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AND OUR ROLE IN OVERSEAS TRADE AND PAYMENTS

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NEED FOR AN INDUSTRIAL STRATEGY

Presidential address given by Lord Ezra
to the Economic Research Council on
10th October, 1985

'The importance of industry in the economy is rightly being stressed by the launching of Industry Year 1986, and a tribute is due to Sir Geoffrey Chandler for conceiving of this campaign. Its object is to encourage a better understanding of industry and a wider acceptance of it.

'But this desirable aim needs to be buttressed by a clearly defined strategy for industrial regeneration.

'Britain's relative industrial decline has taken place over a period of years, but has become increasingly evident since the world economic recession which set in after the second oil crisis in 1979. Although all major industrialised countries have suffered as a result of that perturbation, the most serious reduction in industrial capacity has occurred in Britain.

'This is exemplified by the large adverse balance in manufactured goods which has been manifest since 1982. Traditionally we had almost invariably registered a substantial surplus on manufactures to offset imports of food and raw materials.In 1984, if it had not been for the exports of surplus North Sea oil we would have incurred a deficit on the current account of the balance of payments of some £6bn. Many of our continental competitors are showing substantial visible balances without the help of oil.

'Our problem is that oil production the North Sea is just about reaching its peak. Furthermore, the price of oil remains under pressure. If the adverse balance in manufactures (now running at the rate of £4 or 5 bn a year) worsens at the same time as overseas oil earnings diminish we could be thrust into a continuing balance of payments deficiency.

'It is sometimes argued that services could make up for the ground that industry is losing.But in the September issue of the Quarterly Bulletin of the Bank of England it is shown that Britain's share in the export of services has also been falling. The slump in shipping partly explains this, but there has also been a significant fall in the share of exports gained by financial services.

Services Dependent on Industry

'In any event a large part of what are known as services are dependent on industry, and there can be no question of the one fully counter-balancing the other. Industry's decline will inevitably entail, over a period, the weakening of many services.

'So there is no escape from the need to revitalise British Industry and build up its capability once more so that it becomes more in line with that of our main European competitors, let alone those in the Far East and elsewhere.

'This is a task of enormous magnitude and will take time to realise. Nevertheless, there are a number of short term measures which can effectively set the scene for industry's revival.

'The Government have said repeatedly it is their task to create a suitable framework in which industry can operate. There are four ways in which the present framework can be adjusted to stimulate greater industrial activity:

(i) Reduction in interest rates – these are excessively high in real terms and putting industrialists at a major disadvantage with their main competitors. A major reduction is needed now.

(ii) Fiscal incentives to invest – the phasing out of investment allowances needs to be urgently re-examined and slowed down or replaced with some alternative incentive.

(iii) Infrastructure investment – the quality of the infrastructure – houses, public buildings,roads, water supply, sewerage – are all suffering from lack of adequate repairs and renewals. Some £2 to £4bn more could usefully be spent catching up on essential work. This would be wealth creating, could provide much useful employment in the hard pressed construction sector and would not be inflationary.

(iv) Stabilisation of currency – Britain alone cannot bring about much needed stability in world money relationships, but by joining the exchange rate mechanism of the European Monetary System, can achieve greater stability with other European currencies (affecting the bulk of our trade) and can strengthen European efforts to achieve a more realistic and less fluctuating relationship with the dollar and the yen.

'These four actions can be taken immediately and would be taken as a firm indication that Britain meant business about reviving industry.

'There are also longer term measures to which we should be committed to ensure the proressive build-up of an industrial strength.These include:

(i)Industrial sector review – it is important that there should be a continuing review and identification of the problems in each main industrial sector. There are currently carried out by the Sector Working Parties ('Little Neddies') of the National Economic Development Organisation, but too little attention is paid to them.

(ii) Positive purchasing policy – purchasing by large organisations, public and private, can play a large part in galvanising medium and small scale enterprise and enabling them to become competitive. This is the most effective way of limiting the rising tide of imports. Some corporations pursue this policy; it should be systematically and vigorously extended.

