



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

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## NOW FOR THE REFERENDUM!

The Prime Minister, Mr. Harold Wilson, announced the intention of the Government to hold a referendum on the subject of Britain's membership of the European Community on 23 January, 1975. He described this decision as "unique" and as a "major constitutional innovation". He also affirmed that as far as his Government is concerned, it will be prepared to accept the verdict of the people.

Thus, after 15 years of discussion and negotiation the people of Britain are to have the opportunity of deciding on a matter of supreme importance to the future of the country. Moreover, we will be coming into line with a number of other countries with whom we have close associations. Australia, Denmark, France, Italy, New Zealand, Norway, Ireland, Sweden and Switzerland all have referenda and in the US there is provision for referenda in 39 States.

Provided the necessary legislation gets through, the referendum will be held in June. In the coming weeks the debate will continue with increasing momentum as the views of the pro-market and anti-market factions are put forward through the press, television and radio as well as at public meetings, seminars and discussions. It is worthwhile, therefore, to take a look at some of the arguments put forward on both sides for there is no doubt that this is a question of fundamental importance, the outcome affecting the whole future of the British people in their own country and their role in the world.

According to a Gallup Poll taken in November 1974, on the question of whether electors approved or disapproved of the proposal outlined in the Queen's Speech for "A chance for people to vote on whether we should remain in the Common Market", 72% approved while only 16% disapproved and 12% said that they proposed to abstain. These figures are interesting, for generally speaking it is those who oppose continued membership of the market who favour a referendum. Those who oppose the holding of a referendum condemn the whole idea on the grounds that this runs contrary to our constitutional procedures. Political decisions, they claim, should be taken in Parliament by the elected representatives of the people.

### A Constitutional Revolution

Supporters of the referendum point out, with some justice, that membership of the European Community is itself a constitutional revolution in that it means the British Parliament has to accept regulations and directives\* from the Council of Ministers and the European Commission which take immediate effect as part of the law of the United Kingdom and prevail over any law which is inconsistent with them. These facts were brought out very clearly in a Report from the Select Committee on European Community Secondary Legislation published on 25 October 1973. The report stated "As the

\* Note: In 1973 3,242 Regulations, 285 decisions and eight directives were issued by the Commission of the European Community.

inevitable consequence of the entry of the UK into the Community substantial and important parts of that law are now and will be made in new and different ways and with new and different consequences; e.g.

- (a) by way of Council Regulations which take effect immediately as part of the law of the UK and prevail over any law of the UK which is inconsistent with them, and
- (b) by way of Council Directives which place upon Parliament an obligation to make or change the law of the UK in all such respects as is necessary to give legal effect in the UK to the provision of Directives.

### Parliamentary Scrutiny

This issue of the sovereignty of Parliament will undoubtedly play a substantial part in the referendum debate. On 27th March the Prime Minister presented to Parliament a White Paper entitled: *Membership of the European Community: Report on Renegotiation* (Cmnd 6003) in which it was made clear that the Government does not accept any commitment to any sort of federal structure in Europe. On the question of sovereignty the intention is to continue developing the system of parliamentary scrutiny of EEC directives and regulations "so as to make them more effective and to enable Parliament to express its views on draft Community legislation in the most appropriate way."

On the general issue, the White Paper states — "Parliament by the European Communities Act, 1972, authorized the application in this country of directly applicable Community laws and to that extent had delegated its powers. Parliament has, however, the undoubted powers to repeal that Act, on which our ability to fulfil our Treaty obligations still depends. Thus our membership of the Community in the future depends on the continuing assent of Parliament."

It is not clear how this statement fits in with the fact that an essential feature of the EEC is that any surrender of sovereignty is irreversible under the terms of the Treaty of Rome.

