



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

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BRITAIN'S FOREIGN POLICY

by Neil Marten, M.P.

The curious outcome of the last General Election, which has put Parliament on such a tightrope, has changed the direction of Britain's foreign policy. The Commonwealth and the Atlantic Alliance have clearly been given precedence over the Common Market. Mr. Callaghan, the new Foreign and Commonwealth Secretary, said in his major review of foreign policy in Parliament:-

"... the Commonwealth. This historic association brings together more than 30 independent nations in a grouping which nowadays is fashioned not by conquest or political expediency or material self interest but rather by a common desire to meet together, to exchange opinion and advice and for each of us to profit from the diverse experience of the others.

"... the real value of the Commonwealth... is the common feeling we share that its very membership ensures that it has an outward looking attitude towards the problems of the world — an attitude which the present Government will encourage and share. We shall give our full support to proposals which will bring the Commonwealth countries closer together." (col. 859 — *Hansard* 19th March 1974)

To those who believe in the Commonwealth, and particularly to members of the Commonwealth Industries Association, this is good news. When he went to Brussels to make his statement on re-negotiating the Common Market, he again expressed his determination to deal with a variety of problems affecting Commonwealth producers. We must only hope that this now becomes bi-partisan policy and that it will have the full support of the various Opposition Parties. It surely represents the sentiments of the British people.

The Government has promised to put the results of the re-negotiations, whether successful or not, to the "ballot box". The Prime Minister said it would almost certainly be a referendum but he left open the possibility of putting the question at a General Election.

If the question is to be put at a General Election, it would be debated in the election campaign and have its proper influence on party voting; but the central question should be put on a separate ballot paper. **There should be one ballot paper to vote for the candidates and another to vote on the Common Market. This would be the only definitive way of deciding the issue.**

Now that the referendum has been accepted into our way of doing things (i.e. the Northern Ireland Referendum) there can be no possible constitutional objection to the procedure. It would be far more satisfactory to separate this issue once and for all from all the other policies which come into an election. The only pity is that we did not have a referendum in the first place — it would have saved much wailing and gnashing of teeth!

Anglo-American Relations

The Foreign Secretary clearly puts the Atlantic Alliance as a top priority. It is sad to have watched the decline in Anglo-American relations in recent times — it is not only sad but it is highly dangerous. He said:-

"... it is not possible indefinitely to sustain a close alliance with the United States on matters of defence, which involve the closest co-operation and interdependence, without a parallel co-operation on matters of trade, money, energy and so on."

(Col. 859—*Hansard* 19 Mar. 74)

Whatever view is taken on the Common Market, no one can deny that the deterioration of Anglo-U.S. relations stems directly from membership of the Common Market. One of the much-trumpeted aims of the Nine has been to "speak with one voice". If that aim takes precedence over almost everything else, agreement can only be obtained for "one voice" by accepting the lowest common denominator amongst all the nine voices. And that usually means the French.

The French put France before anything else; they have no real love for the Common Market except in so far as it serves their purpose. The French don't welcome American influence; indeed they reject it.

The "One Voice"

So, when it comes to a major policy decision on Common Market/American relations, the "one voice" is the voice of France. And this inevitably rubs off on Britain as a part of that one voice. It is this which has soured our own relations with America.

Three examples illustrate the point. First, during the recent Middle East war, the Common Market took one view and the Americans took another and this nearly ruptured N.A.T.O. Second, the French object to "consulting" with the Americans — they want the Common Market to make up its own mind and then "inform" America without consultations. This is clearly absurd. Third, the Common Market countries arranged a meeting with the Arab oil producing States to discuss the whole energy problem without getting American agreement beforehand. In view of Dr. Kissinger's very sensitive negotiations now going on, this is a classical example of arrogance by the Common Market.

And so it is that the Americans, who once so much favoured our entry into the Common Market, are now becoming disenchanted at the way it is working out. The danger lies not so much with the Administration in America but with Congress. If things go on as they are, Congress, always mindful of their own public opinion, may well vote to withdraw troops from Europe — with all that this implies for the future of N.A.T.O.

To those who have argued that the main reason for joining the Common Market was for defence reasons and to stop wars, this would come as a profound shock. But let it be said that they were warned several years ago of

this possibility. If the Common Market, which likes to think of itself as "Europe", insists on creating its own identity and taking its own line as a third force between U.S.A. and Russia, then the implications for peace are profound.

