



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

Vol. 3 No. 4

July/August 1973

CONTENTS

	Page
The Commonwealth Industries Association	2
CPA Conference	2
Trade Barriers—The GATT Negotiations	3
Distant Battle	5
Can the Common Market Survive?	6
Bread and the Common Market	8
Europe Versus Commonwealth?	10
Britain's Overseas Trade (Tables)	12
Caribbean Common Market	14
The Seven Outside	14
The 'Buttergate Affair'	15

Published bi-monthly
Editor: Edward Holloway

Published by Commonwealth Industries Association Ltd.,
6/14 Dean Farrar Street, London, SW1H 0DX.

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

THE COMMONWEALTH INDUSTRIES ASSOCIATION

Future Policy

Now that Britain has joined the European Community is the Commonwealth to be relegated to an association of nations loosely held together by sentiment, or are there economic and commercial ties of value to all? The Association believes that, quite apart from sentiment, trade between the countries of the Commonwealth is not only essential to Britain's economy but equally vital to developed countries like Canada, Australia and New Zealand and the developing countries of Asia and Africa. This fact has been underlined at the recent Commonwealth Conference in Ottawa.

The Association believes that, by itself, entry into the European Community will not bring about economic revival. Britain needs the open seas and the trade of the Commonwealth since the Commonwealth includes countries whose growth of the next twenty years is likely to be as high as any.

On the other side, there are Commonwealth countries whose economy and whose trade have been developed to suit Britain's needs; e.g. The West Indies for sugar; New Zealand for dairy and meat products.

It is our intention to set up a small research department to compile the vital facts of trade between Britain and the Commonwealth—for developed countries like Australia, Canada, and New Zealand and the developing countries of Asia and Africa. This information will be made available through 'Britain and Overseas' to M.P.s, industrial concerns and others who need them as well as providing opportunities for trade development between the countries concerned.

C.P.A. CONFERENCE

On September 12th in Westminster Hall Her Majesty The Queen will open the Nineteenth Commonwealth Parliamentary Conference. Delegates from all the Commonwealth Parliaments will attend. The Chairman of our Association, and the Chairman, Vice-Chairman and Secretary of the CIA Parliamentary Committee have been selected as members of the twenty strong British Delegation.

From 13th September to 21st September the delegates will be discussing an Agenda that includes the European Community and the Commonwealth, World Security, the future of the smaller territories of the Commonwealth, Commonwealth Immigration Policies, and Parliamentary Government. Where is it Heading- The Chair will be taken by Sir Alec Douglas-Home as President.

A report of the proceedings will be included in our next issue of 'Britain and Overseas'. Meanwhile we emphasise the importance of this Conference. It is the first major meeting of Commonwealth Parliamentarians, since Britain entered the Common Market.

In this country there was a division of view as to the wisdom of that step. Some feared for the future of the Commonwealth, once Britain had accepted the sovereignty of the European Community. Others felt that Britain in the Community would become stronger, and in consequence would be able to do more to help the Commonwealth.

Whatever view was held before entry, all have now a responsibility to secure that our Commonwealth links survive in this changed situation. The interests of Commonwealth producers must not be overlooked, and our partners in the Community must be converted to outward-looking policies.

Let us hope that at the Conference bold policies are adopted for the realisation of these aims.

TRADE BARRIERS AND THE GATT NEGOTIATIONS

By J. Enoch Powell, M.P.

Thinking about international trade has been bedevilled time out of mind by the assumption of fixed exchange rates (in which expression I include, of course, exchange rates purporting to be fixed but in fact arbitrarily adjustable). Now that fixed exchange rates are on their way off the stage, a great intellectual effort is necessary to get rid of the trammels of the now obsolete assumption.

One of the principal objects, if not the principal object, of tariff and non-tariff barriers to trade was to protect the parity of a currency. If parities are free to move, barriers for that purpose have become superfluous.

That blunt conclusion is often disputed, because it is assumed that a country has an interest in preventing the parity of its currency from floating down "too far". (Curiously enough, it is often assumed that it has an interest in preventing the parity of its currency from rising—Japan being the most celebrated case in point.) This assumption is fallacious.

