BRITAIN & OVERSEAS

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

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AFTER THE REFERENDUM

It was primarily the anti-Marketeers who wanted the Referendum and they must accept the result. In so doing, several things need to be said.

First, had the result been closer, there would have been a strong case for complaint about a number of matters, such as the wording of the question on the ballot paper which, according to the pollsters, gave an inbuilt advantage of 8% to the 'Yes' vote. But with a 2-1 result it seemed wrong to call "foul".

Second, the campaign was regrettably manoeuvred off-course by the Press. Instead of discussing the future development of the Common Market and where it would lead us, it was side-tracked on to Bennery, Communists and similar irrelevancies. Try as one might, the Press steadfastly refused to get the real debate going.

Third, the abhorrence with which so many pro-Marketeers claimed to view the very holding of a referendum proved to be false. It has done no harm; indeed, it was a good and refreshing exercise.

It is now over. We remain in the Common Market with the consent of the people, albeit something short of "full-hearted consent". The only regret must be that the referendum was not held, as in other applicant countries, before entry.

Time will Tell

The verdict of the referendum does not necessarily prove that the decision is right. Only time will tell whether the 'pro' or 'anti' arguments were right. To this end a catalogue of what was said by each side will be drawn up to enable a fair judgement to be made as the years go by.

The important issue now is where does the Common Market go from here? The most interesting remark made since the referendum has been that of Mr. Peter Kirk, the leader of the British Conservative Group at Strasbourg, on 9th July. He said that it would be a grave error to believe that the British referendum vote was in favour of a federal Europe or in favour of European Union. It was a vote in favour of the Community as it is.

It is clear that, in Britain, some want the Common Market to develop into a federal state but the great majority do not. For those who do not, it is important to watch *every* move. A federal state can be arrived at by a series of decisions, each one of which may look, in isolation, to be fairly innocent.

Major Tests

The first major test will come when Parliament has to decide whether to support a directly-elected Common Market Parliament. Clearly, before any decision is made, we shall need to know very precisely what powers are to be vested in such a Parliament and to be sure that those powers are not increased without the consent of the national Parliaments. Another test will come with a proposal for economic and monetary union.

The report of the Commission on European Union is a clear indication of how they are thinking. One suggestion is for a European Government which is not responsible to national Parliaments. This surely would be opposed by Britain, Denmark and Ireland.

The future of the Common Market will be full of interest. The referendum has not ended the debate—it has started, at last, the really great debate on how the Community will develop.

Against that background, the Commonwealth Industries Association has a distinctive role to play. It is to see that the Commonwealth is not forgotten, to strengthen its links wherever it can and to encourage Commonwealth trade. It is hoped to carry out a study on Commonwealth trade and to examine how and why it has changed.

Two-Tier Structure

If the Common Market has a division amongst its members about the direction and pace of its future development, it could possibly decide to develop a two-tier structure. Those countries which wanted to move quickly to a federal state might do so, leaving the others in a different relationship. In such a scenario, there could be an inner and outer ring. The outer ring might then have a closer relationship with not only Norway and Sweden but also with the Commonwealth. If, as so many 'antis' warned during the referendum, the Communists take over in Italy, the situation would doubtless change again.

The future of the Common Market is so full of permutations that it behoves us all to keep the Commonwealth interest alive and well to the fore in our thinking.

NEIL MARTEN

July, 1975.

BRITAIN'S TRADE WITH OPEC COUNTRIES

When the massive increases in the price of oil were made between late 1973 and end 1974 by the members of the Organisation of Petroleum Exporting Countries (OPEC), there was worldwide anxiety that the vastly increased revenues of these countries would present grave world problems. It was believed that they would not be able to spend more than a fraction of their earnings and that this would increase the strain on the capacity of the world's financial system to cope with their huge cash surpluses, as well as contributing to a serious fall in the level of world demand.

These fears have not, however, been borne out by subsequent events. The twelve OPEC countries are Algeria, Ecuador, Indonesia, Iran, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates (including Abu Dhabi) and Venezuela. Gabor is an associate member. They are already using an unexpectedly high proportion of their revenues to expand their plans for development. Additionally, they have been providing greatly increased aid to the developing countries. Moreover, their remaining cash surpluses have been managed in such a way that the international banking system has been able to handle the initial surge of oil funds relatively smoothly, while ways of handling longer-term arrangements were being worked out.

