BRITAIN OVERSEAS

A DIGEST OF NEWS AND VIEWS ON BRITAIN'S ECONOMY AND OUR ROLE IN OVERSEAS TRADE AND PAYMENTS

Vol. 2, No. 3 May/June, 1972

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Published bi-monthly

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Published by Commonwealth Industries Association Ltd.,
60 Buckingham Gate, London, S.W.1.

Subscription rates: U.K. £2 p.a. Australia $5. Canada $6. New Zealand $5. U.S.A. $6.

New address from the 23rd June: 6/14 Dean Farrar Street, London SW1 HODX.

Printed by Plaistow Press Magazines Ltd., (T.U.) 3, New Plaistow Road, Stratford, London, E.15

SEVEN MONTHS TO GO!

According to the Government's time-table, Britain becomes a member of the European Economic Community on 1st January 1973. Their hopes for the future in proposing this tremendous break with our past history were summarised by the Chancellor of the Exchequer when he produced his Budget. He said:—

"In January we shall become part of a new market of 300 million people. This enlarged outlet for our goods and services, together with the present scope for expansion, provide our country with an unparalleled opportunity over the coming years. My various proposals are designed to help British industry to modernise, to re-equip and to reorganise to meet the challenge of greater international competition."

A study of the national press, however, does not give any impression of a burning belief in the opportunities presented to Britain in going forward to a European destiny. **On the contrary, far from regarding this formidable step as a jumping off ground for expansion and economic progress, a very muted and depressing picture is presented.** For example, "Europe's weakness our chance" is the heading of an article appearing in the strongly pro-market *Sunday Telegraph* on 30th April. In the article, the author, Douglas Brown, writes "Some may think it is an unsatisfactory European Community we are preparing to join when its three leading nations, France, Italy and Germany are in a state of political uncertainty such as we ourselves have seldom experienced." Having examined the very uncertain situation in the three countries concerned he comes to the extraordinary conclusion that "Politically it may be an unsatisfactory Community we are preparing to join, but that is all the more reason for joining it."

NO LUSH PASTURE

This is scarcely in line with that story about the dynamic and growing market which was such a feature of the propaganda in favour of joining the EEC when the campaign was in full swing. Neither is the report by John Wallace which appeared in *The Times* on 2nd May which said that "the assumption that the sheer size of the Common Market is sufficient to guarantee a boom in British exports—particularly of mobile plant—is about as logical as saying that because there is a lot of sand and sun in the Sahara it would make an ideal tourist centre. The simile is a fair one. Far from being a lush pasture in which the profits are high and the pickings are easy, the Common Market could well prove to be a desert for a number of British plant manufacturers."

"Do the French want us in?" asks Stephen Aris in *The Sunday Times* on 7th May. He goes on to give chapter and verse of the attempts by two European-minded British concerns who wanted to develop their interests in France. W. H. Smith & Sons proposed to develop a chain of book supermarkets in association with the French firm of Hachette, but this had to be dropped because of the threat of massive opposition from French newsagents. The Midlands steel firm, British Rollmakers Corporation also tried to arrange a merger with a French firm, Marichal-Ketin, but the French Government in collaboration with two of France's leading steel makers blocked the proposal. Commenting on this situation the *Financial Times* said in its leading article on 8th May—"it does betray a spirit of short-sighted chauvinism which is hardly compatible with the aims of European integration."

A SOCIALIST EUROPE

The situation has not been helped by the interchange of correspondence between the President of the EEC, Dr. Mansholt, and Mr. Wedgwood Benn. **Dr. Mansholt thought it right to take the British Labour Party to task for ignoring the opportunity of enlargement of the Common Market in creating "the socialist Europe we want it to be." Mr. John Biggs Davison's attempt to get a Government spokesman "to deplore the attempt of a Community functionary Dr. Mansholt, to interfere in our British politics in this matter" met with no response.**

It is one of the strange contradictions in the political scene that it is the British Conservative Government that is forcing through Parliament our involvement in this venture. For it is abundantly clear that once majority rule is established in the EEC and a European Parliament is set up "with sufficient powers to supervise the common budget and make European laws to cover all members in the fields laid down in the Founding Treaties," the Conservative Party may well find itself powerless to stop Britain becoming part of a fully socialist super state.

It should be recognised that the main reason why the Government has not been defeated during the course of the debates is that a number of Labour M.P.'s completely dedicated to this idea of a socialist super-state are prepared to sustain the Government by abstention even though this betrays British sovereignty.