If the fall in the parity is due to differential inflation of the domestic currency, then there is no change in the real purchasing power of the country's inhabitants: if the number of £'s were multiplied by ten overnight, the parity of sterling would fall to one-tenth, but we should be neither worse nor better off. If, on the other hand, the fall in the parity reflects an adverse change in the real terms of trade, i.e. a fall in the demand for the goods and services to be purchased from the country concerned compared with those to be purchased from other countries, there is indeed a decrease in its real external purchasing power; but that is neither due to the exchange rate nor avoidable by any manipulation of the exchange rate. It is a fact of life. The parity of the currency, and the standard of living of the people, of a banana republic will fall if the world loses its taste for bananas.

Basically, those two cases exhaust the range of possibilities; for all other changes of parity are due to anticipation—mistaken or otherwise—of one or both of them.

Economic Changes

The destruction of the case for trade barriers which the floating of currencies has caused extends further and deeper than the thinking of the decades since Bretton Woods. It goes to the traditional protectionist thinking of the late 19th and early 20th century; for the gold standard was effectively a rigid exchange rate—or alternatively, a single, universal currency, however one prefers to view it. Consequently economic changes expressed themselves by way of deflation or inflation, and trade barriers could be advocated as means of defence against deflation—against the German worker driving the British worker out of employment, as Joseph Chamberlain tirelessly represented it. In modern terms tariff barriers were a form of regional policy—a means of preventing the impoverishment of the “regions” which proved less successful than others within the ‘monetary union’ created by the universal currency of gold. With the disappearance not only of the gold-exchange standard (or fixed parities) but of the gold standard, trade barriers as a form of economic protection (their classic function) have become no less illogical than as a form of parity defence (their modern function).

There remains only the political function, the pursuit of objects which are neither economic nor monetary. These are infinitely various. They include the promotion of uneconomic industries for reasons of prestige or of defence. They include the prevention or delay of economic changes which it is feared would bring political unpopularity to a government expected to cope with them, or which threaten short-term dislocation and friction.

These objects can be argued for or against; it can be contended that their attainment is unnecessary or futile or, on balance, harmful; but they cannot be got rid of altogether *a priori*.

Forthcoming GATT Negotiations

In the forthcoming G.A.T.T. negotiations we shall see exemplified all the motives for trade barriers which I have analysed above. In particular, the European Economic Community will exhibit the monetary, the economic and the political motivation.

In a world accustoming itself to floating parities, the E.E.C. remains a bastion of adherence to fixed parities, not only internally (where they are seen as a logical stage on the way to monetary union) but externally, because all bureaucracies are antipathetic to self-regulating mechanisms, including self-regulating exchanges. (France provided a beautiful example of this in the years when it complained of American investment in Europe at the expense of French savings, but refused to put an instant end to it by revaluing the franc.) Not having accepted the logic of free exchange rates, the Community

also finds itself hooked on the economic or protectionist motive for interference with trade.

Most significant of all, however, will be the political motive. Since a common trade policy is the minimal mark of an “economic community”, that community would be endangered or called in question if trade policy were emptied of its content—and essentially all trade policy, at least all trade policies, means a policy for interfering with trade. Now, you cannot construct even a *Zollverein* without having *Zollen*; and a tariff barrier or barriers and some obstruction to trade are therefore indispensable to the existence of the E.E.C. This is all the more so when the E.E.C. aspires, with increasing emphasis, to pass beyond the realms of “customs union” into those of economic and political union itself.

Opposite Principles

Whatever professions of good will towards unimpeded international trade the Community may put forward, the fact remains that the nature of the beast is antipathetic to the basic objective of G.A.T.T. It might be said, unkindly perhaps but justly, that an organisation which made acceptance of the Common Agricultural Policy the condition for admission to it, is founded upon the opposite principles to G.A.T.T. The distinction commonly drawn between agricultural and non-agricultural free trade is not derived from nature or economics but is due to political convenience; and an institution which sets out, not like E.F.T.A., simply to exclude certain areas from the realisation of free trade, but to make those excluded areas the basis of a binding common policy, will be found a reluctant and recalcitrant partner in the international pursuit of free trade.