(iii) Research – as a country we spend less on research and it is less effectively followed through than with our major competitors – e.g. in Germany there is a widespread and systematic approach to research in

industry with support as appropriate from the Research Ministry.

(iv) Investment – greater facilities should be provided for medium and smaller enterprises. There is no shortage of money for investment, but the problem is often terms and conditions,including interest rates. In Germany and France they have well-established arrangements for advancng money on preferential terms to smaller enterprises.

(v)Education and Training – this needs to be much more orientated towards industry than at present. Industry Year 1986 will go some way to bringing this home to schools – but a more effective approach is required at the secondary education level and we should examine carefully what other countries do – e.g. the apprenticeship system in Germany.

(vi) Partnership in Industry – the long-term revival of industry depends on an effective and active partnership of all involved by joint shareholding, profit sharing and the creation of participative bodies – some firms are effective in this area, but much more is needed.

'We badly need a positive industrial strategy in Britain, otherwise we could soon get into serious and long-term balance of payments difficulties with unemployment continuing to mount. A 10-point strategy has been proposed, covering the short and the longer term. Such strategy would not only create a much more positive attitude towards industry, but would also yield practical results within a reasonable time. Above all it would enable Britain to continue to pay its way in the world, after oil surpluses diminish, and to start bringing down the massive level of unemployment.'

Letter to the Prime Minister

A reply to Damon de Laszlo's letter to Mrs.Thatcher has now been received from The Economic Secretary to the Treasury.The following is the text.

Dear Mr. de Laszlo, 11 September, 1985

The Prime Minister has asked me to reply to your letter to her of 8 August 1985.

In your letter you argue that the question of why the money supply was growing faster than desired remained unaddressed while the authorities concentrated on whichever aggregate gave the most reassuring reading. We have consistently recognised that no single monetary aggregate tells the whole truth about monetary conditions.Some aggregates are more reliable than others, but all need to be interpreted intelligently in the light of what we know of the reasons for their behaviour and against the background of other indicators of monetary conditions.

The paramount objective of our financial policies is to maintain steady, downwards pressure on inflation. Short term interest rates will be held at the level needed to achieve that. Clearing bank base rates have, in fact, fallen 2½ per cent since the Budget. I appreciate the significance of lower interest rates to industry, but it is of far more importance to industry to retain control of its pay costs.

We are also fully aware of the diffculties caused by volatility in exchange rates which you mention. It is agreed internationally that such conditions are potentially harmful and that greater stability is desirable, but it is also difficult to achieve. We believe that it is by working for greater convergence of economic performance in the main industrial countries, removal of artificial barriers and structural rigidities which inhibit the market, and through the dominant economies paying greater attention to the international implications of domestic policies that the best hope lies. It is precisely these aims that we have been working towards in international fora.

Finally, you say that recent tax changes will sharply reduce industry's liquidity and make investment more difficult and expensive. I do not accept that. The changes introduced in the 1984 Budget certainly reduced reliefs; but you must balance that against the reduction in Corporation Tax rate to 35 per cent and the abolition of National Insurance surcharge which,alone,will save businesses £900 million this year

Yours sincerely,

IAN STEWART

COMMENT

Monetary Policy in the Melting Pot

The foregoing reply to Mr. de Laszlo's letter received from the Economic Secretary to the Treasury fails to answer his main criticisms of the policies followed by the Chancellor. The question of growth of money supply has been the subject of considerable comment in the press. For example, in an article entitled 'Money Supply – the speech Lawson didn't make' in the 'Financial Times' Max Wilkinson commented 'Mr Lawson will find it difficult to laugh off the recent surge in 'broad money' growth when he makes his annual speech to the City at the Mansion House dinner on Thursday.'

Mr.Wilkinson pointed out that 'Since the start of 1980, the value of notes and coins in circulation has declined by about 17 per cent after allowing for inflation. Deposits in non-interest bearing bank accounts are down by 10 per cent in real terms while the value of interest bearing accounts has risen by 350 per cent in real terms.' He goes on 'Even teen-agers have bank deposit accounts with a cash card that can convert all their 'savings' into records or clothes in an afternoon.'