A word of warning to industry on this point was recently published by Aims of Industry in a leaflet which stated: "The fundamental difference between the government of the United Kingdom and that of EEC is that while legislation here is in general initiated by Parliament to be carried out by the Civil Service, in the Common Market, the officials think up what needs to be done to further the Community's approach, and then submits measures to the politicians, who meet comparatively rarely."

"A possible danger to be watched is that diligence in interpreting what they conceive to be the Market's philosophy could at times push the officials—who are bureaucrats more than practical businessmen—to make extreme proposals which the political heads might rubber-stamp."

THE FRENCH REFERENDUM

President Pompidou, some may think rather inappropriately, chose St. George's day to hold his referendum on the entry of Britain and the other candidate countries into the Common Market. The result did not show any great enthusiasm. Nearly 40 per cent did not vote, spoiled or blank papers accounted for a further seven per cent, 17 per cent said "non" and only 36 per cent of potential voters said "oui." This could hardly be said to be a full-hearted welcome to the British people to join, and this in spite of the fact that by joining, Britain will be called upon to contribute so largely to the Common Agricultural fund which will mainly assist French farming interests.

In an effort to persuade the French people that President Pompidou was entirely consistent in advocating British entry, the French Prime Minister, M. Jacques Chaban-Delmas, told an audience in Versailles that **the British have made a fundamental choice between Europe and the open sea, thus reinforcing the view that M. Pompidou had obtained assent to this policy from the British Prime Minister.** This is a major point which needs clarification for if it is true that Britain has agreed to turn from her traditional open sea policy to a strictly European role, the view put by many M.P.'s that joining the EEC will benefit the Commonwealth cannot be justified.

DEBATE IN PARLIAMENT

Meanwhile the European Communities Bill occupies a great deal of time in the House of Commons. Attempts to amend the Bill have failed although some of the voting has been very close. On 2nd May the Government introduced the guillotine to facilitate the passage of the Bill which met with very substantial opposition from both sides of the House. Sir Derek Walker-Smith summarised the position with his usual skill. He said—"If I were of a cynical turn of mind, which the House well knows I am not, I might be inclined to think that the main fault of these proceedings in the eyes of the Government has not been their length but their effect and their tenor, because the longer the discussion, the clearer it has become that the proponents on the Bill cannot effectively make their case."

Sir Derek went on to say—"We have seen a persistent dichotomy, a contrast, in that the voting has perpetually negatived the result of the argument. My right hon. and learned and hon. and learned Friends have had the worst of the argument. This is no reflection on the skill of their advocacy. They both have very high forensic

and parliamentary quality. They have failed because the content of their case has decreed that they must fail."

"They have had little dialectical support from the pro-marketeer private Members, who have been conspicuous neither in contribution to the debate nor even in attendance. They have occasionally flitted in and out of the Chamber like Burke's transient and embarassed phantoms, reappearing in response to the harsh and strident summons of the Division bell, and then disappearing as quickly as possible, as if afraid that if they stayed to listen to the argument, they would weaken in their resolve—to harken only to the Whip and have no other gods before it."

Describing the unique character of the Bill to which the Government wished to apply the guillotine procedure, Mr. Enoch Powell said—"It is a Bill which transfers out of this country the right to legislate directly for this country. It is a Bill which transfers out of this country the right to tax the citizens of this country directly. It is a Bill which establishes a superior jurisdiction to the courts of this country over the citizens of this country."

GOVERNMENT'S ARGUMENTS DEMOLISHED

The manner in which the Bill has been dealt with was also referred to by Mr. Neil Marten who referred to the non-attendance in the debates of pro-marketeers. He said "After these excellent debates, attended by 20 or 25 hon. Members, mostly anti-Marketeers but with perhaps a couple of pro-Marketeers thrown in—these debates have seen the Government's arguments demolished—the Division bell then rings and 400 or more hon. Members who have not heard the discussion have trooped through the Chamber and into the Lobby to vote according to instructions. It is frustrating, to say the least, to those of us who are seriously trying to improve the Bill or get it thrown out."