### Sovereignty of the People

In a letter to his constituents, Mr. Anthony Wedgwood Benn MP put the other side of the case on the question of sovereignty. He wrote — "The Parliamentary democracy we have developed and established in Britain is based, not upon the sovereignty of Parliament, but upon the sovereignty of the people, who, by exercising their vote lend their sovereign powers to Members of Parliament, to use on their behalf, for the duration of a single Parliament only — powers that must be returned intact to the electorate to whom they belong, to lend again to the Members of Parliament they elect in

each subsequent general election. Five basic democratic rights derive from this relationship, and each of them is fundamentally altered by Britain's membership of the European Community.

"First: *Parliamentary Democracy* means that every man and woman over eighteen is entitled to vote to elect his or her Member of Parliament to serve in the House of Commons; and the consent of the House of Commons is necessary before Parliament can pass any act laying down new laws or imposing new taxation on the people. *British Membership of the Community* subjects us all to laws and taxes which your Members of Parliament do not enact, such laws and taxes being enacted by Authorities you do not directly elect, and cannot dismiss through the ballot box.

"Second: *Parliamentary Democracy* means that Members of Parliament who derive their power directly from the British people, can change any law and any tax by majority vote. *British Membership of the Community* means that community laws and taxes cannot be changed or repealed by the British Parliament, but only by Community authorities not directly elected by the British people.

"Third: *Parliamentary Democracy* means that British Courts and Judges must uphold all laws passed by Parliament; and if Parliament changes any law the Courts must enforce the new law because it has been passed by Parliament which has been directly elected by the people. *British Membership of the Community* requires the British Courts to uphold and enforce community laws that have not been passed by Parliament, and that Parliament cannot change or amend, even when such laws conflict with laws passed by Parliament, since Community law over-rides British Law.

"Fourth: *Parliamentary Democracy* means that all British governments, ministers and the civil servants under their control can only act within the laws of Britain and are accountable to Parliament for everything they do, and hence, through Parliament to the electors as a whole. *British Membership of the Community* imposes duties and constraints upon British governments not deriving from the British Parliament; and thus, in discharging those duties Ministers are not accountable to Parliament or to the British people who elect them.

"Fifth: *Parliamentary Democracy* because it entrenches the rights of the people to elect and dismiss Members of Parliament, also secures the continuing accountability of Members of Parliament to the electorate, obliging Members of Parliament to listen to the expression of the British people's views at all times, between, as well as during, general elections, and thus offers a continuing possibility of peaceful change through Parliament to meet the people's needs. *British Membership of the Community* by permanently transferring sovereign legislative and financial powers to Community authorities, who are not directly elected by the British people, also permanently insulates those authorities from direct control by the British electors who cannot dismiss them and whose views, therefore, need carry no

weight with them and whose grievances they cannot be compelled to remedy.

"In short, the power of the electors of Britain, through their direct representatives in Parliament to make laws, levy taxes, change laws which the courts must uphold, and control the conduct of public affairs has been substantially ceded to the European Community whose Council of Ministers and Commission are neither collectively elected, nor collectively dismissed by the British people nor even by the peoples of all the Community countries put together."

### Economic Argument

The main economic argument in favour of joining the European Community was that it provided British industry with great opportunities of developing technological and manufacturing skills in the greater European market of more than 250 million people. In the White Paper (Cmnd 4715) presented to Parliament in July 1971, it stated: "If we enter the Communities we shall be able to profit from the general advantage of a larger market and, in particular, to play a full part in the development of industries based on advanced technology. If we do not join we shall forgo these opportunities which the members of the Communities will increasingly enjoy."

The statement went on "The Government are confident that membership of the enlarged Community will lead to much improved efficiency and productivity in British industry, with a higher rate of investment and faster growth of real wages . . . a more efficient United Kingdom industry will be more competitive not only within the enlarged Community but also in world markets generally."