In 'The Times' of October 17th, Tim Congdon asked – 'Is Lawson heading for another Barber Bubble?' He pointed out that 'The offending aggregate is the broad measure of money known as sterling M3. Since the budget in March it has been advancing at an annual rate of 18.5 per cent, far ahead of the official target range of 5 to 9 per cent. There has been only one other six month period since the Barber boom that has seen a faster increase, the Healey boomlet in late 1977 and early 1978. As with Barber the early stages were enjoyable, with output moving ahead nicely, unemployment falling and inflation not reacting too badly. But the late stages were again very unhappy.'

The leading article on the 'Finance & Industry' pages of 'The Times' of 17 October said 'The Chancellor's medium-term financial strategy looks tatty. The senior citizen of his bevy of monetary targets – sterling M3 – has been running well over target. Confusion reigns over the relative importance of other targets, their relationship to interest-rate policy, and exchange rate management. It will be hard to make the necessary explanation of monetary policy sound like anything more than a list of excuses'. Later it said 'unease about sterling M3, reinforced by the level of public borrowing, would invite a repetition of the 1984 and early 1985 lurches in the pound.'

In the event, in his speech at the Mansion House on 17 October the Chancellor made it clear that 'we are no longer seeking to control the recorded growth of £M3 by systematic overfunding.' As Sarah Hogg, Economics Editor of 'The Times' put it on the following day, 'The Chancellor chose this annual occasion of his speech to 'Bankers and Merchants of the City of London' to admit he was discarding his sterling M3 target, which he said, with the benefit of hindsight, was clearly set too low.' She went on 'He also publicly abandoned the practice of attempting to hit monetary targets by overfunding – contracting the money supply by selling more gilts than necessary to meet the public sector's borrowing requirements.'

In his speech the Chancellor re-affirmed his belief that the policies now in place and the techniques of monetary management would ensure lower inflation. But on the following day the leader in 'The Times' which was entitled 'Dropping the M3 Pilot' commented 'However outmoded, outmanoeuvred or outclassed by newer monetary aggregates, Sterling M3 was the original yardstick against which the success of the Government's medium-term financial strategy was to be measured. The act of abandoning it, at a moment when it gives an inconvenient reading, increases the onus on the Chancellor to demonstrate that policy remains fully under control.'

All this underlines the importance of the point made by Mr. de Laszlo in his letter to the Prime Minister – 'To change the method of measuring Money Supply because as a statistic it is going in the direction that he does not approve of, seems to be like re-calibrating the thermometer if you don't like the temperature of the patient. The question of why the Money Supply is growing faster than he would like remains unaddressed.

As we said in an article in the Summer issue of Britain & Overseas – 'If the economy is not only to survive but also to grow in strength we must be prepared to examine whether the present monetary mechanism fulfils our needs and can lead to an expanding and prosperous economy.'

JOBS AND MONEY

By M.A.Cameron M.A.

We have a Chancellor of the Exchequer who stoutly declares that The Government has no money.

In U.S. Senate Document No.23, Abraham Lincoln, America's greatest President, wrote:-

> 'The Government should create,issue and circulate all the currency and credit needed to satisfy the spending power of the Government and the buying power of the consumers. The privilege of creating and issuing money is not only the supreme prerogative of the Government but it is the Government's greatest creative opportunity. By the adoption of these principles the long-felt want for a uniform medium will be satisfied. The taxpapers will be saved immense sums of interest. The financing of all public enterprises, the maintenance of stable Government and ordered progress, and the conduct of the Treasury will become matters of practical administration. Money will cease to be master, and will become the servant of humanity.'

Yet in 1913, the American Congress handed over this 'supreme perogative' to a privately owned body, the Federal Reserve System, delegating the power to issue legally acceptable notes, and create out of nothing interest bearing credit. Congress thus allowed the U.S. Federal Debt to rise from zero in 1836 to $834 Billion in 1979, with an *annual* interest charge then totalling $ 48 Billion.