DISTANT BATTLE

A retrospect of Empire

“The greatest fault of the British Empire was that it frittered away its assets. Having become the Commonwealth it should have tried to expand its membership to become a true united nations. It might seem to have been an impossible task but it is always easier to build on established foundations than on untested ground.” Thus writes Philip Warner in his introduction to a new book recently published in which he sets out a comprehensive account of the achievements of the British Empire. It is a story of courage and enthusiasm of men who were proud to be British and not afraid to say so.

The book describes many of the achievements of that vast and almost unknown civilian army which faced and conquered dangers and problems which in their day were as bizarre as space exploration seems at the present time.

Published by William Kimber £3.95.

CAN THE COMMON MARKET SURVIVE?

"A group of the most senior civil servants working in the British mission to the Common Market in Brussels have written a report to their chiefs in Whitehall saying that all the evidence of seven months membership suggests that the EEC is a disaster for Britain." Thus Stephen Fay, European Correspondent of 'The Sunday Times' summarises the view from Brussels of some of those most closely concerned with Britain's economic prospects within the Common Market. This was front page news in 'The Sunday Times' on 29th July 1973!

Mr. Fay went on to report that these officials from the Treasury and Department of Trade and Industry are most pessimistic about Britain's economic prospects in the EEC and foresee a situation in which the British economy goes on subsidising the better-off Common Market partners who will disgorge little or nothing in return.

Time we faced facts

The publication of this report in a newspaper which has consistently supported our Common Market venture caused a good deal of consternation in official circles. In the following issue of 'The Sunday Times' of 5th August Mr. Fay returned to the charge in an article—Common Market: time we all faced facts. He wrote: "My report was met by a barrage of denials, orchestrated like the massed bands of the Brigade of Guards from Downing Street, the Foreign Office and the Brussels mission itself. Mr. Heath, unsatisfied by his first response, went on repudiating it all week, even after he had reached Ottawa for the Commonwealth Conference. It seems almost churlish in the circumstances to repeat that I am certain my report is true."

The changing views on the Common Market issue was also demonstrated in an article by Samuel Brittan published in 'The Financial Times' on 9th August. Entitled "What changed my mind about the EEC" Mr. Brittan joined in the debate about the 'Sunday Times' report. He wrote "Whether or not the British delegation at the EEC sent to London a pessimistic report about the effects of membership it certainly ought to have done so. Indeed, whatever the protocol involved, I have no doubt that officials from the economic Departments have found a way of conveying pessimism to London." He went on to say "The first seven months of membership have been a pretty well unmitigated loss from this country's point of view. There is no need to argue in detail about whether the EEC has so far contributed much to the rise in food prices, although the need to pay high butter prices when there is a great butter surplus available cheaply to the USSR is not such a joke. **The important point, however, is that if present shortages of agricultural commodities abate and any cheap food does become available anywhere in the world we shall no longer be able to take advantage of it.**"

French Fears

Adding fuel to the fire of controversy, M. Jacques Chirac, the French Minister of Agriculture, has been busy with his own particular contribution. Writing in the French magazine '*Le Point*' he accused Britain of bad faith. He objected to our attempt to hold our Common Market partners to their promises to Commonwealth sugar producers. He also had a go at Western Germany, complaining that they were drawing away from the market. It is also suggested that President Pompidou is "haunted by fear" that West Germany is drifting towards neutralism and finding Eastern Europe more attractive than the West.