Importance of OPEC Countries

Between them, the OPEC countries account for about 60% of the world's crude petroleum production, but some 90% of the world's petroleum exports. The following table gives the relative levels of production of crude petroleum in different parts of the world in 1974. It brings out very clearly the prime importance of the OPEC countries, bearing in mind that the USA and USSR, two of the largest producers, are not large exporters.

Crude Petroleum Production 1974

	million metric tons	*per cent*
Western Hemisphere		
USA	494.8	17.2
Venezuela	156.0	5.4
Other	188.2	6.6
Middle East		
Saudi Arabia	412.0	14.4
Iran	301.0	10.5
Other (including Egypt)	381.2	13.3
Africa		
Nigeria	112.0	3.9
Libya	77.0	2.7
Other	74.5	2.6
East Europe and Far East		
USSR	457.0	15.9
Eastern Europe and China	88.1	3.1
Indonesia	71.5	2.5
Other (including Australia)	40.8	1.4
Western Europe	16.0	0.6
TOTAL	2,870.1	100

Source: *Petroleum Times*

Estimated total oil revenues of the OPEC countries in the year 1974 were about £100 billion. This is a sum equivalent to nearly three times the total earnings from visible exports by the United Kingdom in 1974. Whether this high level of earnings will continue depends on a number of factors. The OPEC countries are holding their own discussions about what to charge from September 1975 when the present price level comes up for revision. There is also the question as to the extent to which the consumer countries are successful in reducing their oil consumption and also develop alternative sources of energy.

The total cash surplus remaining to the oil-exporting countries after accounting for exports other than oil, for imports of goods and services, for other current transactions outward and inward, and for trade credit given on oil exports, has been estimated at about $56 billion in 1974. Estimates of the cumulative surplus by 1980 could be around $250 billion at 1974 prices.

The following table gives an analysis of how the 1974 surplus was deployed, and shows the growth towards the end of the year in lending to international organisations such as the IMF and World Bank, and in special bilateral facilities through which the OPEC countries have launched substantial aid programmes for some of the less developed countries.

DEPLOYMENT OF OPEC SURPLUSES IN 1974

	1st Qtr	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*$ billion Year*
UK					
Government stocks	0.4	0.1	0.2	0.2	0.9
Treasury bills	0.4	0.7	0.7	0.9	2.7
Sterling deposits	—0.1	0.7	1.1	—	1.7
Other sterling investments[1]	0.1	0.2	0.3	0.1	0.7
Foreign currency deposits	2.5	4.5	3.4	3.4	13.8
Other foreign currency loans	—	0.5	0.3	0.4	1.2
TOTAL	3.3	6.7	6.0	5.0	21.0
US					
Government and agency securities	0.5	1.4	2.3	1.8	6.0
Bank deposits	0.6	0.8	2.3	0.3	4.0
Other[2]	—	0.1	0.4	0.5	1.0
TOTAL	1.1	2.3	5.0	2.6	11.0
Other countries					
Foreign currency deposits	1.5	3.5	1.5	2.5	9.0
Special bilateral facilities and other investments[1,2]	1.1	2.5	3.0	5.0	11.6
TOTAL	2.6	6.0	4.5	7.5	20.6
International organisations	—	*0.5*	*0.8*	*2.3*	*3.6*
GRAND TOTAL	7.0	15.5	16.3	17.4	56.2

1. includes holdings of equities and property. 2. Includes loans to less developed countries.

Source: *Bank of England Quarterly Bulletin March 1975*

As a result of the increase in oil prices the increased revenue of the OPEC countries made it possible for them to finance very substantial programmes of economic and social development. A massive upward revision of expenditure plans took place in Iran where the current five-year plan covering 1973-78 was revised to increase capital expenditure from $36,000 million to $69,000 million. Nigeria's 1975-80 plan was increased from $18,000 million to over $53,000 million. Saudi Arabia plans to spend $142,000 million over the next five years. Other OPEC countries also plan substantial expenditure programmes.

All this adds up to very great opportunities for exports from the UK, particularly in the provision of a whole range of capital and producer goods. There is a rapidly expanding market for construction work and the provision of design, engineering consultancy and other services. The shortage of trained manpower and expertise in industrial and other sectors gives increased scope for participation in joint projects.