Describing the great range of matters covered by the Bill Mr. Peter Shore referred to Subsection (1) of Clause 2. He said this "is not so much a subsection as an abyss into which will be pitched rights, powers and liberties of the British Parliament and people. It opens up that abyss as from Day 1; on the day that it passes the almost inconceivable will have happened to the British people and this Parliament. No fewer than 1,200 laws made by others, by people who do not represent us, by people on the Continent of Europe, laws representing the legislative output of their past 12 years, are to be incorporated at a stroke into British law without any discussion, without any consideration in this House."

To the many critical speeches made against the imposition of the guillotine, Mr. Rippon said "assertions that the Government are behaving in any way intolerably, or are abrogating the rights of

Parliament, are wild exaggerations, and I am sure that the House will in any event treat statements of that kind with the appropriate reserve, and so will the country."

AMENDMENTS RESISTED

The difficulty which arises now that the guillotine has been accepted is that no-one can estimate whether the time-table laid down will be right. The Government seems quite determined to resist any amendments to the Bill, thus avoiding a Report stage. It is interesting to note, however that the lowest majority so far registered—only 4 in Division 163 on 3rd May—came after the guillotine had been imposed. This was on an amendment demanding that regulations having a vital effect on our economy and such other matters as economic and monetary union should be dealt with by Act of Parliament rather than being enacted without legislation.

It is particularly disappointing that in this Division 15 Conservative M.P.s who have always expressed grave doubts about the bureaucracy of Brussels should, on this occasion have supported the Government against their long-held convictions. They were Sir Eric Bullus, Mr. F. A. Burden, Mr. William Clark, Mr. Derek Coombs, Mr. Edward du Cann, Mr. Peter Fry, Sir Donald Kaberry, Sir Stephen McAdden, Mr. Angust Maude, Lt.-Col. Colin Mitchell, Mr. Jasper More, Sir Gerald Nabarro, Mr. Harold Soref, Mr. Keith Stainton, Mr. Edward Taylor. If only three of these Members had voted according to their principles, Parliamentary control over these vital issues could have been saved.

The battle continues; Parliament will next be considering Clause 2 (2) which deals with Directives which are not subject to automatic enactment, but each member-country can apply in the way they consider most convenient for their people.

The Bill, as at present drafted, gives insufficient Parliamentary control over the application of these Directives, since it lays down that the Government can implement them by regulations that will become law unless after a debate the House decides that the regulations should be annulled. In recent years the business of the House of Commons has become so congested that there is not time for such debates.

In all other Parliaments of the Six, except in France, there is full Parliamentary control over the application of these Directives. So far the Government have resisted all demands that the House of Commons shall have equal powers.

It is becoming clear that the Bill will not pass the House of Commons much before mid-July. This is the moment therefore, when every pressure should be put on M.P.s, particularly those known to be doubtful, to preserve the sovereignty of Parliament and the British nation.

EXCESSIVE TAXES LEAD TO 'STAG-FLATION'

Excessive taxes on the income from the production of goods and services (excluding rentier incomes) lead to 'stag-flation. This is the conclusion reached in a study commissioned by the ECONOMIC RESEARCH COUNCIL which analyses the official statistics of the division of the income from production of goods and services between taxes, net disposable profits and the 'take-home-pay' of the wage and salary earners.

The study shows that the total amount taken in taxation increased by about 100 per cent between 1964/70 while the gross domestic product at current factor prices increased by less than 50 per cent. Although intended to reduce demand and halt inflation this vast increase in taxation did neither; on the contrary it undermined confidence, inflation continued and unemployment increased.

This had the further effect of altering the three-way division of the income from production over the period—1950-1970. Over the first decade the percentage of shares were:—

Employers	19%
Wage and salary earners	71%
Government	10%

Over the second decade there was a rapid increase in Government's share offset by reductions in the other two. By 1970 the percentage shares had changed to:—

Employers	12%
Wage and salary earners	65%
Government	23%

There was increasingly severe taxation of employers profits during the 1960's. As a proportion of pre-tax profits, taxes and levies increased from 14.1 per cent to 44.2 per cent and profits, after tax, as a proportion of the total income from production decreased from 19.9 per cent to 12.2 per cent.

A significant correlation is shown between the decrease in the employers' share of total income (after tax) and the increase in unemployment.

The statistics show that the average 'take-home' pay of all employees since 1960 rose at a rate which lagged behind their increasing productivity and the depreciation of the currency. Since the general level of price rose at a faster rate than average 'take-home pay,' it cannot be true that inflation is generated by excessive pay settlements.

