

JANUARY 29—FEBRUARY 5, 1955

**C. SCOTLAND. — Autonomous Electricity Authority for South of Scotland. - British Electricity Authority renamed Central Electricity Authority.**

The Electricity Reorganization (Scotland) Bill, implementing the Government's policy of decentralizing the administration of the nationalized industries and of increasing Scottish control over Scottish affairs, was enacted on Nov. 25, 1954, after it had been given second readings in the House of Commons on Feb. 3, 1954 (by 285 votes to 255) and in the House of Lords on July 29, 1954. Its main provisions were :

(1) The functions previously exercised by the Minister of Fuel and Power in relation to the generation and distribution of electricity in Scotland would be vested in the Secretary of State for Scotland, with certain exceptions.

(2) A new autonomous body to be appointed by the Secretary of State for Scotland—the South of Scotland Electricity Board—would take over the functions of the British Electricity Authority in the South of Scotland from April 1, 1955, and would replace the existing S.E. Scotland and S.W. Scotland Electricity Boards. It would set up two executives, for the eastern and western parts of its area respectively, after Parliamentary approval had been obtained. General financial control and policy would remain with the Board, which was empowered to borrow up to £75,000,000 in addition to any temporary loans required for the settlement with the B.E.A.

(3) The North of Scotland Hydro-Electric Board would be released from its existing statutory obligations to obtain the approval of the British Electricity Authority before undertaking new constructional schemes.

Mr. James Stuart (Secretary for Scotland), in moving the second reading, claimed that by substituting Scottish control of electricity supply for remote control from England, the Bill would ensure that responsibility was in the hands of those who knew the needs of Scottish consumers and were in constant touch with them. Opposition to the Bill was expressed by several Labour members, including Mr. Woodburn, who said that trade unionists feared that the creation of an autonomous authority for Southern Scotland would interfere with wage negotiations on a national basis ; Mr. J. Taylor, who argued that Scottish Nationalists would regard it as " an unconditional surrender to their propaganda " ; and Mr. Hector McNeil, who described the Bill as a " backdoor attack upon an efficient piece of nationalization."

In the House of Commons Committee stage (May 12) an amendment by Commander Charles Donaldson (Conservative) was agreed to, changing the name of the British Electricity Authority to " Central Electricity Authority " as from April 1, 1955. Commander Donaldson pointed out that the name " British Electricity Authority," which implied responsibility for electricity supplies throughout the United Kingdom, would no longer be appropriate after the Bill had come into force.

Mr. Stuart had announced on July 29, 1954, that when the Bill became law he intended to appoint Mr. J. S. Pickles and Sir Norman Duke, the chairmen of the Souths Vest Scotland and South-East Scotland Electricity Boards, as chairman and deputy-chairman respectively of the new South of Scotland Electricity Board.—(Times - The Scotsman, Edinburgh • Glasgow Herald) (Prev. rep. **Electricity Bill, 8457 A ; B.E.A. 1952-53 Report, 13181 A ; Royal Commission on Scottish Affairs, Recommendations, 13904 A ; North of Scotland Hydro-Electric Board, 1951 Report, 12552 A**)

**D. COLOMBO PLAN. — Canadian Financing of Assam Hydro-electric Project.**

It was announced in New Delhi on Jan. 11 that letters had been exchanged between Mr. C. D. Deshmukh (Indian Finance Minister) and Mr. Escott Reid (Canadian High Commissioner in India) providing the basis of an agreement under which Canada would assist India in financing the Umtru hydro-electric project, which is part of the first Indian Five-Year Plan and is expected to cost Rs. 15,000,000 (£1,125,000).

The project, situated about 20 miles from Gauhati on the road to Shillong (the capital of Assam), is expected to be completed by 1956 and to benefit an area of approximately 100,000 acres. The Canadian contribution—made under

**CHINA - UNITED STATES. — Intensification of Communist Air Attacks on Tachen Islands. - Capture of Yikiangshan Island. - U.S. Support for Cease-fire Efforts in Formosa. - U.N. Intervention opposed by Mr. Chou En-lai. - President Eisenhower's Request for Congressional Authority to use American Forces for the Defense of Formosa and the Pescadores. - Congressional Approval. - Sir Anthony Eden's Statement on Formosa. - U.S. Zealund Initiative in U.N. for Cease-fire. - Communist China refuses Invitation to attend Security Council Discussions.**

An international crisis broke out in the Formosa Straits under the middle of January, its stages being described below under cross-headings.