Britain's Poor Performance

So far as Britain is concerned, our performance has been poor compared to our major competitiors. Our exports to OPEC in 1974 increased over 1973 by some 45% in dollar terms. At the same time our major competitors achieved an average growth of some 77% and at best had reached 109%.

The value of visible exports from Britain to the OPEC countries in 1974 is given in the following table, also the value of imports (including oil).

UK-OPEC TRADE 1974

Country	*UK Imports Total*	*of which: crude or partly refined petroleum*	*UK Exports £ million*
Algeria	36		55
Ecuador	2		14
Indonesia	14		47
Iran	513	472	79
Iraq	107	103	260
Kuwait	570	536	60
Libya	390	374	63
Nigeria	368	280	22
Qatar	166	165	222
Saudi Arabia	1178	1147	20
United Arab Emirates	206	191	197
Venezuela	135	91	50

Only in the case of Ecuador, Algeria and Indonesia were our exports worth more than our imports. The result of this failure to exploit these growing markets has been that our share dropped from 11¼% in 1973 to 9¼% in 1974. There is obviously a substantial opportunity for a rapid expansion of UK exports having regard to the OPEC countries' increasing demand for imports.

AUSTRALIAN OVERSEAS TRADE

The Australian Trade Development Council mission to the EEC last year noted in its report: 'Australia's trade with the Community reached a record $A2,830m (£1,715m) in the year to June 30, 1974. Australian exports totalled $A1,130m and imports $A1,700m, making the EEC second only to Japan as a market for Australian goods and by far the main source of Australian imports.' The United States is the largest single nation supplier.

If the EEC is broken down into its member states, the United Kingdom comes out well in the lead. But as a group the original Six now takes 50% more Australian exports than Britain. The United Kingdom is clearly ahead as a buyer of processed products, but less important in the unprocessed area. Britain and the Six are comparable outlets for Australian manufacturers. The founder members of the EEC and the United Kingdom have a roughly equal share in the value of Australian imports.

The pattern of Australian trade over the past decade shows Britain has been a sluggish customer, taking products worth between $A400m and $A600m each year. New Zealand, which in the financial year 1964-65 bought exports worth only $A158m, now compares with the United Kingdom as a trading partner of Australia.

Exports to France over the same period have doubled to $A200m, and the West German and Dutch markets have experienced similar growth. Sales to Italy dipped downwards in the late 1960s, and were only slightly better in 1973-74 ($A133m) than in 1965. Taking inflation into account, their value in real terms was lower.

To put matters into perspective, Australian annual sales to Japan are now worth more than $A2,000m. In 1964-65 exports to Japan reached $A440m, and to Britain $A516m.

The value of British exports to Australia has varied in the past ten years from between $A500m to $A900m. An analysis by the Department of Overseas Trade in Canberra of the financial year 1973/74 put West Germany, with sales of $A450m, in fourth place after the United States, Japan and Britain. The other EEC countries trailed well behind.

From "The Times Special Report" 7.7.75

BRITAIN WANTS TO STEP UP EXPORTS

Britain is to begin a concerted campaign to improve its share of Australian imports.

The chief executive of Britain's Overseas Trade Board, Mr. J. S. Rooke, said in Perth his Government was concerned that Britain's share of the Australian market had been halved in the past ten years and was still declining.

Mr. Rooke told the Australian-British Trade Association that British industry was ready to begin a new export push, with the British Government providing special finance to exporters as well as guaranteeing performance bonds.

Mr. Rooke said that although Britain's share of the Australian market had declined substantially, Australia was still Britain's sixth biggest export market.

From "Australian News" 19.6.75

AN OPEN LETTER TO BRITISH INDUSTRY

from The British Trade Association of New Zealand

The trade boom of 1973/74 has come and gone and, as seems inevitable, currently most, if not all, Western economies are suffering from the trials and tributions of unfettered inflation, unemployment, falling demand, quadrupled fuel costs and a general imbalance of payments. It is possibly as good a time as any, therefore, the review the broad state of trade between the United Kingdom and New Zealand, examine briefly the experience of the two years since Britain's accession to the European Community and attempt to set some guidelines for the future growth of our mutual trade.