All the bargaining on the labour market over recent years has had the net effect of maintaining a remarkably stable ratio of the "primary" division between employers' profits and wage and salary earners' income.

Profits have been squeezed since 1964, not by a disproportionate rise in average 'take-home pay' but by taxation. British companies big and small have thereby been deprived of the means of investment and their confidence undermined.

Since 1960 employers' costs of giving employment have risen at a faster rate than inflation.

The present burden of taxes and levies on industry, running at £4,000 million a year could be reduced by £2,500 million if capital expenditure on income-earning services in the public sector were financed by long-term borrowing.

Excessive Taxes lead to 'Stag-flation' published by the ECONOMIC RESEARCH COUNCIL. 50p. (post free).

BRITAIN'S OVERSEAS TRADE

BRITISH EXPORTS TO VARIOUS MARKETS

Destination	1963 £ millions	%	1970 £ millions	%	1971 £ millions	%
E.E.C.	874	20.7	1,754	21.8	1,927	21.0
E.F.T.A.	558	13.2	1,277	15.8	1,380	15.0
Other Western Europe	139	3.3	282	3.5	343	3.7
U.S.A.	383	9.1	943	11.7	1,089	11.9
Commonwealth	1,221	28.9	1,638	20.3	2,009	21.9
Non-Commonwealth Sterling Area	420	9.9	868	10.8	974	10.6
Rest of World	617	14.9	1,301	16.1	1,454	15.9
Totals	4,212	100	8,063	100	9,176	100

Source: Trade and Industry
The figures above are F.O.B. (free on board)

Throughout the last nine years British exports have grown strongly as the Table above shows. Indeed exports have more than doubled in value and whilst price inflation accounts for part of this increase, it does not account for the whole: exports have increased in volume too and by more than 40%. Britain's exclusion from the Common Market by De Gaulle's veto in January 1963 has not resulted in disaster or even misfortune, for in 1971 Britain achieved a balance of payments surplus of £952 millions—the largest in her history.

British exports to the EEC have more than doubled during the period despite the EEC tariff. Exports to EFTA countries have done even better, whilst exports to the U.S.A. have risen most of all even though the tariff there is rather higher than, for example, the EEC tariff.

Exports to Commonwealth markets grew only slowly between 1963 and 1970. But in 1971 this trend was reversed and the Commonwealth became Britain's fastest growing export market. Exports have grown strongly throughout the period to the non-Commonwealth sterling area countries.

Tariff Levels. Industrial tariffs have been reduced as a result of G.A.T.T. Kennedy Round negotiation. The average tariff on manufactures is now:—

E.E.C. 7.6%
Japan 9.8%
U.K. 10.2% (excluding Commonwealth preference tariff averaging 1.2%).
U.S.A. 11.2%

British Imports from various suppliers

Sources	1963 £ millions	%	1970 £ millions	%	1971 £ millions	%
E.E.C.	791	15.9	1,822	20.1	2,108	21.5
E.F.T.A.	608	12.2	1,406	15.6	1,561	15.9
Other Western Europe	113	2.2	184	2.0	200	2.0
U.S.A.	509	10.2	1,174	13.0	1,095	11.1
Commonwealth			2,159	23.8	2,192	22.3
Non-Commonwealth	2,136	43.0				
Sterling Area			984	10.9	989	10.0
Rest of World	827	16.5	1,323	14.6	1,689	17.2
Totals	4,984	100	9,052	100	9,834	100

Sourse: Trade and Industry.

The above figures are C.I.F. (Cost insurance freight).

During the last nine years imports of manufactures, both capital goods and consumer goods have grown more rapidly than imports of raw materials, fuel and foodstuffs. This is shown in the table by the growth of imports from EEC, EFTA and the U.S.A. Imports of finished manufactures in 1971 totalled £2,432 millions whilst in 1963 finished manufactured imports amounted to only £631 millions (and in 1958 to only £318 millions). The growth of imports of finished manufactures reflects the lower tariffs that Britain now applies as a result of world-wide tariff reductions. Increased competition within the home market (sometimes claimed as a beneficial consequence of EEC membership) has already been happening.

Raw materials and foodstuffs are an important part of our imports from most Commonwealth countries and imports of these have grown more slowly. Imports of food, beverages and tobacco amounted to £2,178 in 1971 compared with £1,675 in 1963 (and £1,491 in 1958).