Today, the British Government does provide, through the Bank of England and the Royal Mint, the notes and coins needed by their citizens for daily cash transactions, and properly benefits from this, to the tune of some £2,000 million a year, as the Bank of England re-imburses the Treasury by paying over the profits (after printing and minting expenses) of financing the annual issue of notes and coins.

But notes and coins are only the small change of national finance. Major transactions take place through the use of credit, the interest-bearing loans happily offered by our banking and financial system to individuals, businesses, and the Government itself. As the Government, with its unique power to tax, is the ultimate source of credit, it is at least curious that the Government should be paying interest at full current rates to these banks on credit gladly created by the banks, mostly by computer entries.

The banks – witness their annual statements – do exceedingly well out of this arrangement; the consequence of handing over to privately owned banks the power to create credit – regarded by Lincoln as the supreme prerogative, and greatest creative opportunity of Government.

Interest Free Loans

If our Government were to decide to take back the power to create credit, it could do so by instructing the Bank of England (which it owns) to issue a *limited* amount of interest-free loans, *not* to individuals or businesses, however large, but to the Commercial Banks. These would then be able to lend to individuals and businesses at the 3% or 4% needed to cover the banks' operating expenses, instead of the much higher amounts now charged. The quantity of these interest-free loans would of course have to be strictly controlled, *not* by Parliament direct, but by a Currency Commission, composed of persons of eminence and proved integrity. The Commission would have the duty of regulating the quantity issued by two criteria; the numbers unemployed; and the Retail Price Index. Their aim would always be (a) to minimise involuntary unemployment, and (b) to hold prices steady, thus avoiding the risks of inflation.

One consequence of the change would be a large reduction in the Public Sector Borrowing Requirement (PSBR); and also a reduction in the outstanding and still growing National Debt. This of course would reduce the income received by holders of gilt edged securities. However, the value of these fixed interest securities has altered considerably over the years, and a further reduction could be gradual.

Meanwhile, there does not appear to be difficulty in finding the money to meet heavy but exceptional expenditure, such as

(1) the cost of the war to save the Falklands, plus the continuing cost of maintaining there a force adequate to discourage further threats from the country only some 400 miles away (compared with the 8,000 miles from Britain;

and

(2) the cost of policing a miners' strike, which, led by committed class warriors, became a growing challenge, not only to law and order, but to democracy itself.

Fear of Inflation

So already we can see that when our Government so decides, it can find the money to pay the cost of the measures which the Government considers essential for self-preservation. But hitherto, the fear of inflation has excluded from these measures the cost of using our unused resources to meet our unmet needs.

The more obvious needs, now unmet, are the building of more houses, the abolition of Tower Blocks, and the repair of the thousands of dwellings in urgent need of being made habitable; the repair and reconstruction of the 100 year old sewers now crumbing under our main cities; and the repair and development of our road system – where cracks are already appearing on sections of our newest motorways. The unused resources are the thousands of construction workers now unemployed, who could do most of these jobs. It is hard to see that if these men were paid reasonable wages instead of the 'dole', the difference in their ability to live better would have any visible effect on inflation – if the changes suggested in our financial system were to be accepted and developed.

THE BALANCE BETWEEN CAPITAL AND CURRENT EXPENDITURE BY THE PUBLIC SECTOR

The Economic Research Council will shortly be publishing a study compiled by Andrew Street which examines whether an increase in public sector capital expenditure would really hinder the attainment of the Government's ultimate objectives of economic policy. It argues that public expenditure data should be presented in a different way, with the Public Sector Borrowing Requirement split up into borrowing for capital and current expenditure. It advocates a public sector investment appraisal in the form of an annual examination of the state of public sector assets and the need for investment to accommodate future developments in the economy. It also looks at existing evidence of the state of disrepair of the infrastructure and the indicators of the need for new investment.

There is an increasing interest in this subject of the lack of public investment in the infrastrucure. A recent booklet contributed by W.A.P. Manser, a member of the Executive of the Economic Research Council, concluded that public expenditure has continued to grow but capital expenditure within it has continued to decline and current expenditure has continued to rise. It commented "The infrastructure, ill-cared for and vulnerable in 1980, is now sufficiently unkempt and at risk to give rise to public alarm."