The critical aspect as far as the British exporter is concerned is that over the period under review New Zealand has presented a most lucrative and expanding market opportunity in that, from a 1973 base of $1,547 million, New Zealand's imports in 1974 rose approximately $758 million to a new record of $2,305 million, or in excess of $700 per head of population. What is of more importance, however, is the analysis of where the growth of trade has taken place, the key items being:

	CIF Value $m.	*Increase $m.*	*% Increase*
Petroleum	203	107	110
Chemicals	112	40	56
Plastics	73	36	94
Textiles	195	75	63
Machinery	369	92	33
Transport	262	61	30
Base Metals	198	77	63

Of the overall increase Britain in fact enjoyed somewhat less than might have been expected, her share of the increase overall being 10.1% or $65.6 million and if road motor vehicles are excluded, the share drops to 7% of the increase. Clearly the opportunity was there for British exporters to do better than the figures indicated but it is accepted the period was exceptional and in the main production capacities and shipping opportunities were taxed to the utmost.

It is obvious, however, from these figures that New Zealand's long established import licensing controls are no longer the bête noir many exporters believe them to be and although the rate of New Zealand's imports is unlikely to continue at the 1974 level of over $2,000 million major opportunities will continue to exist for British exporters to further expand their sales to this market despite a progressive phasing out of the former preferential tariffs. Nevertheless, the economic difficulties facing most if not all of the non-Communist world are clearly evident in New Zealand and for a period the market here could prove depressed and competitive as suppliers fight for a share of the smaller cake available.

In contrast to the chaotic marketing approach which has characterised the past eighteen months (from Britain no less than elsewhere) to hold or gain market share in the changed economic climate will need positive application, an affinity for the market, well informed and motivated agents, good (fair) prices, prompt and reliable shipment and often adequate credit facility. Selling in a period of shortage and excess demand, 'sky's the limit' pricing and an 'anything goes' approach is one thing, but it brings with it the inevitable aftermath or day of reckoning and the very real need eventually to reset standards for the future.

We believe there is no better time to face up to this challenge than now when there is an undoubted lull in the level of trade and unless British exporters are prepared to demonstrate that they have the best interests of their customers in New Zealand at heart, other sources will undoubtedly do so and thus gain a long-standing advantageous position.

The recent visit to Britain of New Zealand's Prime Minister Bill Rowling and the assurances exchanged at Westminster have set the climate for a strong continuing trade relationship but just how far Britain profits by this is clearly up to you.

BTANZ stands ready to help in many ways but without your complete support, success in this growing and profitable market will not be achieved.

QUESTIONS IN PARLIAMENT

£ Sterling Value

Mr. Knox asked the Chancellor of the Exchequer, taking the first quarter of 1945 as 100, what would be the index number for the value of the £ sterling in each of the quarters from 1945 to the latest quarter for which information is available.

Mr. Denzil Davies: No information is available for 1945; quarterly information is not available before 1962. Taking the internal purchasing power of the pound to be 100p in 1946 its value in the periods 1947 to 1st quarter 1975 are as follows:

1946	100	1954	69
1947	93½	1955	66½
1948	87	1956	64
1949	85	1957	62
1950	82½	1958	60
1951	76	1959	60
1952	71½	1960	59
1953	70	1961	57½

	Year	*1st Qtr.*	*2nd Qtr.*	*3rd Qtr.*	*4th Qtr.*
1962	55½	56	55	55	55
1963	54½	54½	54	54½	54
1964	52½	54	53	52½	52
1965	50½	51½	50	50	49½
1966	48½	49½	48½	48	48
1967	47	47½	47	47½	46½
1968	45	46	45	45	44½
1969	43	43½	43	42½	42
1970	40	41½	40½	40	39
1971	37	38	37	36½	36
1972	34	35½	34½	34	33
1973	31½	32½	31½	31	30
1974	27	27½	27½	26½	25½
1975		24			

The basis for these estimates is that given in the leaflet "The Internal Purchasing Power of the Pound", obtainable from the Press and Information Service of the Central Statistical Office.

House of Commons Vol. 894, No. 46, C 211.

Inflation

Mr. Nicholas Winterton asked the Chancellor of the Exchequer if he will publish in the *Official Report* a comparison of figures of inflation for the United Kingdom, the United States of America and the countries of the EEC in the years 1973 and 1974 and to the latest convenient date in 1975.