Invisible Trade

This is excluded from the tables of exports and imports. It comprises transactions in shipping and aviation services, banking, insurance, merchanting, tourism and dividends on oversea investment. Britain's transactions in invisibles are very large and produce an important surplus to the balance of payments. The greater part of this surplus is earned on invisible transactions with the sterling area.

Britain's Invisible Trade 1970

	With all Countries	Of which with Sterling Area
	£ millions	£ millions
Credits (exports)	4,860	1,719
Debits (imports)	4,284	1,190
	Surplus + 576	Surplus + 529

Source: U.K. Balance of Payments 1971 (Pink Book).

The Report of the Committee on Invisible Exports (July 1971) showed that Britain has a large deficit on invisible trade with the EEC —unlike our trade in invisibles with the other major market.

PRESENTATION OF PETITION TO THE QUEEN

On 2nd May, the day that the House of Commons debated the Government's proposal to impose a guillotine on the European Communities Bill debate, the National Common Market Petition Council presented the first batch of 750,000 signatories to the Petition to the Queen. The Petition states that—

"being convinced that this proposal to join the EEC is without precedent in the history of this realm (and that it puts in danger the rights of Your subjects freely to enjoy those full political and economic liberties which they have inherited from the past), WE humbly pray Your Majesty, in the exercise of Your Royal Prerogative,, to call upon Your Government to explain the full implications of this policy and to allow Your subjects the opportunity to express their wishes before any irrevocable step is taken."

The Council had been advised by Her Majesty's private secretary that the correct constitutional way to present a Petition to the Sovereign is by the hand of one of her Ministers. Accordingly, the Petition was presented at 10 Downing Street with the request to the Prime Minister that he should convey the Petition to Her Majesty.

Led by Sir Arthur Bryant, Chairman of the Petition Council, the assembled supporters made their way to Downing Street where the Petitions were handed in. Among those supporting Sir Arthur were Sir Robin Williams, Vice-Chairman of the Council, Rt. Hon. Douglas Jay, M.P., Richard Body, M.P., Michael Clark-Hutchinson, M.P., Major-General Sir Edward Spears, Air Vice-Marshall Donald Bennett and Sir Michael Wright.

The Petition is being left open to enable more people to sign during the summer months, and when sufficient signatures have been obtained, a further presentation will be made.

Copies of the Petition available from Commonwealth Industries Association.

WHAT'S AT STAKE IN ULSTER

By John Biggs-Davison, M.P.

Minorities are not always wrong and in the inter-war period the late Winston Churchill sometimes found himself almost in a minority of one. He writes in the first volume of his Second World War memoirs of the "patient air of scepticism" with which, on May 5th, 1938, "but fifteen months to the declaration of war", the House of Commons heard him object to Neville Chamberlain's cession of British rights in the Irish ports to de Valera's government. In 1922, at the time of the Irish "Settlement", Churchill had been Colonial and Dominions Secretary; and he records how he

> "brought Admiral Beatty to the Colonial Office to explain to Michael Collins the importance of these ports to our whole system of bringing supplies into Britain. Collins was immediately convinced. Of course you must have the ports," he said, 'they are necessary for your life.' . . ."

The second war came and the only Irish ports at our disposal were in loyal Ulster.

No one can forecast the nature of a future all-out war. That is the only safe prediction. But today submarines of the same Red Fleet that bestrides our Cape route ring the British Isles. A struggle of the trade routes cannot be ruled out. Another Great Power conflict is not, as some imagine, either unthinkable or the end of mankind.

In a sense the third world war has already begun. The super-powers wage it by proxy, whether through conventional hostilities, as now in Viet-Nam, or through guerrilla operation, as in the Zambesi Valley, Latin America—or Ulster.

Britain, Western Europe and the West have a strategic interest in Northern Ireland. This province of the United Kingdom is a foothold in an island which Britain's enemies have ever sought to use against her. In this third world war of propaganda, subversion and aggression by proxy, Northern Ireland is as necessary as ever it was when the **Unterseebooten** of Imperial and then Nazi Germany came close to starving the British out.

The Spanish Civil War was a rehearsal for World War II. The Northern Ireland rebellion is an attempt to open urban guerrilla warfare in Western Europe. The Official (Red) and Provisional (Green) wings of the Irish Republican Army have in common the clenched fist salute and the goal of an all-Ireland workers' republic. Cuba is the model; Ireland is to be the Cuba of Europe. A century ago Kark Marx wrote:—

> "The English are incapable of making a social revolution. Therefore foreigners must make it for them. The point to strike at first is Ireland.