This view was recently re-inforced by a forthright statement from Frank Gibbs, Chairman and Chief Executive of the Taylor Woodrow Group. He said – "Unless we as a nation spend more on our infrastructure, even to repairs and maintenance alone, we could be facing a crisis in five years time".

THE 25 STAGES OF INSANITY

by Dr. Bernard Juby

The farcical tale of the VATted paper bag!

1) I cut down trees. I sell them to the wood pulper, charge an extra 15% and send that 15% *to* the VAT man. (2 stages)
2) I am a wood-pulper. I have paid the woodcutter an extra 15% VAT which I claim back *from* the VAT man. (2 stages) (4)

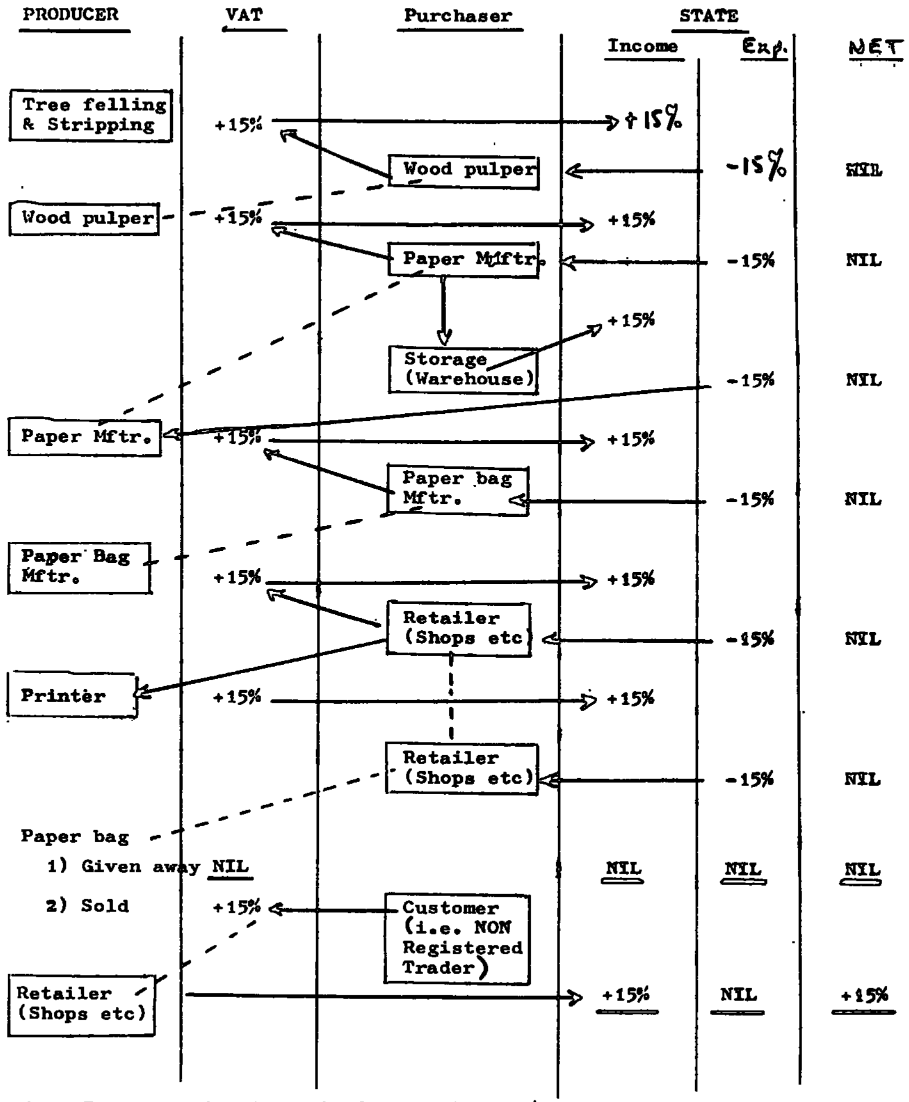
   I sell my wood-pulp to the paper manufacturer and charge an extra 15% which I send *to* the Vat man. (2 stages) (6).
3) I am a paper maker. I have paid the wood-pulper an extra 15% VAT which he has paid to the VAT man. I now claim it back *from* the VAT man. (2 stages) (8)
4) I need to store my paper in a warehouse. I pay the warehouse their storage charge plus an extra 15% VAT which they pay *to* the VAT man. (1 stage) But because I am a registered trader (like all the rest) I claim back this 15% *from* the VAT man. (2 stages) (11)
5) I sell to the paper-bag manufacturers my paper and charge an extra 15% which I send *to* the VAT man. (2 stages) (13)
6) I am a paper-bag manufacturer and I claim back *from* the VAT man the 15% VAT that I paid to the paper maker. (2 stages) (15)
7) I sell my paper bags to a retailer and charge an extra 15% VAT which I send *to* the VAT man. (2 stages) (17)
8) I am a retailer. I claim back *from* the Vat man the extra 15% that I had to pay to the paper-bag manufacturer. (2 stages) I send these bags to the printer to have my firm's advertising put on them. (19)
9) I am a printer. I charge an extra 15% to the retailer and send this *to* the VAT man. (2 stages) (21)
10) I am your friendly, neighbourhood retailer again. I now have my paper bags back from the printer and I claim back *from* the VAT man the 15% VAT that I had to pay the printer. (2 stages) (23)