It can hardly be claimed that any of these promised benefits have taken place since we became members of the Community except perhaps in the "faster growth of real wages", but this has happened as a result of trade union pressures and against the expressed will of both Tory and Labour Governments. It is a melancholy fact that since we entered the Community our Balance of Trade with them has deteriorated. A deficit of £17 million in 1970 increased to one of £181 million in 1971, to £499 million in 1972 and by 1973 to £1,167 million. In the first nine months of 1974 the visible trade deficit with the EEC was £1,368 million compared with £768 million in the corresponding period of 1973.

It cannot be argued that the present deplorable state of the British economy has arisen as a result of our joining the EEC. In a number of articles in 'Britain and Overseas' we have shown that this situation had arisen as a result of mistaken policies followed by successive British Governments in the economic and monetary sphere. Equally, the belief that our problems can be put right by joining the Community have been shown to be fallacious, at least in the short term.

The main theme of the pro-marketeers is that it would be highly dangerous for Britain to withdraw from the Community. This theme is brought out in the new White Paper which says — "In the Government's

view the consequences of Britain's withdrawal from the Community would be adverse — and would result in uncertainty. This uncertainty would be protracted and would itself be damaging."

In a pamphlet recently published, \* Douglas Jay suggests that there is an alternative to membership of the EEC. He contends that it would be perfectly possible for us to join the already existing West European Industrial free-trade-area with all the other EFTA countries, Norway, Sweden, Finland, Austria, Switzerland, Portugal and Iceland. Thus we could enjoy the advantages which Britain needs without the burdens of the CAP or the loss of self-government and Parliamentary democracy inherent in the EEC.

No doubt much more will be heard of these arguments in the days that lie ahead.

\* The Better Alternative for Britain, by Rt. Hon. Douglas Jay, MP. National Referendum Campaign. 5p.

## **PRODUCER CARTELS COULD THREATEN**

### **U.K. TRADE AND INDUSTRY**

*Sir John Reiss, President of the Commonwealth Industries Association, writes in the foreword to this new publication:*

"This study underlines the vital importance of raw materials to the maintenance and expansion of British industry, and shows that a significant proportion of these natural resources come from both the developed and less developed Commonwealth countries. The new economic realities, dramatically brought to public attention through the operation of the Organisation of Petroleum Exporting Countries (OPEC), have emphasised the need for a new approach to the trading relationship between manufacturing countries like Britain and the raw material supplying countries."

Any emergence of commodity producer cartels modelled on the OPEC example poses a potential and appreciable threat to the United Kingdom's industrial costs and to its terms of trade.

Manufacturing countries like the UK must adopt policies which recognise the new international trade and financial relationships which now exist between themselves and raw material supplying countries or face the harsh economic consequences of possible commodity shortages and substantial raw material price rises.

These conclusions are drawn from a study of producer cartels by Susan Hart, published by the Commonwealth Industries Association.\*

### **UK's Dependence on Imports**

The authoress points out that the UK imports 100% of its consumption of several key non-fuel minerals and nearly half its consumption of foodstuffs. During the period 1970-73, growing world demand for these products resulted in sharp price increases which had a detrimental effect on the UK

\* "Producer Cartels: Threat or Opportunity?" by Susan Hart, with a foreword by Sir John Reiss, BEM. The Commonwealth Industries Association, April 1975, 50p.

terms of trade. In October 1973 the action of the OPEC in initially curtailing the supply and in eventually quadrupling the price of oil exacerbated the problem of growing UK trade deficits.

Although many commodity prices have fallen in recent months as a result of decreased demand during the present recession, it is unlikely that they will return to the levels of the previous two decades. Furthermore, the success of OPEC group action in forcing substantial oil price rises upon oil-consuming countries, while escaping retaliation in kind, has given incentive to other developing country commodity producers to take similar action. There is an irrefutable desire among Third and Fourth World countries to garner more of the economic benefits arising from world trade previously enjoyed most by developed countries.

