

the whole, the merger will bring an accession of strength to the Socialist Party.

This bill, however, ran into an unexpected snag as suspicions were raised that Greater Bombay might be a convenient first step towards taking away Bombay from Maharashtra, the incorporation of which into a separate State continues to be a very live issue in the politics of the State. The Minister for Local Self-Government assured the opposition, however, that no such political motive underlay the bill.

### Soap industry hit by high costs

MANUFACTURERS of soap in this country, who prospered exceedingly well during the war, are now passing through hard times. They are faced with shrinking markets abroad, consumer resistance at home, and rising costs, arising largely from high prices of oil seeds. Mr. S. P. Godrej, in his presidential speech at the last Annual Conference of the All-India Soap Makers' Association, asked for the reduction of duty on cocoanut and palm oil, and also urged that speculation in these materials should be checked. In all innocence Mr. Godrej seems to put import duty on cocoanut and palm oil and internal speculation in the same dock as the principal culprits in holding up prices. Actually, the problem is not that easy.

There is shortage of oil seeds as of everything else. On the one hand, the high price of groundnuts is holding up expansion of cotton production which is badly needed; on the other, it is holding up exports, causing much concern to the Commerce Ministry which has to balance its foreign exchange budget any how. And here is the soap industry complaining about high costs and manufacturers of Vanaspati asking for a price rise.

Since we cannot have enough of everything, the soap industry has to find some other raw materials to replace edible oils, of which there is not enough to go round. The only hope for the

industry lies in finding cheaper substitutes and bringing down its cost of production. The suggestion put forward at the Conference for opening negotiations with Indonesia for palm oil and palm kernel oil, which will be cheaper than tallow and cocoanut oil, as raw materials, is worth exploring, though in view of the foreign exchange situation, looking for internal substitutes and change over to non-edible oils suggest the better remedy. So does the development of by-products. It is no use to say that the industry will produce more glycerine only when it is assured of larger internal consumption and exports for its main product—soap.

The industry expanded its production capacity to a substantial extent during the war and is now left high and dry with a capacity output of 300,000 tons of soap per annum, while the actual production declined to 100,000 tons last year. Indeed, the drop in production has been very severe indeed, for even in 1948, the output for the year approximated 180,000 tons.

Partition has naturally curtailed the demand for India soap, while unsettled political conditions in Burma, China and Indonesia have cut into exports. Moreover, the market in the Middle East and Gulf ports has

steadily shrunk, what with increased local production and opening up of alternative sources of supply which had been blocked during the war, and largely accounted for the keen export demand for Indian soap.

In the present sellers market, price and quality are the deciding factors, and in both, Indian manufacture is being hit hard. This is not to say that the difficulties of the industry are any less real, because while prices of raw materials have gone up eight to nine times, the price of soap has hardly doubled, and yet Indian soap is meeting strong sales resistance.

There is one aspect of the industry which has always remained a little obscure. The war time expansion in capacity appears more than a little deceptive and will continue to appear so until more is known about the contribution of a single firm, Lever Brothers, to this expansion. The operations of a giant international combine of such colossal strength need to be brought out into sharper relief in order to get the problems of the soap industry in their proper perspective. For such a combine, the production unit in any one country is only one among many distributed all over the world, and it is likely  
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*From the London End*

## Life In London

March 18

ESPITE the immense publicity that has been given to Britain's dollar gap and her difficulties in bridging it, it is none the less true that Britain is still one of the most comfortable countries in the world in which to live. A friend who arrived from Czechoslovakia a short while ago was amazed at the variety of goods displayed in the shops and kept on wanting to rush in and buy things before they disappeared! Proportional to her size, Britain is still the greatest trading

country in the world, trading manufactures for food and raw materials. By making cloth, vehicles and machinery, she is able to fill her shops with fruit, vegetables and meat from every quarter of the globe.