A Vision for the Future

Which way should we now turn? Without any shadow of doubt, for peace if for nothing else, the Atlantic Alliance is our way. Assuming, for sake of argument, that renegotiation of the Common Market ends up either with major changes in its whole structure or even in our withdrawal, there is one aspect which everyone will want to salvage and that is the free-trade-area element.

As a vision for the future, which may not be too far away, would it not be more sensible if the Atlantic Alliance was consolidated by a strong reaffirmation of N.A.T.O., backed up by a Free Trade Area on an Atlantic and Commonwealth basis with parallel co-operation on matters of finance, energy and so on? Surely, co-operation along those lines with allies who share the same ideals is the surest way ahead. In today's interlinked world, we cannot afford to be divided. The experience of the way the Commonwealth works has much to contribute as an example for such a policy.

SIR RONALD RUSSELL

The Commonwealth Industries Association has sustained a very sad loss in the death of Sir Ronald Russell on 6th April, 1974. He had been a member of the Executive Committee of the Association since 1950. In 1965 he was appointed Vice Chairman of the Association's Parliamentary Committee and took over as Chairman in February 1968, a post he held until the end of the last Parliament.

Sir Ronald was Conservative Member of Parliament for Wembley South from 1950 to 1974, but he did not stand again at the recent General Election. Soon after he entered Parliament he became parliamentary private secretary to Mr. Duncan Sandys, firstly at the Ministry of Supply and then at the Ministry of Housing and Local Government. He was treasurer of the 1922 Committee from 1961 until his retirement.

His long standing interest in Commonwealth affairs was shown by his efforts to safeguard the economic interest of the Commonwealth countries, particularly during the period of the Common Market negotiations. As Chairman of the Commonwealth Producers' Organisation he played a leading part in the campaign, both in and out of Parliament.

His other main interest was in the welfare of animals and he fought hard to ban the import of tortoises for pets and promoted a private members Bill to stop live cattle, sheep and pigs being exported for slaughter.

NEW ZEALAND'S TRADING POLICY

by J. A. Walding, New Zealand Minister for Overseas Trade

We believe for too long we have been too dependent on a single market and too dependent on too few export products.

We now have a global trading strategy which seeks to redress the balance. **The Government's strategy does not imply a reduced trade effort in Britain and Western Europe.** The EEC takes 39 per cent of our exports: and provides 37 per cent of our imports. The United Kingdom figures are 27% and 30%.

What this strategy does mean is that our exporters — not only the big producer boards but also the many smaller firms — are pursuing the expansion of markets in Australia, North America, Japan, South-east Asia and the Pacific. And the Government is encouraging the exploration of new areas including a more active trading relationship with the USSR and China. Trade oriented Embassies have been opened in both countries; and in Vienna. And we are giving increasing attention to South America where major trade in dairy products and meat is developing; and the Middle East (which is not only a source of oil but a market of potential for foodstuffs and manufactures).

Co-operation

Australia will remain our major market for expanding manufactured exports; and other markets close to home — Indonesia, and Papua/New Guinea for example — are attracting a lot of interest. Escalating shipping costs add to this attraction of nearby markets. We have, I hope, been aggressive in our trade expansion efforts. But we know that no country in this independent world can carve its own way without co-operation. My Prime Minister has given considerable attention to the work of the United Nations and its Agencies in the political and development fields.

So too with trade. We believe that a balanced reduction in the barriers to trade — in agriculture as well as industry — can contribute to human welfare in the widest sense. That is why New Zealand is playing as effective a part as possible in the GATT negotiation. The issues are complex and difficult but we must make every effort to solve them.

Returning to the relationship between New Zealand and the United Kingdom — our principal trading partner. New Zealand Ministers have never presumed to enter the Great Debate about British Membership of the European Communities; and I have no intention of doing so. I am bound to point out though that the special arrangement that Britain was able to procure for New Zealand, in recognition of the fact that over our history, *Extract from a speech to the London Chamber of Commerce on Tuesday, 19th March 1974.*

including two world wars, we had developed our economy to supply the particular requirements of the United Kingdom market had some serious ramifications for New Zealand. Our cheese exports are to phase out completely by 1977. Our butter exports are to be reduced. The pricing arrangements based on the average prices received in the United Kingdom from 1969 to 1972, unless adjusted to take into account the large increases in costs since that time, defeat the purpose of the special arrangement. I am also bound to point out that if we could buy the imports we purchase from the United Kingdom at the average prices that were charged from 1969 to 1972 we would have no problem.