**Capture of Yikiangshan Island. - Intensification of Communist Air Attacks on Tachen Islands.**

The small Nationalist-held island of Yikiangshan, eight miles north of the Tachen Islands and some 200 miles north of Formosa, was captured on Jan. 18 by Chinese Communist forces who landed from an invasion fleet of about 70 vessels, including 20 warships, a number of motorized junks, and landing-craft. Although Peking radio claimed that the island had been captured within two hours, it was subsequently stated in Formosa that the small garrison, though greatly outnumbered by the invading force, had held out for several days before resistance ceased.

The invasion of Yikiangshan had been preceded by a Communist air attack—the heaviest so far launched against the offshore islands—in which 60 planes dropped over 200 bombs. Still heavier raids were launched from the mainland on Jan. 19 against the Tachen Islands, which were attacked by some 200 Communist aircraft. The Nationalist Air Force carried out incessant retaliatory attacks on coastal military objectives, particularly in the Amoy and Swatow areas, on Communist shipping, and on coastal islands under Communist control, including Yikiangshan. In one of these attacks the British ship *Edendale* (1,700 gross tons) was sunk on Jan. 19 while unloading general cargo at Swatow ; there were, however, no casualties among her crew of 51. It was announced in London that a strong protest would be lodged with the Nationalist Government, and that a claim for compensation would be presented if desired by the ship's owners (the Wing Li Steam Navigation Company, of Hong Kong).

**President Eisenhower's Support for U.N. Intervention for Cease-fire.**

In Washington, President Eisenhower stated at his press conference on Jan. 19 that he knew of no military authority which considered either Yikiangshan or the neighbouring Tachen Islands to be essential to the defence of Formosa and the Pescadores. He added, however, that the Tachens, which were manned by Nationalist regular troops, were more important defensively than Yikiangshan, which had been defended only by guerrillas, and that they had value as an outpost for Formosa. In reply to a question, the President said that he would like to see the United Nations try to arrange a cease-fire between the Nationalists and the Communists. The U.S. secretary of State, Mr. Dulles, had also said on the previous day that the U.S. Government would be " not unsympathetic " to a U.N. attempt to bring about a cease-fire, and that such an objective would be in line with American policy.

**Chinese Communist Opposition to U.N. Intervention. - Statement by Mr. Chou En-Lai.**

In Peking, however, the Chinese Communist Premier and Foreign Minister, Mr. Chou En-lai, issued a statement on Jan. 20 that his Government were determined to

State, or shall require the members to submit such matters to settlement under the Charter.' Therefore, neither the U.N. nor any foreign country has the right to intervene in the liberation of Taiwan. The Government of the People's Republic of China absolutely cannot agree to a so-called cease-fire with the traitorous Chiang Kai-shek clique, which has been repudiated by the Chinese people.

" The exercise by the Chinese people of their sovereign rights in liberating China's mainland and many coastal islands has never caused tension in the Far East. The present tension in the Taiwan area can only be attributed to the fact that the U.S. Government has occupied Taiwan, shielded the Chiang Kai-shek clique, and incessantly directed subversive activities and war threats against the People's Republic of China. The so-called mutual security treaty concluded between the U.S. Government and the Chiang Kai-shek clique has further heightened this tension and is seriously threatening peace in the Far East . . . The tension will be eliminated as a matter of course if the U.S. drops its intervention in China's internal affairs and withdraws its armed forces from Taiwan and the Taiwan Straits . . . "



(Economist)

**President Eisenhower's Message to Congress.**

On Jan. 24 President Eisenhower sent a special message to Congress requesting authority—in his capacity of Commander-in-Chief of the U.S. forces—to take such military action as might be necessary to repel any Chinese Communist aggression in the area of the Formosa Straits, and specifically to assure the security of Formosa and the Pescadores. The President's message was worded as follows :

" The most important objective of our nation's foreign policy is to safeguard the security of the United States by establishing and preserving a just and honourable peace. In the Western Pacific, a situation is developing in the Formosa Straits that seriously imperils the peace and our security.

" Since the end of the Japanese hostilities in 1945, Formosa and the Pescadores have been in the friendly hands of our loyal ally, the Republic of China [i.e. the Chinese Nationalist Government]. We have recognized that it was important that these islands should remain in friendly hands. In unfriendly hands, Formosa and the Pescadores would seriously dislocate the existing, even if unstable, balance of moral, economic and military forces upon which the peace of the Pacific depends. It would create a breach in the island