Obviously M. Pompidou and M. Chirac are worried about the future of the Common Agricultural Policy which the French insist must be preserved intact. But Mr. Reginald Maudling in an article published in 'The Sunday Express' on 12th August cites the CAP as one of the major problems to be tackled immediately. He wrote "There is the Common Agricultural policy, which in its present form has the result of extracting from the taxpayer large sums of money in order to raise the price of some foods to a point at which he cannot afford to buy them, leaving on the hands of the Commission vast stocks, for example, of butter which then have to be sold at a cut price to Russia." He comments "**The Community is just not going to work so long as absurdities of this kind persist.**"

Visible Trade Deficit

The main argument for British participation in the EEC according to the White Paper of 1971 was the prospect of an enlarged market. The benefits of this have been less than satisfactory from the British point of view. In the first six months of 1973, our visible trade with the Six showed a deficit of £480 million—taken over 12 months this is a rate of deficit of £960 million. This compares with a deficit of £68 million in 1970, before we joined the Community. The most rapidly growing elements in the import bill this year and in the last three months have been imports from the EEC and imports of finished manufactures. Our over-all deficit on visible trade was £159 million in July, which means that the annual rate is now running at £1,332 million.

With inflation continuing in spite of the Government's Phase I and Phase II operations, and the resultant fall in the international value of the £ sterling, the outlook for Britain looks far from promising.

Public Opinion increasingly hostile

So far as British public opinion is concerned, the most recent Opinion Poll conducted on behalf of 'The Times' and ITN showed that there had been a substantial increase in hostility to the EEC among the British electorate. The interviews were taken between June 27 and July 1, 1973, well before all the reports and comments quoted in this article had been published. The poll showed that voters in Britain who believed that we

should pull out of the Community had nearly doubled since January of this year.

There seems little doubt that the crunch will come this autumn, for reports from other sources all confirm that there is likely to be a serious crisis in the coming months arising from the differences emerging from the operation of the Common Market and in particular the Common Agricultural Policy. Whether the Common Market can survive this crisis is an open question. The best outcome from Britain's point of view would be a return to the idea of a Free Trade Area in which there would be no need for a centralised bureaucracy and no place for the Common Agricultural Policy.

BREAD AND THE COMMON MARKET

In many area of agricultural policy, the aim of the Common Market is to establish self-sufficiency, so that its members have no need to import commodities from outside. This is, however, unlikely to happen with the wheat needed for bread making, as neither home-grown British nor continental wheats are effective substitutes for the strong, high protein wheats grown in areas such as North America.

But substantial changes are already occurring, for the British Government is phasing out the deficiency payment system which has operated since 1947. Under this system the farmer obtained the best price he could for his crop from the open market in competition with imported grain, imported without artificial hindrance. The Exchequer subsequently paid the farmer the difference between the average price, which he obtained from the market itself, and the pre-set price, which had been guaranteed to him, the payments being known as deficiency payments.

Benefit to Consumer

This was a system which directly benefited consumers for it meant that they were able to buy food largely at low world prices; it was also accepted by farmers as a means of instilling a degree of stability into what formerly was often an unstable and uncertain livelihood.

More recently, imports of grain and wheat into the UK were dealt with by a system of minimum import prices, under which levies on imports augmented import prices as required, as a means of avoiding undue low prices in the domestic market, thus putting a limit to the amount required from the Exchequer to make good the deficiency payments.

The system of the Common Market, however, works in a completely different way from that of deficiency payments and closely resembles the minimum import price arrangements which the UK has followed for a few years. The object of the EEC system is to give farmers a return from the market itself without the need for any supplementary (deficiency) payments

from the Exchequer. To ensure that farmers were not subjected to the effects of low priced imports coming in from Third Countries (countries outside the Common Market) where cereals can be grown more cheaply, or by whom they are offered for sale at lower prices, a cereals import levy is imposed, which has the effect of raising the import price (and, hence, the price to the Common Market user) up to the domestic price prevailing inside the Common Market.

Increasing Costs

For cereals, a five-year transitional period was negotiated with the six so that British users of cereals, including flour millers, of course, would not have to meet the increased level of EEC domestic wheat prices all at once. In the event, however, a severe set back of the 1972 cereal harvest in Russia and elsewhere in the world, leading to massive purchases by Russia, coupled with heavy demands also from China and demands from India (October 1972—January 1973) so greatly increased world prices of wheat (up in a few months by almost half and by June 1973 up by a further 12%) and of other cereals, that British millers, and other cereal users, are having to pay prices not far removed from EEC levels, with increasing costs of flour and bread inevitable.