Prices

Although I am seeking on behalf of New Zealand an adjustment to take into account these increased costs, I can assure you that even then the prices charged are well below those able to be charged without subsidies from any other source. It is however, a fact that the United Kingdom, as a consequence of entry, needed to terminate the New Zealand/United Kingdom Trade Agreement. For its part New Zealand had then to decide on the way in which it should phase out the reciprocal British preferences in our markets. In the course of deciding on our approach to this question — which has ramifications for our trade with other countries besides Britain and our own industrial development — we listened to representations from the British Government. And we gave them serious consideration in deciding on the timing of the phasing programme. As you will know, this programme will begin on 1 July 1974 (some 17 months after our exports began to feel the impact of British Membership) and be complete by 1 July 1977.

Movement towards the new rate — what we are calling the 'normal' rate — will generally be on the basis of 20 per cent for each of the first three years and 40 per cent for the final adjustment. There are some exceptions; for example, motor vehicles and automotive products — a major item of interest to the United Kingdom — have been excluded in the meantime. The new tariff does, of course, represent a change on our side of the trading relationship. So, too, the terms and conditions on which our goods enter the United Kingdom are in the course of modification. None the less — with the exception of butter and cheese sales covered by the special arrangement — we do not expect a decline in trade between New Zealand and the United Kingdom. Of course the pattern fluctuates and will continue to do so. For example, our exports are very much influenced by the weather. We have this summer suffered our third successive dry season which has reduced the availability of meat and dairy products at a time when there is strong demand. This setback in production will affect our ability to supply all that our customers want — including some in this country. But there is not much

that Governments anywhere can do about the weather. Looking further ahead, the maintenance of access on fair and remunerative terms to this market for substantial quantities of milk fat and of the greater part of our lamb exports is a fundamental of our trade policy.

Growing and Profitable Market

Similarly, we believe that you will continue to be competitive suppliers to what we trust will be a growing and profitable market. We in New Zealand are not concerned to strike a mathematical balance in our bilateral trade relations. Nor are you. We both subscribe to the view that multilateral trade serves best the cause of human welfare. But it is a fact that current transactions between New Zealand and the United Kingdom — taking one year with another — are broadly in balance. We have traditionally exported to you rather more than you have sent to us by way of goods. On invisible account the positions are reversed. The City of London — through your Banking, Insurance, and Shipping interests, has derived substantial income from New Zealand over the years. This will, I have no doubt, continue. But in this area too new and — we believe — exciting developments are taking place. For example, the New Zealand Government has, through the New Zealand Shipping Corporation, entered the United Kingdom/New Zealand trade in a small but to us significant way. Many of you will know that we are doing this in association with a British Shipping Line. Indeed, in this exercise we have been shown substantial goodwill and co-operation on the part of British Shipping interests.

A New and Wider Role

I have talked about the world trading posture as we see it from 12,000 miles away. I have tried to see our trade with this country in that perspective. Let me say it is not my Government's wish to become the unwelcome dependent on any single market or a narrow range of export products. We are carving out for ourselves a new and wider role in the world. In the diversification of our interests we are focussing in particular on the region in which we live and the development of a broader base for our trade. But although our horizons are widening we have no intention of denying our old ties. We do not seek new friends and trading partners to the exclusion of the old. **We have an almost unique relationship with Britain founded on mutual respect and full understanding. It is my Government's particular wish to maintain and foster this association which remains of inestimable value to us.**

THE CHANGING WORLD SCENE AND THE COMMONWEALTH

by E. A. Boden — Agent General for Saskatchewan, Canada.

As a new resident of London with responsibility to represent my Province in the whole European area I hesitate to be too outspoken about the Commonwealth and its future in a changing world. However I can assure you that over the years we have been seriously interested and concerned about the trend of events effecting all of us in a world that seems to be growing ever smaller as the days go by.