The VAT man gets absolutely nothing.

I NOW GIVE THE BAG AWAY TO THE CUSTOMER. The VAT man still gets nothing!
If I sell the bag to the customer (who isn't registered) then I would charge an extra 15% VAT and send that to the VAT man – WHO CAN THEN KEEP IT as there is no-one down the chain to claim it back again. (1 stage).

This is a Sales Tax!

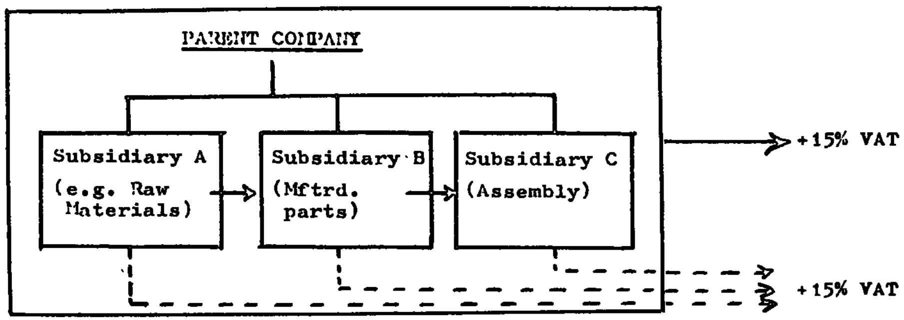
THE TRUE INCIDENCE OF THE INVOICE AND RECLAIM SYSTEM OF VAT.



i.e. The only time that the State takes 15% <u>and keeps it</u> is at the final point when a registered trader sells to a <u>non</u>-registered trader.

It is therefore a Sales Tax!

Key; ⟵ ⟶ = Direction of payment



The situation between subsidiary companies within the same group.

NO VAT is charged when Subsidiary A "sells" its end product to Subsidiary B.

Similarly NO VAT is charged when Subsidiary B "sells" its end product to Subsidiary C.

It is only when the Subsidiary C (via the Parent Company) sells its end product that VAT is charged.

Similarly if any Subsidiary sells its end-product outside the Parent Company then VAT is again charged.

This is the equivalent of "Zero-Rating" credit transactions between Registered Traders.

Where a Parent Company has various Subsidiaries which trade amongst themselves then NO VAT is charged. This is shown in Chart 2 and operates as though such transactions were Zero Rated.

A simple extension of allowing Zero Rating between similar credit transactions between Registered Traders would effectively remove the vast amount of unnecessary work between all firms, and, incidentally in so doing, drastically cut down the opportunity for fraud that currently exists in the present system.