The threat to Dublin is greater than the danger to Belfast or London. The United Kingdom at least has efficient Armed Forces and the overwhelming majority of its citizens have no sympathy with any form of republicanism. To the IRA the Irish Prime Minister is "Union Jack" Lynch, a puppet of British Imperialism; and a Labour Deputy said in the Dail, when the mob burnt the British Embassy in Dublin that it was just as well otherwise they'd have burnt Leinster House (where the Eire parliament sits). As in other countries where "freedom fighters" operate from across inviolable frontiers, control of the Border is the key, and the time may come when Mr. Lynch decides "It's they or I." The erection of an international anti-internment movement appealing to liberal opinion from Senator Kennedy upwards and to "world opinion" (whatever that is) was doubtless largely intended to deter Mr. Lynch from incarcerating members of the IRA as Mr. de Valera did in face of the European Court of Human Rights.

This then is a revolutionary struggle directed against lawful government throughout Ireland. There is no Border to subversion. The wrongs of history and the passions of faith and faction are pressed into the service not of nationalism but of anarchy.

The wrongs are righted now in Ulster. When in Newry on that fortunately "non-Bloody" Sunday, I asked a Civil Resistance militant what civil rights he lacked. He changed the subject from the present to the past.

As in America, Civil Rights has been the front of those working not for reform but for revolution, not for Civil Rights but for civil war. As in Africa, "one man one vote" became the slogan of those who prefer the bullet and the bomb to the ballot.

Nor is this a religious war. Some IRA men are devout; others violently anti-clerical. The Officials are Moscow-orientated; the Provisionals are penetrated by Trotyskism. In his struggle for power Fidel Castro played the "progressive Catholic" cards. But today what Civil Rights are there in Cuba, and where stands Holy Church? The IRA republic would be not Catholic but "Cuban".

This is no colonial campaign; it is a struggle for the homeland. If we do not win in Belfast and Londonderry, we may have to fight in Birmingham and London.

COMMODITY PRICE INSTABILITY

CALL FOR COMMODITY PRICE STABILISING CORPORATION

Copper at £818 a ton, as in March, 1968, had no greater utility value than with its price at below £410 a ton, as in December, 1971. Sugar was no more nutritive at £105 a ton, as in October, 1963, than around £12 a ton in January, 1967.

These are but two of many examples of economy-disrupting fluctuations in costs of basic commodities brought to the surface in an Economic Research Council Paper—*A Built-in Basic-Economy Stabilizer** by L. St. Clare Grondona. In short, instability at its base is a root cause of disruption of the whole economic superstructure—of booms and slumps.

For the producer of basic materials uncertainties about prices overshadow all plans on which more efficient production would depend. For the user-industrialist, unpredictable costs of materials frustrate intelligent budgeting and choice of these, and impart a de-stabilizing palsy on the flow of trade and international payments.

It is to this problem, which has long baffled economists, that Mr. Grondona proffers a detailed practical solution. The logic of his arguments is such that—in a preface—Sir Roy Harrod urges the Government to set up a fully representative Special Committee fully to examine

the whole question of commodity price instability, with Mr. Grondona being invited to outline the system he has devised to rectify these anomalies. Sir Roy's recommendation is strongly endorsed by Professor Kaldor, Lord Roberthall (for ten years chief economic adviser to the Cabinet) and by Mr. Donald Tyerman—for eleven years editor of *The Economist.*

The essence of the Grondona system is the establishment by Her Majesty's Government of a *Price Stabilizing Corporation* (PSC) financed by the Treasury—within arbitrary limits that would represent relatively neglible investment in reserves of imported durable basic products so administered as ultimately to hold price fluctuations within predetermined narrow limits. Such commodities include all industrial metals, textile raw materials, rubber, sugar and grains (among others), the average annual import costs of which aggregate about £1,000 million—which sum is taken (illustratively) as what is termed the *Key Control Figure.*

Each commodity would have a *valorizing index* (the index) based on the average of its import costs over (say) the immediately five years. Operating automatically, PSC would stand ready to buy any commodity (subject to arbitrary conditions) within its scope, but only at seller's request and only at a prescribed percentage (say, 10 per cent) below that product's index—its *'low point'* (at which, of course, there would be a floor in the market); and, if PSC so acquired reserves, it would stand ready to sell on demand but only at the same percentage *above* the relevant index—that commodity's *'high point'*—in effect, a market ceiling (so long as relevant reserves were so held). The percentage margin between 'low' and 'high' points would be designed to leave ample scope for profitable dealings in commercial markets (which PSC would *never* enter) wherein the normal volume of trade would continue as usual—with recourse to PSC as a last resort.