Representing an area in Canada as I do that is so dependant on international trade we are and have been very international in our viewpoint. Even with a risk of being accused of "taking sides" as it were in the political discussions now taking place in regards to the EEC, its enlargement and the effect of same on the Commonwealth trade matters I nevertheless will make the following comments.

I read with interest the message of your new chairman, Mr. Neil Marten, M.P., to members of the Commonwealth Industries Association in which he addressed himself to the "Reality of the Commonwealth". I understand and can appreciate the thoughts behind his well written statement. Even though the so called Commonwealth ties appear to be loosening there is without doubt a tie that is unbreakable, a tie that is more social in meaning than it is commercial in thrust. This is a tie that is difficult to explain but is only (if understood) more bending than most people appear to appreciate.

A Changing World

There is no doubt about the contribution made by the Commonwealth not only to its individual members but also to the world of nations in the past century. It has been more than just a preferential trading block. But as implied in my opening remarks, the world has changed and will of course continue to change at an ever-increasing rate. This being so it goes without saying the role of leadership must also change if we are to be part of that which is changing.

It is in this context that I believe and hope the Commonwealth countries can give realistic leadership. We all have to recognise the inter-dependance that does exist between all countries both developed and developing. If I have any criticism of the EEC and of the Commonwealth in the past it is that of being too inward-looking in policy development.

In the past, conditions were such that such an approach was more understandable. That was yesterday, today our roles have to be much wider in objectives with a backing of vision that recognizes a "place in the sun" for all mankind.

I am not naive enough to not expect that some will say outwardly or at least will be thinking inwardly that I am not being realistic. On the contrary such a concept is very realistic in today's world and more so in the future. Ordinary people everywhere are tired of nations trying to out-manoeuvre each other for a short term preferred position.

More Food

The world today is more food conscious than ever before. People everywhere and their respective jurisdictions are at long last recognizing that we must have more food for more people. I use this as an example in that it is imperative that we understand our international responsibilities. If we do not then we certainly will encourage the extremist approach in an attempt to satisfy the legitimate need of people. In other words, strife and turmoil would be the result of default.

Yes the Commonwealth role can continue to be great but its role of leadership will change. The definition of being a world citizen would spell out the responsibility of such an approach.

Having said this I am aware that such comments can be misconstrued and perhaps be quite controversial. However I do hope that all of us as individuals will give thought and voice to the internationalism of which I speak. It is the attitude of individuals that will ultimately determine the policy of whatever group action is taken in future.

AUSTRALIA ENLARGING TRADE CO-OPERATION WITH NZ

The Australian and New Zealand Trade Ministers have said that their Governments were determined to increase the use of complementary resources as a means of developing the economies of both countries.

The Ministers said they were not satisfied that sufficient progress had been made so far.

Dr. James Cairns of Australia and his New Zealand counterpart, Mr. W. W. Freer, said this following the Australia - New Zealand Free Trade Association talks in Wellington.

Dr. Cairns said some companies appeared to be unwilling to take advantage of complementary production, in which specialist firms in one country supplied products or components to the other country. He said government initiatives would be taken to enlarge co-operation between firms and industries in the two countries.

The Minister said that during the year arrangements between firms in Australia and New Zealand involved complementary development of production and trade valued at \$ A43 million.

HOW NEUTRAL IS THE BUDGET?

"Britain today is face to face with a crisis which is no less challenging because it has come on us slowly — almost imperceptibly — over the years. A fundamental change of course is long overdue. I believe that the action which the Government have taken in the past few weeks can mark the turning point in our people's post-war history. A new spirit of confidence and co-operation is already abroad. I ask the House to accept the proposals in this Budget as a further step along the road to realism and a united nation."

With these words, Mr. Denis Healey, Chancellor of the Exchequer concluded his 2¼ hour long Budget speech. He had given as his judgment that "this Budget should be broadly neutral with the bias, if any, on the side of caution."

The main criticism of the Budget stemmed from the fact that the Chancellor had gone too far in an effort to produce a Budget acceptable to the TUC, and given too low a priority to economic improvement. The most important single factor underlying our present situation is lack of confidence in the future, particularly on the part of those who produce the nation's wealth. Many believe that production, demand, employment and investment are likely to decrease in the coming months. Particularly badly affected are the smaller businesses, many of whom are in danger of being forced into liquidation unless their situation is eased.

