

31.12.37.

THE TIMES FRIDAY

The collapse of the Paris strike caused some recovery in the franc, the French exchange closing at 147 9-32½ for spot, while the forward rate improved to 4 1-16½, discount, three months. Dollars were firmer at \$4.99½. Gold declined ¼d. to 139s. 6d. per oz., £393,000 being sold; the premium declined to 4½d. Silver rose ¼d. to 18 9-16d. per oz. at the fixing and advanced further in the later dealings. (p. 18)

The Stock Markets yesterday were favourably influenced by a variety of factors, including better advices from New York and the ending of the strike in Paris. There was little increase of business, but a moderate general improvement took place in quotations. Far Eastern bonds were one of the few weak exceptions. (p. 18)

OIL IN WARTIME

In its latest form the controversy on this subject in our columns, ever recurrent during the last few years, is between those who regard with equanimity the present complete dependence of Western civilization upon adequate supplies of liquid fuel and those who hold that dependence to be fraught with serious disadvantage to this country in times of peace and grave danger in the event of war. Typical of the former is COLONEL JOHN SANDEMAN ALLEN, convinced, it would seem from his letter which we print to-day, by arguments such as those advanced in the article published on this page in *The Times* of December 1937. Among the latter is ADMIRAL SIR HERBERT CROMBIE, who has pointed out very cogently that, although the word "vital" is often loosely used, there is no looseness in applying it to the fuel supply of the Navy; has drawn attention to the lessons provided by naval history of the dangers inherent in dependence upon foreign supplies for naval mobility; and has questioned the justification for assuming that the 1918 standard of success in the protection of seaborne trade can be relied upon at the outset of a new war in "totally different conditions, both of naval strength, and geography."

The facts on which these opposing views are based are not in dispute. The Royal Navy is completely dependent for its power to perform its functions upon the free supply of oil fuel fit for burning under boilers. One-half of the whole Merchant Navy is also oil-driven, and much of it by Diesel engines for which not all fuels are suitable. Nor is the matter wholly confined to the Navy, or maritime, or even military. The dependence of the Air Force upon liquid fuel, again of a highly specialized description, is as complete as is that of the Navy. That of the Army is rapidly approaching the same degree, and the same is true of almost every activity of the common life of the country to-day. Large sections of the population, for instance, now live in localities which their daily occupations would forbid to them but for the road transport made possible by a plentiful supply of liquid fuel. It is admitted that the country's requirements during a war might reach 15,000,000 tons, the bulk of which would have to be imported from overseas. Even the lesser total of average requirements during peace

from coal, or for the transformation of certain varieties of coal into liquid fuel, there would seem to be no present prospect of more than a small fraction of the national consumption being provided by such means, and, in any case, the Navy requires fuel depôts in distant as well as in home waters. The problem is indeed so large that no one branch of industry or of national defence can contribute more than a small share to its solution. In the year 1903 the Government of the day deemed it expedient to appoint a Royal Commission to inquire into the problem of food supplies in time of war. The present question of oil supplies in time of war is of equal if not greater gravity; but to-day there is an organization which did not exist in 1903, in the shape of the Committee of Imperial Defence, available for the study of just such large-scale problems. There can be few if any which call more urgently for its close and unremitting attention.