Mr. Dell: Following is the information:

	1973	*1974*	*12 months to April 1975*
United Kingdom	9.2	16.0	21.7
United States of America	6.2	11.0	10.2
Belgium	7.0	12.7	14.4
Luxembourg	6.1	9.5	10.5
Denmark	9.3	15.3	11.9
France	7.3	13.7	12.7
Germany	6.9	7.0	6.1
Ireland	11.4	17.0	23.8*
Italy	10.8	19.1	20.4
Netherlands	8.0	9.6	10.3

* To first quarter. *Source:* OECD.

House of Commons Vol. 894 No. 149 C 318.

European Community

Mr. Skeet asked the Secretary of State for Prices and Consumer Protection if she will compare the rise in consumer prices in the past year in all EEC countries.

Mr. Maclennan: Percentage increases for the most recent 12-months period for which statistics are available are as follows:

Percentage Increases in Consumer Prices in EEC Member Countries in the last year

Country	*Period of movement*	*Percentage increase*
West Germany	April 1974 to April 1975	6.1
France	April 1974 to April 1975	12.7
Italy	May 1974 to May 1975	19.7
Netherlands	April 1974 to April 1975	10.3
Belgium	April 1974 to April 1975	14.4
Luxembourg	April 1974 to April 1975	10.5
Denmark	April 1974 to April 1975	11.7
Irish Republic*	May 1974 to May 1975	24.5
United Kingdom	May 1974 to May 1975	25.0

Sources:
OECD Main Economic Indicators.
National Sources.
Department of Employment.
* Quarterly Index.

House of Commons Vol. 894, No. 149, C 358.

REVERSING THE TREND

Sub-titled "A critical re-appraisal of Conservative economic and social policies" this pamphlet* gives the text of seven speeches by the Rt. Hon. Sir Keith Joseph, Bt., M.P. these speeches, covering the period from June 1974 to March 1975, cover a wide spectrum of current affairs. In his foreword Sir Keith says "I hope that this collection will stimulate the exchanges of ideas which are essential to a political party's intellectual health".

Subjects covered include—"Intervention is Destroying us"—"Inflation is De-capitalising British Industry"—"Inflation is caused by Governments"—"Inflation Retards Growth"—"Inflation means more unemployment"—"The Politics of Political Economy" (an address to the Economic Research Council) and "Conservatives and the Market".

* *Reversing the Trend* by Sir Keith Joseph, published by Berry Rose (Publishers) Ltd. £1.00.

THE COMMONWEALTH AND THE RICH-POOR GAP

by Arnold C. Smith

The gap between rich and poor has become a crucial issue of the contemporary world. At the national level, governments have invariably recognised that the reduction of disparities is at least a matter of political prudence if not a moral imperative. Acknowledgement of this has been slower in the wider, global context. While governments have acted to narrow the gap within their national boundaries, the divide between rich and poor nations has widened. There are signs, however, that the international community is now becoming more aware of the need to extend social justice across national frontiers.

In my ten years in the service of the collective Commonwealth, I have throughout acted in the conviction that the Commonwealth presented a unique framework for moving the world towards practical recognition of the need to close the gap between haves and have-nots. The Commonwealth has a fourth of the world population. Of its thirty-four full members, only four count among the developed nations. The other thirty are at varying stages of development, and the great majority of the people of the Commonwealth do not enjoy what the West would consider an acceptable minimum in living standards.

Aid Programmes

The more affluent members of the association have been alive to the difficulties of the less affluent. Their aid programmes have given priority to the needs of the developing members of the Commonwealth. Similarly, their external trade policies have served to assist developing members to market their exports.

The Commonwealth commitment to the cause of development also led to the establishment, four years ago, of a technical assistance wing within the Secretariat. The Commonwealth Fund for Technical Co-operation, whose resources are contributed voluntarily by all members, has made striking progress.

With annual resources now at £6 million, the CFTC does not rank in the big league of development agencies. But its steady and rapid expansion—it had under half a million pounds in the first year—proves its usefulness and the value all members, developed and developing, attach to it. Besides its valuable work in providing experts and consultants and in arranging training to support development, the CFTC is actively helping member countries develop their exports, of both traditional primary commodities as well as their new processed and manufactured goods. A recent project, undertaken in collaboration with India's Trade Development Authority, ended in a London trade fair bringing in over a million pounds worth of orders for Indian manufacturers.