The cost to small businesses is 30-40 times as great as that to larger ones. But there is another drawback. Big businesses actually gain by the system! Because there is a three-month delay in the payments to the State there is, in effect, a three-month interest-free collection of money which helps cash-flow enormously. For example, 15% on £1m is £150,000 and may represent only a few transactions in the big business sector.

At the lower end – i.e. the micro businesses just entering the system, 15% on £20,000 is only £3,000 and may represent literally thousands of small transactions with its attendant paperwork. It is here that the 30-40 fold increase in costs hinders us. It also encourages many to deliberately remain just below the threshold in order to escape the red tape and bureaucratic interference that follows.

In 1982 research by the National Federation of Self-Employed and Small Businesses showed that some £750 million could be saved by simplifying the system in the way I have suggested. The figure is even greater today. At the same time vast savings could be made by getting rid of the 6000 unnecessary bureaucrats in the UK Customs and Excise Department, who would no longer be needed. They could all be re-deployed in checking the illegal drugs racket! As a friendly Member of Parliament said to me, when discussing a simple way of determining whether a person was self-employed or an employed person, this is much too sensible and simple to be acceptable to the Government!

NEW APPROACHES TO THE FUTURE OF EMPLOYMENT

A new philosophy on employment and an understanding that the post-Beveridge dream of full employment for every man, woman, and child over the age of 16 (inseparable from high inflation) is no longer possible, is stressed in a major study* published by Aims of Industry.

A new role for Prince Charles is suggested in providing co-ordination and publicity – though not "direction" – for the increasing number of organisations providing young people with help.

"Towards a New Philosophy of Employment" is produced by a group of industrialists and politicians. They include the group's chairman, Ian Weston Smith, formerly chairman of Morgan Crucible; Christopher Bailey of C.H. Bailey and Bristol Channel Ship Repairs; Stanley Clarke of Clarke Securities; Peter Goodall of Hepworth Ceramic Holdings, and Ralph Howell, M.P.

The study concludes that "an increasingly competitive struggle for world trade will determine all countries' standards of living and their levels of employment.

"Citizens of the U.K. must, therefore, learn to live with a level of unemployment which many will regard, by the standards of the last 40 years, as too high." This does not mean "we have to accept....a situation whereby millions are unable to find employment....Much more can be done to make our changed circumstances understandable, bearable and infused with hope – especially for the young."

"Towards a New Philosophy of Employment" Aims of Industry, 40 Doughty St, London WC1N 24 £3.00 + 22p postage.s

The recommendations go well beyond the Government's White Paper on barriers to employment. Britain, says the group, has a poor record of labour mobility. "The greatest single reason is availability of housing and especially rented accommodation....In 1915 90% of all housing was privately rented but in 1985 only 11% of all available housing is rented accommodation.

"The only sensible way to bring rents down," states the group, "is to radically reduce rent legislation on all properties. Workers will then be able to move where the jobs are."

A radical reduction of barriers to business, especially small companies, is recommended. These include: allowing businesses to start at home (in the United States 80% of all small businesses are started at home); taking very small firms out of VAT registration; compelling the Government to place a large proportion of its orders with small companies, and eliminating or radically reducing taxation for the lower paid.

"The apprenticeship system of training has collapsed. In 1983 some 40,000 apprentices were recruited in Britiain, compared with 100,000 in 1979." In Germany last year 600,000 young apprentices qualified.

The report welcomes the Government's new approach to technical and vocational education and comments that this "does not mean a sacrifice of our essential culture....it is possible to have Shakespeare and history as well as carpentry and engineering drawing."

"Towards a New Philosophy of Employment" produces important facts on employment. "The large rise in unemployment has come about largely because of men losing their jobs or being unable to find jobs when they are ready for work." On the other hand, "in Britain, women are a higher percentage of the working population than in any other Western European nation or in the United States." Between June 1975 and June 1984, 1.5 million fewer men worked, while 200,000 more women had jobs. The self-employed sector grew by 300,000, but still represents only 8.5% of the working population of 27 million.