Even allowing for any possibility of world prices falling back somewhat in the next year or so, entry into the Common Market would have meant, in any case, as has already been made clear, that flour and bread in the UK, and other products of wheat, would have had to rise steadily in price during the transitional period of Britain's entry at a time when other production costs and overheads are likely to go up as well. It should not be forgotten that almost 90% of the cost of flour is due to wheat and other raw materials, the price of which is subject to movements in world markets which cannot be predicted. **In so far as world prices are concerned, under the Common Market system, lower world prices cannot benefit users of cereals in the Common Market because, as world prices fall, the EEC import levies on Third Countries rise accordingly to make sure that the EEC internal prices are not thereby disrupted. So the outlook for bread and flour prices, as far as the consumer is concerned, cannot be bright.**

A large number of publications deal with the effect of the Common Market entry on current prices and the baking industry. Two can be particularly recommended for background reading: "The Effect of the Common Market raw materials on the British baking scene" by N. Chamberlain (reprints available from the Flour Milling and Baking Industry Research Association) and "Cereals—UK farming and the Common Market", published by NEDO Agriculture EDC.

EUROPE versus COMMONWEALTH?

by John Biggs-Davison, M.P.

Any conflict between Commonwealth and Community is of our making. That great man of the Commonwealth Industries Association, Leo Amery, worked with Churchill for United Europe. With Julian Amery I myself had some part in making known the Council of Europe's Strasbourg Plan to link Commonwealth and other overseas partners and possessions of European powers in a vast economic area based for trade on two-tier preferences. The Foreign Office was hostile. It was said that the Strasbourg Plan would divide NATO.

Those were days of deference to Washington. You ran the risk of denunciation as "anti-American" if you protested at the surrender of sovereignty to the United States which in return for wartime credits and support had imposed international canons of non-discrimination convenient to a mighty creditor exporting the overspill of a highly protected continental market but lethal to Imperial Preference and to the Commonwealth as an economic entity. Parliament was powerless to modify the "unequal treaties" of the 1940s and 1950s. British sovereignty had crossed the Atlantic.

Rival Super-powers

Aid agreements and the General Agreement on Tariffs and Trade enshrined the dogma of the unconditional Most Favoured Nation Clause from which the Commonwealth had largely been exempt. MFN and GATT wrecked what was begun at Ottawa in 1932. The dreams of Joseph Chamberlain were never realised. He had foreseen that only economic unity could give the Commonwealth coherence in the new world of super-powers.

The post-war Commonwealth has not generated the capital from which to furnish the means of defence and development. The old Commonwealth has depended on US investment and protection; the new Commonwealth has been the "Tom Tiddler's ground" of rival super-powers. The GATT ban on new or increased preferential arrangements not only prevented adjustments required by changed conditions including the inflationary contraction of margins of preference; it also imposed upon the unifiers of Western Europe the all-or-nothing pattern of customs union or free trade area which complicated the task of bringing together European and overseas trading systems.

Nevertheless the true alternative for Britain was never, and is not, the Commonwealth or Europe. The choice has been between European partnership or continued American control. How strange then that former enthusiasts for Commonwealth Preference and the revision of GATT should now invoke free trade doctrine against the European Common Market!

Europe linked with Commonwealth

Had Labour Governments been strong enough to spurn the Washington Loan and assume the leadership of Western Europe which was then Britain's for the asking, a Greater Europe might have been linked with a Greater Commonwealth. Others, however, took the lead and by the time Britain joined the club the rules had been drawn up. Protocol 22 to the Treaty of Accession rendered "associable" with the enlarged European Community a number of Commonwealth countries in Africa, the Caribbean and the Pacific. Malta and Cyprus have limited association agreements. But by regrettable paradox the old and European-settled Commonwealth lacks any permanent guarantee of preferential treatment. Yet if Britain is European so is Australia. Unlike some former dependencies linked with the Community, New Zealand is a European state.

The rapid rise in the price of food, commodities and raw materials has enhanced the importance of Commonwealth countries. Primary producers possess stronger bargaining positions than at any moment since the Korean War rearmament boom twenty years ago. The oil of Nigeria and Brunei, the grains of Canada are weighty international factors. Britain and Western Europe might have done well to make the long-term purchasing agreements with Commonwealth producers which were included in the Strasbourg Plan.