In this context traditional UK trade patterns and practices have renewed importance. Commonwealth and former colonial countries in the past supplied a major proportion of UK raw material and commodity imports. Despite British entry into the EEC and a steadily increasing trade relationship with Europe, many of these Commonwealth and UK associated countries still provide a significant proportion of certain critical imports. In some cases, the strength of traditional ties may provide the UK with a measure of the leverage it requires to mitigate the potentially harmful economic effects of possible future commodity shortages and price rises.

Although it is far from certain that other producer groups would be as effective in influencing price changes as the oil-producers have been, Miss Hart points out that it is only prudent that the UK assess the economic leverage it can exert to meet these potential challenges. Britain might follow the French example by negotiating "barter-type" agreements whereby it would provide capital goods and technological expertise in exchange for assured levels of needed commodity imports from producing countries. Furthermore, access to London's financial markets provides developing countries like OPEC with investment opportunities for their surplus revenues and could be an increasingly important source of finance for those developing countries in continuing deficit.

### **Special Relationship**

In addition, a special relationship exists between the UK and countries like Canada, Australia and South Africa which are in the enviable position of being both major raw material and commodity producers and developed countries as well. Their efforts as moderating influences within producer groups can be invaluable.

Despite the potential danger to UK industry and trade from possible producer group action, this country is not without means to protect itself against the impact of short-term alterations in the supply and price of essential imports or against the long-term consequences of gradually changing trade relationships. These results can be achieved in an atmosphere

of producer-consumer co-operation which contribute to a more equitable distribution of the world's wealth in the long run.

This is the first in a series of studies to be carried out under the auspices of the Overseas Trade Research Fund of the Economic Research Council in association with the Commonwealth Industries Association. The Fund was set up in June 1974 to enable research to be undertaken into various aspects of Britain's trade with the rest of the world, and in particular with our Commonwealth partners.

## U.K! WHITHER OR WITHER?

*Specially contributed by an Industrialist in Australia.*

Extract from the Sydney Morning Herald, December 1974.

### **'British made' tarnished**

LONDON, Wednesday. — *British goods were no longer synonymous with high quality, advanced design, reliable delivery and good after-sales service, Mr. Ralph Bateman, the president of the Confederation of British Industry, said yesterday.*

*He told an American Chamber of Commerce lunch that the reputation of British goods was suffering from a lack of local and national pride and competitiveness.*

*British industry now faced a battle to avoid being relegated to the lower ranks in the international market. —*

An English schoolboy during the 1920's knew that Great Britain was the centre of the world's financial market, led the world in political diplomacy, was one of the "Big Three" in international trade, and controlled an Empire which had earned the envy and respect of all other nations. The same schoolboy had at least one good reason for reaching such conclusions. He only had to open his world Atlas to see that the land of his birth, coloured pink, was the geographical centre of the world and that a very great proportion of that world was also coloured pink.

The children or grandchildren of that same schoolboy could now be Australian citizens and could be excused if they disputed the conclusions which 50 years earlier had been reached by their father or grandfather. They could have severe doubts as to whether Great Britain really was the world's financial centre, whether English diplomacy still set world standards and would be quite certain that Britain was no longer in the "Big Three" of world traders. They would only have to open their world Atlas (produced and published in Australia, but probably printed in Singapore or Hong Kong) to confirm that Australia was the geographical centre of the world and that "pink predominance" was no longer a feature.

## Weakening Australian-UK Links

The majority of second generation Australians, or their age-equivalents among UK expatriats, while wondering at the changes which have taken place since 1939-45, undoubtedly also are concerned to witness the apparent weakening of Australian-UK links, the slackening flow of UK investment in Australia, and the diminishing trading between the two countries which has relegated the UK from the No. 1 position as Australia's greatest trading partner to the position of Number 3 or 4 — and this at a time when Australia ranks No. 11 or 12 among all the world's trading nations. Reference to Australia's trade statistics would provide an interesting reason; namely, that Australia's trade has concentrated more and more in the Pacific Basin area — which includes SE Asia. What then does this area of the world offer which is obviously so attractive, and profitable, to Australia?