Recovery Under-mined

Not only are they confronted with shortage of credit but they also face shortages of materials which, as a result of the 3-day week and world demand are increasingly in short supply. As these small businesses employ 4.5 million people, their contribution to the national wealth is very considerable. If squeezed too hard, they are unlikely to respond to the call for increased production which is so vitally necessary if we are to get out of our present trouble.

In a leading article on March 28th *'The Times'* commented — "Mr. Healey's first budget was so clearly designed to create the conditions in which the trade unions would agree to some voluntary social compact that it ignored other economic issues of critical importance. In particular, by loading such a high proportion of the extra revenues to be raised on to commerce and industry, it may severely undermine the recent recovery in the still appallingly low level of investment in new plant and machinery. The level of this investment has been a consistently depressing feature of the British economy."

They go on to suggest that "New capital investment by industrial companies is either the response to shortage of existing capacity when order books are full, or a declaration of faith in the future. Both these reasons for investment will have been weakened by the budget."

Halt Inflationary Trends

This does not look much like engendering that "new spirit of confidence and co-operation" to which Mr. Healey referred. Underlying the problem of lack of confidence is, of course, the fear of continued inflation. Mr. Healey clearly recognised this when he said in his speech "Unless we can somehow halt the accelerating inflationary trends in our economy the resulting political and social strains may be too violent for the future of our democracy to withstand." The final judgment on his budgetary measures will be made on the success or failure in restraining inflation.

The failure of the previous government's anti-inflationary policy arose from their attempt to impose a firm statutory prices and incomes policy while at the same time allowing monetary expansion at unprecedented levels together with an expansionary fiscal policy. Commenting on this the Editorial of *'Management Today'* for February 1974 said — "A 28% expansion in the money supply last year is probably the strangest and least forgivable aberration in the entire post-war history of economic management."

In this important area, Mr. Healey has made a start by reducing the total public sector's financial deficit to £1,200 million in 1974-75 compared with £3,100 million for this financial year.

Reducing Public Expenditure

The truth is that successive governments have all tended to take too large a proportion of the GNP, thus causing the supply of money to grow at a faster rate while the output of goods and services has failed to grow as it should. A table showing the growth of public expenditure is given on page 14 of this issue. A reduction in the rate of public expenditure together with proper regulation of the supply of money and credit and reduced taxation would contribute to re-vitalising industry on whom the main burden of raising output, and therefore living standards, resides. Government spending should only increase as and when the growth in the production of real wealth makes it possible without increased taxation or borrowing.

Over successive years the Government of British Columbia have consistently increased the volume of Government expenditure but with no increases or even reduced levels of taxation. In the current budget produced on 11th February, the Hon. David Barrett, Prime Minister and Minister of Finance produced a record level of expenditure of \$ 2 billion which was an increase of 28.2 per cent over the previous year. At the same time, Mr. Barrett said that, "None of the spending programmes proposed in the Budget would require an increase in tax rates of the individual citizen." He made the point that, "The Provinces increased revenues from improved resource management and the Province's expanding economy had made the expenditure possible." Surely there is a lesson to be learned from this.

Priorities for the New Government

The over-riding need is to get the British economy working properly. In our view the essential steps which should be taken are as follows:

1. As inflation arises primarily from an expansion of the money supply, monetary policy should be recognised as the key to preventing further inflation. The amount of 'new' money allowed to come into circulation should be limited to the increase in the Gross National Product.
2. That this means that Government expenditure (both central and local) on the current and capital account should be reduced and not allowed to exceed an agreed percentage of the GNP. Public sector expenditure should then only be allowed to increase in relation to the growth of the private sector.
3. That fiscal policy should be more closely geared to the provision of incentives to those who produce the real wealth of the nation, so that output per person is increased and the total output of productive industry increased.
4. That restrictive practices whether by employer or employee should be progressively diminished.
5. That disincentives for people to provide for themselves should be removed.
6. That savings should be encouraged by providing a new inflation proof bond, carrying a Government guarantee against continued inflation, but with a relatively low rate of interest.
7. That an all-out educational programme should be undertaken to bring home to people that their *standard* of living depends on the amount of wealth actually produced and that increased money incomes which are not related to increased production of wealth only increases the *cost* of living with consequent debasement of the monetary unit.