It remains the common interest of Britain and her fellow-members of the Community to make sure of their raw materials, markets and investment in the old Commonwealth (and indeed Southern Africa). As Europe grows into a force of attraction more equal to the super-powers, Canada (including Quebec many of whose title-deeds are in Old France) may find an alternative to the resented financial domination of the United States. Australia and New Zealand may feel free to move away from the American and Japanese spheres of influence without succumbing to Peking.

Drastic alteration to CAP

Such a destiny requires the drastic alteration of the Common Agricultural Policy. The need for this is increasingly acknowledged on the Continent as well as in our island. The Community should seek to enter into trade agreements with the old Commonwealth. Europe must join forces with Europe Overseas.

But what sort of Europe? Britain can learn from France's determination to set bounds to the technocracy of Brussels and to defend national sovereignty and assert national interests within the Community. The USA seeks to withdraw from Europe, the USSR to remain. Security as well as honour therefore forbid the abandonment to permanent Soviet protectorate of the Europeans of the East. A federal Europe on the lines of the USA or the USSR would vitiate the eventual extension of a Greater Europe to the Vistula—and the Antipodes. In Europe as in the Commonwealth, the nation state is still the supreme political reality.

BRITAIN'S OVERSEAS TRADE

EXPORTS: AREAS

OVERSEAS TRADE STATISTICS BASIS

Seasonally adjusted values

£ million fob per month

	Total	Sterling area outside Europe	Western Europe inc Irish Republic			North America	Latin America	Soviet Union and Eastern Europe	Rest of World
			Total	EEC	EFTA				
1972 3rd Quarter	812	156	391	245	112	133	28	23	79
4th Quarter	735	121	387	241	113	117	21	22	65
	921	187	431	269	124	151	33	24	93
1973 1st Quarter	945	170	460	293	132	161	29	26	95
2nd Quarter	1,011	184	495	319	136	163	29	27	108
May	972	182	476	310	125	160	28	25	102
June	1,041	194	513	336	138	156	31	30	111
July p	1,045	180	511	339	131	162	33	26	120
Feb-April	972	171	477	302	135	161	29	27	102
May-July p	1,019	185	500	328	131	160	31	27	111

p Provisional estimates

IMPORTS: AREAS

OVERSEAS TRADE STATISTICS BASIS

Seasonally adjusted values

£ million cif per month

	Total	Total excl. US military air-craft etc.	Sterling area outside Europe	Western Europe inc. Irish Republic			North America		Latin America	Soviet Union and Eastern Europe	Rest of World
				Total	EEC	EFTA	Total	Exc. US military air-craft etc.			
1972 3rd Quarter	930	178	447	293	134	149	149	149	27	33	94
4th Quarter	890	165	436	289	133	134	134	134	27	26	97
	1,057	204	503	326	156	169	169	169	29	42	106
1973 1st Quarter	1,134	206	552	361	169	184	184	184	36	46	111
2nd Quarter	1,237	222	614	409	179	183	183	183	38	41	134
May	1,282	238	638	432	180	195	195	195	37	46	133
June	1,273	215	632	427	176	179	179	179	44	45	149
July p	1,291	208	663	435	200	188	188	188	35	43	151
Feb.-April	1,156	208	567	368	174	181	181	181	36	47	115
May-July p	1,282	220	644	431	186	187	187	187	39	45	144

p Provisional estimates

CARIBBEAN COMMON MARKET

A treaty to form a common market was signed on 4 July between the Prime Ministers of the four independent CARIFTA states, Barbados, Jamaica, Guyana and Trinidad and Tobago.

The Georgetown Accord is seen as a further move in the unification of the area inaugurated by the Caribbean Free Trade Agreement in 1968. The treaty provides, *inter alia*, for a common foreign policy, a harmonisation of fiscal incentives and a common external tariff. The community becomes effective from 1 August.