First, Australia, geographically, is ideally situated to exploit the markets which presently exist in these areas and, more importantly, the markets which will develop in the future. Within the area from India, as the western-most limit, to the west coast of America as the eastern boundary, lives well over half the world's total population. Admittedly, with the exception of the three "corner posts" — Japan, USA and Australia — most of these countries are developing nations; but in most cases also they are nations whose economies are developing at a rapid rate and whose peoples are enjoying increased standards of living, with correspondingly increased purchasing powers. They are people who are hungry, not only for the material things of life, including food, but for technology and 'know how' in many things, for investment from developed nations, and for assistance in developing their educational and managerial skills.

### **Need for Investment**

In the years since the end of the 1939-45 World War, Australia has not only developed its own primary and secondary industries at above world average rates, but it has also followed a deliberate policy of encouraging investment in and from Australia — particularly in developing countries in SE Asia. There have been brief periods when restrictive measures have been applied but in the long term Australia will continue to need investment from overseas to develop the vast resources of the continent, and to ensure a steady development of its industrial and commercial enterprises.

It is, therefore, of some importance that Great Britain should ponder its changing situation opposite the Australian scene. While total UK investment in Australia is still probably the highest of all countries, in real terms the bulk of it is historical, and in the last 20 years the rate of new investment here slowed down considerably, relative to investment from other sources.

The reasons for this are not clear, and certainly not to some Australians to whom England is still "The old country" or "home". To this breed of Australian it is a matter of sorrow and concern that the two countries would

seem to be drifting further apart and that trade relations also would appear to be weakening instead of strengthening, and when the 12,000 miles (or 20,000 kilometres) separating the two is no longer the formidable barrier that it was to the exchange of ideas and personnel. Is the UK missing out on a great opportunity in the Antipodes? Many Australians and expatriates from UK believe it is. There are too many English subsidiary companies in Australia which are dominated by UK Management based on the old concept of "The British Empire", by Australian Management irrevocably tied by the proverbial apron strings to English parents who have no appreciation of the vibrant atmosphere in Australian industry and commerce, and Australian Management which all too often is comprised of executives sent out from the UK to "educate" the Australians into modern business methods.

### **Equal to the Best!**

**These UK organisations should realise that Australian Management techniques now equal the best that the advanced countries of the world can offer, that Australian executives represent that new breed trained at leading Universities all over the world.**

Industrial and scientific technology in Australian industry is the latest and most sophisticated available, and the Australian himself is probably the most dynamic, forceful and engaging personality in the world today.

What then should be done?

Well, first let a lesson be learnt from other countries who have turned their attention to Australia. The USA, Germany, France and now, at an increasing rate, Japan have all established strong investment bases in Australia. The USA particularly has invested in both manufacturing and primary industry and continues to do so. Most interesting is Japan's increasing attention to Australia, which it sees not only as a vital source of supply for many of its raw materials and foodstuffs, but also as an attractive investment proposition.

Perhaps more important to Australia is the attitude of the countries (and their Governments) in this vast area. To these people, military conquest by Japanese might is a thing of the past. Economic conquest is not. Military conquest by the USA has never been a problem but economic dominance has been, and still is. Basic to these doubts is the vision of a relatively large "steamroller economy" engulfing their own through increasing trade ties and influences. Australia is seen as another young and developing economy of small population, experienced in the problems of the area, enjoying close proximity, geographically, to ease distribution costs etc., and a trading partner able to appreciate and assist in the solving and alleviation of their problems.