PRICE CONTROL

The record of price controls goes as far back as human history. They were imposed by the Pharaohs of ancient Egypt. They were decreed by Hammurabi, king of Babylon, in the eighteenth century B.C. They were tried in ancient Athens.

In 301 A.D., the Roman Emperor Diocletian issued his famous edict fixing prices for nearly eight hundred different items, and punishing violation with death. Out of fear, nothing was offered for sale and the scarcity grew far worse. After a dozen years and many executions, the law was repealed.

In Britain, Henry 111 tried to regulate the price of wheat and bread in

1202. Antwerp enacted price-fixing in 1585, a measure which some historians believe brought about its downfall. Price-fixing laws enforced by the guillotine were also imposed during the French Revolution, though the soaring prices were caused by the revolutionary government's own policy in issuing enormous amounts of paper currency.

Yet from all this dismal history the governments of today have learned absolutely nothing. They continue to over issue paper money to stimulate employment and "economic growth"; and then they vainly try to prevent the inevitable soaring prices with ukases ordering everybody to hold prices down.

Harmful Intervention

But though price-fixing laws are always futile, this does not mean that they are harmless. They can do immensely more economic damage than the inflation itself. They are harmful in proportion as the legal price-ceilings are below what unhampered market prices would be, in proportion to the length of time the price controls remain in effect, and in proportion to the strictness with which they are enforced.

For if the legal price for any commodity, whether it is bread or shoes, is held by edict substantially below what the free market price would be, the low fixed price must over-encourage the demand for it, discourage its production, and bring about a shortage. The profit margin in making or selling it will be too small as compared with the profit margin in producing or selling something else.

In addition to causing scarcities of some commodities, and bottlenecks in output, price control must eventually distort and unbalance the whole structure of production. For not only the absolute quantities, but the proportions in which the tens of thousands of different goods and services are produced, are determined in a free market by the relative supply and demand, the relative money prices, and the relative costs of production of commodities, A, B, C, and N. Market prices have work to do. They are signals to both producers and consumers. They tell where the shortages and surpluses are. They tell which commodities are going to be more profitable to produce and which less. To remove or destroy or forbid these signals must discoordinate and discourage production.

Selective Controls — No Stopping Place

General price controls are comparatively rare. Governments more often prefer to put a ceiling on one particular price. A favourite scapegoat since World War 1 has been the rent of apartments and houses.

Rent controls, once imposed, are sometimes continued for a generation or more. When they are imposed, as they nearly always are, in a period of inflation, the frozen rents year by year become less and less realistic. The long-term effect is that the landlords have neither the incentive nor the funds

to keep the rental apartments or houses in decent repair, let alone to improve them. Losses often force owners to abandon their properties entirely. Private builders, fearing the same fate, hesitate to erect new rental housing. Slums proliferate, a shortage of housing develops, and the majority of tenants, in whose supposed interest the rent control was imposed in the first place, become worse off than ever.

From Can We Keep Free Enterprise, by Henry Hazlitt. Published by The Foundation for Economic Evaluation Inc. New York.

QUESTIONS IN PARLIAMENT

Expenditure

Mr. Body asked the Chancellor of the Exchequer whether he will state for each year since 1964 the total public expenditure, excluding interest paid on the National Debt, as a percentage of the gross domestic product at factor cost.

Dr. Gilbert : Percentages based on two definitions of total public expenditure are given below:

1964	27.8	39.1
1955	28.4	40.7
1966	29.6	41.6
1967	31.6	45.4
1968	31.1	46.2
1969	30.2	45.4
1970	31.0	46.0
1971	30.9	45.8
1972	30.5	46.0
1973	30.6	46.5

In both cases the percentages are of gross domestic product at factor cost, and are based on figures from national Income and Expenditure 1973 and Preliminary Estimates of National Income and Balance of Payments 1968 to 1973 (Cmd. 5575).

Column 1 represents that part of expenditure by central Government, local authorities and public corporations which is a direct demand on resources — expenditure on consumption, and investment in fixed assets and stockbuilding.

Column 2 includes column 1 plus loans and transfer payments made to other sectors, other than debt interest paid on total public sector debt.

The transfer payments and loans included in column 2 do not represent the direct pre-emption of resources by the public sector ; however, they do entail additional final expenditure in so far as they are used for consumption and investment by the private sector.