TEN CENTURIES OF RUSSIAN HISTORY

A new and updated paperback edition of "Companion to Russian History" by John Paxton has now been published. It contains more than 2,500 facts covering ten centuries of Russian and Soviet History. The entries cover all aspects of Russian life, people, the arts, religions, notable figures etc. It is supplemented by a select bibliography.

Comparison to Russian History by John Paxton published by Facts on File Publications. £5.95 paperback.

PURE MONETARISM

Extract from a paper submitted by Lee Cheney of Hobbs, New Mexico

The basic problem confronting the global economic community, very simply, is *HOW TO CREATE AND ISSUE THE MONEY SUPPLY*. The property question applied to the ownership of money. If free enterprise is to exist, the first a priori necessity is to create a money supply that is inherited by the general public *as consumers, for "spending and investing"* on "mainstreet". The second vital concern is to maintain that all important one to one correlation between the money supply and *real GNP*, with no increase in the money supply to amortise interest, debt or taxes.

The trouble with this scenario is that if there is no interest, debt or taxes, the money printing process itself (hence, the federal reserve banking system) must be fundamentally altered. Theoretically, of course, it is just as easy to issue government securities free to the general public as it is to isue them free to the primary securities dealers as is done at the present time. The political consequences of this scenario are complicated and the danger is very real that either fascism or communism (government printed, owned and controlled "inherited" capital rather than "people" printed, owned and controlled "inherited" capital) will emerge out of any fundamental change in the present system or constitution. Regardless of the dangers, however, the economic problems facing the world are serious enough to warrant thorough evaluation of all possible alternatives, including the possibility of a pure monetarist economy.

Unfortunately, as long as interest, debt and taxes exist, it is nonsense to give serious consideration to "monetarism" (free enterprise). Furthermore, Keynesian style juggling of the various economic variables is no less Keynesian merely because "monetarists" do the juggling. Any genuine concern with the application of monetarist economic policy to a free enterprise economy must first and foremost come to terms with the interest, debt, tax system of printing money. Then, and only then, will monetarist monetary theory and free enterprise have legitimate applicability in economic practice as an alternative to communism, fascism or the "mixed" economy.

FIGURING OUT THE FED.

This 50-page paperback supplies answers to the most frequently asked questions about the United States Federal Reserve System. It is compiled by Margaret Thoren particularly for public officials and taxpayers. The astronomical growth of public sector debt in the US has occasioned a considerable debate in Congress and among the general public in the U.S.A. This is hardly surprising when it is realised that about one-third of all taxes collected from individuals goes to pay interest on the Federal bedt.

A Truth in Money Publication. P.O. Box 30, Chagrin Falls, Ohio 44022, U.S.A. Price $4.00

MONEY MATTERS

Sherwood Press is shortly publishing a book under the above title. The author is Edward Holloway who has been concerned with monetary questions since the early 1930's. Starting off in overseas communications he became increasingly dissatisfied with the orthodox approach to problems of unemployment and poverty and the book covers the formation of the Economic Reform Club and Institute which he founded in 1936 and the activities in pre-war and war-time years. The Club grew to a membership of nearly 2,000 with eight provincial and five overseas branches.

The author was also a founder member in 1943 of the Economic Research Council and has been closely associated with the Council and its work over the years. The two associations joined forces in 1959.

The book provides an interesting survey of the monetary developments in the past 50 years and includes references to many notable people who were involved in these activities. Not everyone will agree with the reforms in monetary policy proposed by the author, but this account of attempts which have been made over the last 50 years to enlighten public opinion and influence politicians gives an interesting back-cloth to developments over a very critical period of economic history.

The publishers hope to produce the book early in 1986 and a special pre-publication price will be available to members and associates of the Economic Research Council and Britain & Overseas subscribers. Hard-back £8.50, to members £7.50 (postage £1.)

CHANGE OF ADDRESS

Please note – the Economic Research Council and 'Britain & Overseas' will be moving offices to –

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on Monday, 2nd December 1985 Telephone: 01-724 5778

All correspondence to 55 Park Lane until that date.

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