### **A Springboard for Development**

It is becoming increasingly common now to find that overseas-owned or

controlled Australian companies, or group of companies, which originally started as a simple overseas subsidiary, are now playing significantly more important roles in the operations of the world wide group of which they are a member. "Chairman of SE Asian Region" or "Technical Director of SE Asian Operations" are typical titles now appearing on the business cards of Australian executives within Australian companies controlled by overseas interests. These interests are recognising the potential of Australia as a supply base in the Pacific Basin Area, as a geographically suitable base, where freight and other distribution expenses are favourable, and the Australian himself as an energetic and competent person respected and popular in all countries in that area. In other words, Australia is seen as a spring-board for development on a wide base in a part of the world which will soon take its place as one of the world's great trading areas.

Not all UK company subsidiaries in Australia demonstrate an awareness of this changing scene. The days are gone when the tag "Made in Britain" was a sufficiently good reason to sell a product anywhere. Time, politics, geography and the attitudes of nations have all changed the "name of the game" — old ideals have been passed by, and the customs and 'niceties' which accompanied them are "old hat". New tempos, new attitudes and pressures have to be met by a new breed of businessmen. The old concept of the bowler-hatted, pin-striped and umbrella clad Englishman no longer has a place in these new and exciting markets.

In recent times Australia has been described, by more worthy and erudite scribes than the writer, as "the only undeveloped white man's country in the world" and Australia still needs, and has room for, those attributes and talents which must surely exist somewhere in the ranks of UK executives and their thinking.

**It is not too late to participate in the future prosperity of a young, wealthy and ambitious country, and to reap the rewards which such initiative will bring.**

### **BEEF BAN EASED**

"A very slight easing in the EEC's beef import ban was agreed by the European Commission here today. According to informed sources the Commission decided to allow Community traders with outstanding import licences—unfilled because of the imposition of the import ban last July—to take up the rest of their entitlements."

Financial Times, 26.3.75

## ECONOMIC STABILITY IS ATTAINABLE

Mr. L. St. Clare Grondona's campaign, which he has pursued since 1924, to establish stable prices of durable essential commodities, is given a notable stimulus by the publication of his new book, **Economic Stability is Attainable**.\* He describes in detail his plans for establishing a constantly-operative system which would lead to the establishment of reserves of imported basic commodities administered in such a way as to stabilize their prices within predictable, relatively narrow ranges of fluctuations without interference with normal marketing processes.

This scheme, the author claims, could be adopted by any great commodity-importing nation such as the United Kingdom. He therefore proposes the establishment of a British Price Stabilizing Corporation (PSC) which would be financed by the Treasury and would remain as aloof as the Judiciary from political, departmental or any other influence.

The author sets as the attainable objectives of his scheme: "to accord to (relevant) *primary producers* (the world over) positive assurances that a known minimum price (a product's 'low point') is obtainable for every exported unit of their output — with productions beyond commercial market absorption (at or above the relevant low *point* levels) being saleable to a Price Stabilizing Corporation, something which can be achieved at surprisingly low investment cost.

The second — but *conditioned* objective is similarly to accord to (relevant) *user-buyers*, assurances that the cost to them of every unit of their requirements, *if such commodity(ies) be then in Corporation reserve*, shall not exceed a known maximum level (a commodity's 'HIGH point').

The adoption of this plan could, by a gradual process lead to a situation where sterling (and other currencies) would come to be backed by the widest possible range of durable, essential commodities which are the prime needs of mankind. Thus, we would in time establish a commodity standard for our currency.

Professor Lord Kaldor says in a preface to the book, "The Grondona System would enormously enhance the effectiveness of monetary policy. For the Central Banks of the world would then come to regulate the supply of money through open market operations in commodity markets (and thereby ensure that such operations have a *direct* and *powerful* effective demand and on incomes) and not in the market for high-grade substitutes for money (such as Treasury bills) the income effects of which are both slow and highly uncertain.