The overall picture is one of a working-class enjoying security of employment previously unknown in this century except in times of war (unemployment averaged 1.5 per cent of insured persons in 1949), while average real wage rates, according to the

London and Cambridge Index, have risen by about 7 per cent since 1938. As for those who make their living by employing labour, industrial profits have risen by 84 per cent since 1938, which would represent a similar increase, in real terms, to that in wages. At the same time, the opportunity for wind-fall profits has increased tremendously, as it generally does in times of scarcity, though not as much as in the comparatively uncontrolled economies of the continental countries. The most revealing index of all—directors' expense accounts—is unfortunately not available, simply because it would be so revealing! Such is human ingenuity that it only requires the making of official regulations for a small industry to sprint un of people who will tell you how to evade them. So, as a means of reducing taxation, both personal and company, the firm will discover that the business requires that the director shall be provided with a car, a flat in town, and paid a heavy entertainment allowance (especially acceptable to Inland Revenue when for the entertainment of American delegations).

Last April, the periodical investigation of the Ministry of Labour showed that the average earnings of all workers in industry were £5 19s. 4d., while for adult men alone, the figure was 139/11. The average working week was 45.3 hours. Average earnings were thus 131 per cent above 1938, while the retail price index had risen by only 76 per cent. A greater percentage of the national income goes in wages now than in 1938 (41.1 per cent compared to 37.4 per cent) while salaries now take only 19.1 per cent instead of 23.9 per cent, leaving a residue for profits, rent and interest of 39.8 per cent., compared to 38.7 per cent, before taxation. So the position of wage and salary earners has been held more or less steady, in contrast to the free economies of the Continent, where there has been a marked swing in favour of owners of capital. Taxation and the social services have resulted in a further redistribu-

tion of income in favour of the poorer sections. A writer in *Barclay's Bank Review* points out that today it is virtually impossible to obtain a net income in excess of £4,000 a year (I myself have never found it easy). In 1938-39 there were 7,000 people in the U. K. with net incomes of over £6,000, while in 1947-48 the number had fallen to 70.

So the general picture is of a nation busily at work, with narrowed extremes of wealth and poverty, enjoying a higher standard of living than they have ever known before. But when we go from the abstraction of the general to the more concrete particular, we are left with a rather different impression. One of the first things that strikes a newcomer to London is the enormous disparity in house rentals. The law works in such a way that the rent of identical accommodation may show a disparity of several hundreds per cent. Those who are lucky enough to have occupied the same house since 1939 rarely pay a rent of more than £2 a week, while those who have not been so lucky and have been forced to move around and take furnished accommodation will be paying five or six pounds a week for the same things. In the West End a house that before the war fetched four or five pounds a week will now fetch fifteen. Equally, a newly built flat, or one in a newly converted house, will fetch £8 per week, with an initial premium of £350, while an identical flat in a block newly built by a local authority will cost £2 or under.

So, two families earning precisely the same income may have entirely different standards of living because one lives in a Council house, or one with a controlled rent, while the other does not.

As in the industrial field, much of the rise in the index of wage rates since before the war has been, due to the phenomenal rise of certain classes of wage earners and in certain sections of industry. In general, the wages of the lower paid workers have risen much more than those of the higher paid, so that the

differentials between skilled male rates and those of labourers and women have fallen. Professor Bowley's index shows that, since August 1939, wage rates in various industries and for various sections of workers have risen as follows:

Weekly Wage Rates:  
Percentages of August 1939

	Feb. 1950
Bricklayers	175
„ Labourers	194
Engineers' Fitters	158
„ Labourers	176
Railwaymen	170
Cotton	214
Coal	285
Agriculture	270
Dock Labourers	145

With the weighed average at 1924, it can readily be seen that there is much room for disequilibrium in the world of labour. To their alarm and consternation, skilled artisans have seen the extra pay that distinguished their reward from that of the labourer, disappearing, while their position relative to the rest of the working class has deteriorated. This is the explanation of much of the industrial unrest that is evident today on the railways and in engineering. For over a year, the National Union of Railwaymen has been struggling, with growing desperation, to get an increase for its members, while the Amalgamated Engineering Union, in concert with the electricians and the constructional engineers, have been pressing the claim of the three million workers represented by their federation for a general increase of £1 a week.

The fact is that while large sections of the workers are far better off than they have ever been before, other (and some of the most powerful) sections are worse off today than they were before the war. At present, the rate of increase of the general level of wage rates has shown a tendency to slow down, while the cost of living is showing a tendency to rise still faster. At some point or other, something is bound to crack—when or how is a matter for conjecture.