Each commodity's 'points' would be subject to alteration but only in accordance with a pattern of cause and effect, of which all details would be prescribed in advance: that is, in inverse ratio to pre-notified volumes (if any) of reserves—or after a prescribed period in which no reserves had been acquired. In the event, under a highly ingenious system of finance, with a *Key Control* of £1,000 million, stability (within known ranges of price movements) could ultimately be achieved for imports at that gross annual cost, with a cash investment (by PSC) which—during the first three years of its functioning—could not exceed a gross £90 million.

An extremely important feature is that PSC stands ready—as an alternative—to accept the *custody* of reserves (while still in commercial ownership) against which is issues its *'warrants.'* These become firm securities for bank loans up to the level of any relevant 'low' point at which any so-deposited commodity can be sold *in situ* to PSC. Sellers and buyers are thus accorded equal bargaining powers—and for the first time.

**A Built-in Basic-Economy Stabilizer*, by L. St. Clare Grondona, published by the Economic Research Council, 10 Upper Berkeley Street, London W1N 7PE. Price £1.10 post free.

THE COMMON MARKET: WHAT IT MEANS

By Sir Robin Williams, Bt.

A wide and widening part of the law of Britain will be made by the institutions of the EEC and no longer by our own Parliament. This is because under Article 189 of the Treaty of Rome, which established the Common Market, regulations 'shall be binding in their entirety and directly applicable in all Member States.'

These regulations (or laws) are made both by the Council of Ministers and by the Commission. In the Council of Ministers Britain will have 10 votes out of 61. In the Commission Britain will have no vote at all: this is because the Commission is required under the Treaty (Article 157) to be independent of the Member States. The Commission are the supra-national bureaucrats who run the Common Market, employ all the staff in Brussels and have the sole right to formulate proposals for decision by the Council.

The European Communities Bill, now before Parliament, seeks to provide for the enforcement of Common Market law in Britain by sweeping clauses. Clause 2 (1) reads "All such rights, powers, liabilities, obligations and restrictions from time to time created or arising by or under the Treaties, and all such remedies and procedures from time to time provided for by or under the Treaties, as in accordance with the Treaties are *without further enactment* to be given legal effect or used in the United Kingdom *shall be recognised and available in law,* and be enforced, allowed and followed accordingly; and the expression (enforceable Community right) and similar expressions shall be read as referring to one to which this subsection applies."

AUTOMATICALLY ENFORCEABLE

This Clause seeks to repeal much British law without specifying fully what is being repealed. Moreover, it seeks to provide that all **future** Common Market laws are automatically enforceable in Britain 'without further enactment.' If this Clause is accepted then our own Parliament will have no say at all about these future regulations of the Council and the Commission. These regulations will be binding in their entirety in Britain although they have not been agreed to by the British Parliament.

The Britiish will, therefore, lose their self-government over tariffs and trade, agriculture, transport, immigration from Community countries, capital movements, important controls over service industries, the law relating to competition in business and much else besides. This is what it will mean when Britain ceases to be a self-governing nation. Furthermore, the loss of our self-government will extend into other fields when the economic and monetary union of the Community is established.

It is proposed that this be achieved by 1980. It involves the unification first of exchange rates and then of currencies, the central control of budgets and, therefore, of employment policy and regional policy.

What can justify this loss of self-government? It is the hope

of economic gain but an examination of the evidence suggests that the losses will be greater than the gains. Consider the evidence.

First trade with the EEC. In 1971 our exports to these markets amounted to £1,927 millions (f.o.b.) whilst our imports from them were £2,108 millions (c.i.f.). Whilst perhaps 10% of the import figure is accounted for by freight and insurance charges, there remains a deficit. So, as imports from the EEC at present are rather larger than our exports to the EEC, then the probability is that that pattern will remain but on a larger scale and the deficit will become bigger. In suggesting this probable outcome, it is worth bearing in mind that we shall be giving up more protection than the Six as our average tariff on manufactures in 10%, whereas it is 7½% for the EEC. Again, Britain will have to adopt the EEC dear food policy which will have an adverse effect on our labour costs and, therefore, on the competitiveness of British goods all over the world. So, if joining increases British exports to EEC by, say, £900 millians and our imports from them by £1,000 millions, then the market for British goods will not have grown—it will have shrunk by £100 millions. In the light of the evidence these proportions are not improbable.