Also contributing prefaces to the book are Sir Roy Harrod who writes "Mr. Grondona proffers a long-term solution to a problem which, thus far,

\* "Economic Stability is Attainable" by L. St. Clare Grondona. Published by Hutchinson, £1.75.

has baffled not only HM Government but governments the world over". He goes on to say "The tragedy is that his highly practical proposals have not long since been implemented". Lord Roberthall gives full support to Sir Roy's suggestion "that the Government should favourably consider setting up a Committee of Enquiry with terms of reference on the lines he proposes". This is also supported by Mr. Donald Tyerman who says "Mr. Grondona offers a plan of action to solve a problem that is peerless in its complexities and world importance".

Support for Mr. Grondona's scheme has been amply demonstrated in both Houses of Parliament and by Members of all parties. It is to be hoped that the publication of this new book will stimulate urgent Government action.

**Some examples of fluctuations in prices of essential durable commodities having constant utility value taken from Mr. Grondona's book.**

*Prices are per long ton to the end of 1972 and thereafter per tonne*

SUGAR: Down to £19.7 in 1962 — up to £105 in 1963; down to £12.3 in 1967 — up to £32 within the same year; up to £120 in 1973; above £650 in November 1974, but fell to £440 during December of that year.

COCOA: Down to £94 in 1965 — up to £434 in 1968; down to £189 in 1971; up to £970 in 1973 (July) and down to £486 in November of the same year.

COPPER: Down to £236 in 1964 — up to £531 within the same year; down to £331 in 1965; up to £570, again within the same year; down to £430 in 1968 and up to £818 (yet again, within the same year); down to £414 in 1972 and up to £1,085 in 1973 (November). During 1974 its price rose to £1,400 in April but fell to £564 in October.

LEAD: Down to £50 in 1962 — up to £155 in 1964; down to £86 in 1971 and up to £275 in 1973. During 1974 it ranged from £324 in February down to £217 in July.

ZINC: Down to £63 in 1962 — up to £140 in 1964; down to £92 in 1966 — up to £135 in 1969; down to £114 in 1971 and up to £760 in 1973 (December). During 1974 it ranged from £875 in May down to £319 in October.

N.B. The run-back to the 1960s shows that such oscillations are no new phenomena. They have periodically recurred since 1920 — excluding only the period of war-time price-fixation accompanied by rationing.

## ANGLO-RHODESIAN DISPUTE

*Specially contributed by Sir Roy Welensky.*

It is sad that the real issue involved in the Anglo Rhodesian dispute is lost sight of by most people who look at the unfortunate affair.

The real issue is that owing to Rhodesia's unique constitutional development within the Empire, the yardstick which has generally been applied when granting independence cannot be applied to Rhodesia, as she has never been directly governed from Downing Street. Rhodesia was originally opened up and occupied by Cecil J. Rhodes's Chartered Company with the consent and approval of HMG, and when the Company surrendered control in 1923, it was to the White settler community, who had been given the choice by HMG of either joining with the then Dominion of South Africa, or of governing themselves. The settlers chose the latter and from then on the UK Government had surrendered any real authority over Rhodesia. Unlike other British possessions, the Colonial Office never acted as trustees in Rhodesia with a view to handing over power to their wards.

The Responsible Government Constitution conferred upon Rhodesia, placed power in the hands of the white electorate, there were some minor safeguards for the African, but there were no barriers to gaining the franchise on grounds of race, creed or colour. Any person who was a British Subject, and could comply with the financial property and educational qualification could register on the common roll as a voter. It is my contention that this constitution envisaged the day when, as the black Rhodesian advanced socially and economically, he would outnumber the white Rhodesians on the electoral roll and would govern the country, power changing hands by evolution in line with C. J. Rhodes's famous statement "Equal rights for all civilized men".