£ Sterling (Value)

Mr. Skinner asked the Chancellor of the Exchequer what, in percentage terms, is the value of the £ sterling at the latest official date, compared with 18th June 1970.

The Paymaster-General (Mr. Edmund Dell): Taking the internal purchasing power of the £ sterling as 100p in June 1970, it's value in January 1974, the latest date available, is estimated to be 73p, on the basis of the change in the General Index of Retail Prices.

'INDUSTRY IN SOCIETY'

A Study Conference chaired by HRH the Duke of Edinburgh will be held from 5-20 July 1974, when future leaders of industry and the unions in Britain and the Commonwealth will discuss the relationship between industry and society.

The event, HRH the Duke of Edinburgh's Fourth Study Conference, will look at issues like the effect of industrial change on the community, participation and communication, job status and income, changing patterns of work and leisure, training and manpower planning, relationships at work and leadership.

Two hundred young managers and union officials will hear prominent speakers including the General Secretary of the TUC, the Chairman of the BBC, the Chairman of a major British company and the Director of a leading Commonwealth research organisation.

The programme for the conference, based in Oxford, also includes Study Tours of fourteen major industrial centres throughout the UK. There, Conference Members will look in detail at subjects as wide ranging as the human and social implications of containerisation, the expansion of motorways, and the re-organisation of the National Health Service; at the working environment in Britain's New Towns, the effects of reducing manpower in the steel industry and at the Scottish oil boom. In each case they will study the effects of development on the employees directly involved as well as on their families and the community at large and on the environment.

The Conference is the fourth in a series begun eighteen years ago in Oxford. Conferences were held in Canada in 1962 and Australia in 1968.

Members of the 1974 Conference include 50 management and 50 trade union representatives from the UK, and a similar number selected from Commonwealth countries as far apart as Canada, Kenya, Australia and the Caribbean.

'The purposes of the conference,' says HRH the Duke of Edinburgh in an introduction to the Programme, 'is to study. There will be no resolutions about what others should do; there will be no high-sounding recommendations. The intention is simply that, with the experience of the conference behind them, the members will be better informed and better

equipped to make wise and balanced decisions in the interests of the people for whom they become responsible and the communities in which they live.'

LESSONS FROM HISTORY

In his new book "Must History Repeat Itself?" Antony Fisher has assembled much useful information for those who wish to have a better understanding of the reasons for the failures of Britain's economic policy. He goes back into 5,000 years of history, ranging from Diocletian to the German 'economic miracle' of Ludwig Erhard and shows clearly that the attempts of well-meant government intervention to remedy the economic ills of the nation have had disastrous consequences.

The author also draws on his own wide experiences in agriculture and industry, he was largely responsible for the winding up of the Egg Board and has established new industries producing chickens at Buxted and breeding turtles in Grand Cayman. He was also instrumental in setting up the Institute of Economic Affairs in 1955.

Referring to the European Economic Community Mr. Fisher describes the Common Agricultural Policy as "nothing less than a monstrous international marketing Board aimed at maintaining food prices above the world level to protect inefficient French and German farmers".

On Government spending and inflation, the author quotes both Colin Clark on taxation and Milton Friedman on money supply. He comments "Friedman who places primary blame for inflation on lax monetary policy and Colin Clark who blames taxation, strongly reinforce each other when we look at British public finance". From the evidence submitted to the Radcliffe Commission on money and credit, he quotes a private banker, Mr. Walter Soloman on inflation —

"Inflation has persisted for 12 years after the end of the war primarily because the state plays too large a part in economic activity. This has made the supply of money larger than it should have been and the output of goods and services smaller than it could have been. The solutions lie in reducing public expenditure, tightening the control over the supply of money and credit, reducing taxation, offering stronger incentives to effort and saving, and revitalising industry by re-asserting the authority of the owners and restoring competition".

In the final chapter Mr. Fisher sets out a radical programme for economic reform based on freedom of choice and competition which he claims could transform our national economy. In a foreword Mr. Graham Hutton commends the book "for honesty of purpose and integrity of reasoning to all who want a 'better Britain' "

Must History Repeat Itself, by Antony Fisher with a foreword by Graham Hutton. Churchill Press £2.40.