The other signatories to the accord were Belize, the Windward and Leeward Islands with the exception of Montserrat and Antigua who do not feel that membership of the community will bring substantial benefit to their economies. Mr. Walter, Prime Minister of Antigua, stated that much more negotiation was needed to produce a comprehensive long-term plan for the development of the region which would take into account the development constraints of each individual territory. The remaining smaller countries are expected to join from 1 May 1974 and have been given the option to choose their own relationship with the European Economic Community should they decide that the joint approach of the Caribbean Common Market is not the most favourable for their own development.

from: Barclays International Review, July 1973.

THE SEVEN OUTSIDE

This useful study, published by the Overseas Development Institute, looks at the problems arising for the Asian countries of the Commonwealth in their trade with the enlarged E.E.C. As a consequence of British entry into the Common Market, Commonwealth preferences will be phased out by 1977, and they will be replaced by a new structure of import duties and preferences under the Common External Tariff of the E.E.C.

Association agreements with the enlarged European Community are being offered to the developing countries of Africa, the Caribbean and the Pacific area, but countries of the Asian Commonwealth (India, Bangladesh, Pakistan, Sri Lanka, Malaysia, Singapore and Hong Kong) are specifically excluded from any form of association. Unless special trade agreements are made with the E.E.C., their only compensation for losing Commonwealth preference will be the E.E.C.'s Generalised Scheme of Preferences, which is offered to all developing countries.

In this booklet, Peter Tulloch who is Research Officer at the Overseas Development Institute, examines the extent to which these seven Asian countries' trade will be damaged as a result of the changing conditions.

The Seven Outside: Commonwealth Asia's Trade with the Enlarged E.E.C. by Peter Tulloch. Published by Overseas Development Institute £1.

THE 'BUTTERGATE AFFAIR'

The transcription of a telephone conversation obtained through wire-tapping has recently come into my hands. The bugged phone-call was made by a Brussels-based diplomat (his nationality is unclear) to the foreign trade ministry of a country in the Urals area. This is a condensed and translated version:

'Hallo, is that Tovarish Piotr Semionovich. Any news?'

'Big news, Tovarish. I managed to buy the surplus butter at the low price we envisaged.'

'Congratulations. I knew you'd succeed. But tell me, now that the next season's farm prices have been fixed, are any other surplus products likely to be dumped. We're especially short of beef at the moment.'

'There could be some beef soon, but not first grade. These bourgeois capitalists eat all the fillets themselves.'

'That doesn't matter. We can sell the meat for hamburgers.'

'Why not call them Brusselsburgers?'

'Tell me, Tovarish, could you perhaps get some cut-rate beans and peaches. Our Kolkhoses simply can't produce according to our plans.'

'I don't see much hope now. The authorities here prefer to "denature" their fruit and vegetable surpluses. But I'll watch the matter closely.'

'But why wait? What we've done up to now—taking advantage of a windfall—was, economically speaking, primitive. As Marxists we should seek a more scientific approach.'

'What do you mean?'

'Can't we set up a special farmers' lobby in Brussels that will agitate for prices high enough to generate a surplus? Peaches and beans for the next season. And perhaps a lobby for pumpkinpips, too. I like them salted with my vodka.'

'It's more difficult now that they are nine here instead of six, but I'll try my best.'

'The Party will remain eternally grateful to you—until the next Polit-bureau reshuffle.'

'Do svidania.'

from: European Community, June 1973.

Louis C. D. Joos

CORA

Our intention to promote the setting up of a new research association—Commonwealth & Overseas Research Association—has run into unforeseen difficulties. It is essential that this body should have charitable status, and so far we have not been able to obtain the necessary sanction. We have not given up hope, however, and we may be able to report some progress in the next issue of "Britain & Overseas".

OPEN SEAS FORUM

NEW PUBLICATIONS—

Food Taxes and the Common Market:

No. 1. Why Cheese is Dear. 20p.

No. 2. Why Beef is Dear. 20p.

Postage 3p.

Obtainable from: **Open Seas Forum, 6/14 Dean Farrar Street,
London S.W.1.**

JULY-AUGUST ISSUE

We have held over publication of this issue to enable us to publish material which was not available at an earlier date.