LOSS OF COMMONWEALTH MARKETS

Moreover, there will be a loss of British sales in Commonwealth markets due to the disappearance of the preferences that we now enjoy there. In 1971 Britain's exports were £2,009 millions to the Commonwealth and £974 millions to non-Commonwealth sterling area countries (many of whom still give us preferences). These figures remind us of the importance of our trade elsewhere than with the EEC. Our preferences in these markets will disappear as a result of our being compelled to apply against these Commonwealth countries the EEC's common external tariff.

Furthermore, there will be some loss of British exports to EFTA (£1,380 millions in 1971) due to our losing or having to share our present tariff advantages there.

Overall, therefore, British trade will suffer by joining the EEC.

On top of that we shall have to conform to the Common Agricultural Policy imposing heavy taxes on food imports from third countries (Canada, U.S.A., Australia and so on) and paying these taxes into the EEC central fund to subsidise high cost Continental farming. This will burden our balance of payments by hundreds of millions of pounds a year and inflict an unnecessary rise in price on the housewife.

So we lose much of our Parliamentary self-government and suffer economically. Why,, therefore, do some politicians and Foreign Office officials want to join? The answer is that they are in love with a dream of the Union of Europe providing them with some sort of stage on which they appear to advantage. In doing so they provide evidence that the twentieth century is no less an age of faith than the thirteenth. People in love are not always rational in their decision and this is true of our Euromyopics.

INTIMIDATION IN RHODESIA

The Foreign Secretary now has the Pearce Commission Report before him. If this does show, as many believe, that the settlement is unacceptable to the majority of the African population there is considerable doubt whether this does, in fact, demonstrate their real views. From a report now available it seems clear that a campaign of vicious and widespread intimidation was waged by ex-members of Z.A.N.U. and Z.A.P.U. on the African population to persuade them to oppose the settlement. This information comes not only from the Rhodesian Government, but also from other responsible and non-political bodies. A Memorandum submitted to the Pearce Commission by the Central African Branch of the Institute of Directors states:

> "We cannot claim to represent the current collective views of the African employees of our members because in many instances these have changed drastically in the past few weeks, due to large-scale intimidation in the form of threats of violence and, far worse to the majority of Africans, witchcraft affecting employees, their families, cattle, crops, etc. This intimidation is indisputable and our members have ample evidence of this, which, if required, can be submitted in the form of written evidence. Previous to this intimidation, we are convinced that the majority of the responsible employees engaged by our members were originally in favour of these proposals."

The African National Council (A.N.C.) which was established in December 1971 had as its purpose the organisation of opposition to the proposals for a settlement. Many of those who are office bearers in the A.N.C. were adherents of the now banned organisations, Z.A.N.U., Z.A.P.U. or P.C.C. which still operate branches outside Rhodesia. Since the anti-settlement campaign was launched, unlawful activity including intimidation has been widespread. They include setting fire to cars and buildings; looting of shops and beerhalls; damage to railway lines; stoning of vehicles, trains and buildings; assaults; smashing windows; and erection of road blocks.

The rioting started in Shabani on 12th January where there was three days of violence, offices burned out, vehicles stoned and African bystanders assaulted. In Gwelo the rioting started when the Pearce Commissioners visited the centre. Gangs moved through the townships looting shops and beerhalls, stoning vehicles and trains and the streets looked like a battlefield, littered with rocks and broken bottles and buildings in flames. The same happened in Salisbury and again in Fort Victoria, where among others the house of Mr. Gondo, M.P. who had advocated support for the proposals, was stoned and looted. Umtali was described as a shambles, road blocks were set up and the railway line ripped up. Gangs of Africans roamed the streets intimidating other Africans to join them.

The effect of the riots in these and other townships was clearly aimed at creating a climate of fear in both African townships and rural areas. Many Africans had memories of similar ruthless behaviour in the 1960's and reacted accordingly.

Many have been convicted in court for engaging in intimidation but it is impossible to institute proceedings in a great many cases because the complainants are too terrified to give evidence. This is an altogether familiar pattern in areas where law and order have given way to terrorism.