarts like Brazil, India and Hong Kong. If new investment is further discouraged by the Budget, the fleet flying the 'Red Duster' could drop to a mere 400 vessels totalling 10 million tons within the next two to three years.

Two torpedoes have been primed by the Chancellor. First, phased abolition of capital allowances for industry as a whole—a body blow for capital-intensive shipping, which spends in big lumps on new vessels and therefore likes flexibility on depreciation. OCL, the container consortium which comprises Britain's biggest shipping operation, will reduce its asset value by £40

million to create a deferred tax account to cope with the problem. A second shock wave has been the abolition of income tax relief for workers spending time overseas—again with a disproportionate impact on shipping, hitting individual seafarers' pockets by between £3 and £40 a week. The National Union of Seamen is threatening to double its wage demand later this year to recoup the loss.

The shipowners are, at the Committee stage of the Finance Bill early next month, to press for, at the very least, deferral of the capital allowance provisions on ships for three years. Otherwise, they warn that the industry's contribution to the balance of payments could tail off sharply and more jobs will go in addition to the 30,000 (nearly 40 per cent) which have disappeared since 1979. On top of this, the merchant navy's ability to back up the Royal Navy will be jeopardised—the fleet will soon be no more than half the size it was when dozens of British merchantmen were



commandeered to sail south into the Falklands War.

A Government failure to make concessions would be a denial of the enduring belief that Britain—as an island nation—should have a particular place in its heart for maritime affairs. But there is little room for such sentiment at the Treasury, from whose perspective shipowners are just one in a long line of interest groups—including Britain's film industry—all

pleading their special cases.

The seamen's union maintains—with a grim satisfaction—that the ship owners have been hoist by their own petard. After backing the Conservatives (P & O doubled its contribution to £20,000 to the British United Industrialists organisation last year for aid to the Conservative election effort), and paying lip-service to a free-market philosophy, the owners must be embarrassed to find they cannot compete in the real world of

shipping without special tax concessions.

The NUS, which wants substantial aid and protectionist measures to bolster the industry, fears that the number of seafarers could drop from 80,000 in 1979 to 30,000 by the end of next year. But last week the NUS received a letter from Mrs Thatcher refusing to back down on her opposition to protectionism for shipping. It may be equally difficult to put the Government on a new tack over the Budget.

produced... negotiations with solicitors over practices.

Ship workers may strike over job losses

By David Simpson

Workers at British Shipbuilders yards are considering striking for 24 hours next Wednesday to coincide with the Commons debate on the sacking of a third of the workforce.

Mass meetings yesterday and today will decide how to further the case against reducing the 9,000 workforce by 3,500.

As they met yesterday the shipbuilding crisis deepened with the threat of several hundred more redundancies to be announced in the next fortnight by the newly-privatised Swan Hunter yard on the Tyne.

These redundancies will be a direct result of the company losing a £120 million Ministry of Defence order for the first of a new class of support ship. The contract went to Harland and Wolff of Belfast despite warnings that up to 2,000 of the 4,500 Swan Hunter workforce would be in danger of redundancy.

On Monday, parliamentary opposition to the cutbacks will be mobilised when the Labour trade and industry spokesman, Mr John Smith, leads a delegation of MPs with constituency shipbuilding interests to dis-

cuss the crisis with the Trade and Industry Secretary, Mr Paul Channon.

Mr Smith yesterday put forward a three-point scheme which he suggested could save the merchant shipbuilding industry from extinction.

It encompassed the acceleration of public sector orders for oil rigs and ships, the provision of support package to allow BS to compete for export orders, and the establishment of "soft loans" for shipowners to persuade them to buy from UK yards.

Addressing the national conference of the electricians' union, the EETPU, in Scarborough, Mr Smith said: "What is at stake now is whether this industry survives in Industry Year 1986."

Shipyard managers are expected to join their industrial colleagues in expressing their anger at the cuts when the annual conference of their union, the Shipbuilding and Allied Industries Management Association, holds its annual conference at Newcastle upon Tyne today.

The call for a one-day strike next Wednesday throughout the BS yards is expected to be approved,