### Transition of Power

This evolutionary approach to Majority Rule ended with the introduction of the 1969 Republican Constitution which aims at parity of representation in Parliament by the two major Races. I could not support this because I consider it a complete denial of Rhodes' wishes, and even more important, it must lead to confrontation and a struggle for power. Eventual equal numbers of black and white Members of Parliament might be defensible in the eyes of the world, if the races were numerically equally balanced, but the ratio is nearly 21 blacks to 1 white, and what one should be seeking is a system for a transition of power over a period of years. I say years deliberately, because I do not believe that the White Rhodesian would accept any other basis for change, and as most of the skill and capital is in his hands, if he did not support any proposed changes and left the country, chaos could well prevail. In addition to this there are tribal undertones to the transfer of power which should not be underestimated.

## Change Inevitable

I incline to the view that if an agreement on these lines could be reached, whilst Mr. Smith would lose the support of some members of his party, this would be offset by others who previously could not support him.

That change must come in Rhodesia is unquestioned. Whether this change is evolutionary or revolutionary is up to the Smith Government. I have outlined a plan for evolutionary change. The alternative, in the words of Mr. Vorster 'is too terrible to contemplate'.

I feel that the best solution for Rhodesia would be a return to the 1923 Constitution under which Rhodesia developed so progressively. The qualifications for registration on the Common Roll, based on Education, Finance or Property, would have to be set so that within five years there would be approximately equal numbers of blacks and whites on the Roll and then the first Parliament elected after this would decide what further steps should be taken to achieve a majority of black voters at the next election. In addition it would of course be necessary to examine existing legislation with a view to eliminating harmful discrimination.

## THE EUROPEAN SCENE

### UNEMPLOYMENT

Brussels

"Unemployment in the EEC is climbing over the 4.5 million mark, according to figures released today by the European Commission. Based on national figures for January and February, the total in the Nine is 4.34 million. But when updated statistics are added for February-March, the figure is expected to have moved sharply upwards.

The Commission's report also highlights a substantial year-to-year decline in unfilled vacancies, with drops ranging from about 21% in Holland to 87% in Denmark. In West Germany vacancies existed for 246,236 workers in February, a 26% decline, while in Belgium they were down from more than 14,500 to fewer than 5,000."

Financial Times, 25.3.75

### INFLATION

Brussels

"Belgian employers are showing increasing signs of alarm at what they interpret to be the Government's reluctance to take realistic action to clamp down inflation. They have now had several days to digest the outlines of a programme to combat unemployment revealed by the Government to the



unions last week, and the absence of any reference to the rapid acceleration of wage costs is clearly worrying them.

It has been calculated that in the two years 1973 and 1974 the wages bill went up by 49%, the highest in Europe."

Financial Times, 25.3.75

### **CHEESE**

Brussels

"Selective cuts in Common Market cheese export subsidies were announced by the European Commission today in an attempt to head off a "cheese war" with the US."

Financial Times, 25.3.75

### **WINE PROTEST**

Paris

"Despite a halt to cheap Italian wine imports and a slight increase in the quantities permitted for distillation by the EEC, French wine growers are still complaining that the Government here has not done enough to help the industry, in dire trouble as a result of the huge surplus of table wine throughout the Community."

Financial Times, 25.3.75

### **MILK POWDER**

"A growing Common Market 'mountain' of skimmed milk powder is rotting in stores rather than being used for livestock or human food, according to the latest issue of the trade journal *Dairy Industries*, out yesterday.

As a scandal, the milk powder mountain is beginning to rival the spectacular blunders of the beef and butter mountains, the journal claims."

Financial Times, 26.3.75

### **PROBLEMS FOR FARM COMMISSIONER**

For Farm Commissioner Lardinois the flood of wine is but one of the problems he has to worry about over Easter. The Commission is still striving to stave off a cheese war over exports to the *United States*, searching for ways to placate British and Breton fishermen, seeking outlets for a growing mini-mountain of skimmed milk powder, looking for ways of disposing of 1.5m tons of grain from last year's bumper harvest, and persuading British egg farmers that cheaper eggs from Brittany are fair competition, while at the same time glancing uneasily over its shoulder at the way butter is piling up following the mild winter and premature spring."