As Commonwealth Secretary-General, I have been closely involved in the development of the Fund for Technical Co-operation. It has greatly enlarged the perimeters of Commonwealth co-operation and of the Secretariat's operations.

A New International Economic Order

As I leave the Secretariat, the Commonwealth is poised for what could prove to be one of its most significant contributions yet to resolving this crucial issue of our time. Heads of Commonwealth Governments devoted a considerable part of their time in Kingston to discussing what action they could take to bring about a new international economic order. They asked me to assemble a group of experts to work out practical recommendations to give effect to their collective wish for a more equitable ordering of world economic relationships.

Heads of Government approved terms of reference for the group, and wanted it to prepare an interim report in time for consideration by Commonwealth ministers when they meet in Guyana in August before the annual meetings of the World Bank and the International Monetary Fund.

This group began its deliberations at Marlborough House in London in June, and will have a longer session in Ottawa in July. Its assignment is not to seek solutions within a Commonwealth framework; the problems are global in character and its mandate therefore is to write a prescription for global action, a prescription that members of the Commonwealth can endorse and back with their combined strength in the various international fora. I have no doubt that these ten experts, or group of wise men as they have been dubbed, drawn as they are from a representative cross-section of countries, have the opportunity of working out agreed proposals of signal significance to the world's slow movement towards a juster economic system.

My departure from Marlborough House also follows close on the conclusion of the great debate in Britain on her membership of the European Economic Community. I have always favoured British membership, convinced that this could prove to be in the interests of Britain, of the Commonwealth, and of the world as a whole. I have never seen Britain in Europe as antithetical to Britain in the Commonwealth. It is therefore no small pleasure for me that the people of Britain should have voted to stay in, and that a few weeks earlier, at their Jamaica meeting, Commonwealth leaders should have indicated very clearly where their preference lay.

Outward-looking Policies

Britain's role in assisting the developing countries of Africa, the Caribbean and the Pacific (of whom twenty-two are Commonwealth members) to secure the improved terms written into the Lome Convention supports my contention throughout that British membership could help to protect the interests of developing countries in their relationships with the EEC and to ensure that EEC policy-making is made more sensitive to the needs of the less affluent.

Now that the debate and the uncertainty are over, Britain can continue to work within the councils of the Community, using her influence in favour of more progressive, outward-looking policies. The Community, as a grouping of some of the most advanced economies in the world, can play a key role in the world's efforts to move away from a confrontation between those who have and those who do not, and to create a fairer distribution of resources. Britain, with its Commonwealth experience and associations, can help Europe to play that role.

THE COMMONWEALTH SECRETARIAT

"Commonwealth Prime Ministers see the Secretariat as being at the service of all Commonwealth governments and as a visible symbol of the spirit of co-operation which animates the Commonwealth."

—Agreed Memorandum on the Secretariat (1965)

The Commonwealth Secretariat was established in 1965. It is responsible to all member governments. Its establishment symbolised the fact that the Commonwealth was henceforth to be an instrument of all its members collectively. The Secretariat is financed by all member countries, on an agreed scale.

Mr. S. S. Ramphal, then Minister of Foreign Affairs and Justice, Guyana, was elected Commonwealth Secretary-General by Heads of Government at their meeting in Jamaica in 1975. He succeeds Mr. Arnold Smith, of Canada, who became the first Commonwealth Secretary-General in 1965 and has served two five-year terms of office. The Secretary-General has access to Heads of Government, is responsible for their meetings, maintains close contact with member countries, and is the head of the Secretariat.

The Secretariat organises meetings and conferences, of ministers and of many others within the Commonwealth, and is responsible for putting into effect decisions for collective action. It is the main agency for multilateral communication among members, organises consultation and co-operation in many spheres, and collects and disseminates information for the use of its members. Its ordinary budget for 1974-75 is £1,141,340: the Secretariat also administers other budgets, of which the most important are those of the Commonwealth Fund for Technical Co-operation and the Commonwealth Youth Programme.

The Secretariats main areas of operation are: commodity trades; education; information; international affairs; legal matters; medical and scientific affairs; trade and finance; and youth activities. The latest additions to the Secretary-General's responsibilities are the administration of a

programme for applied studies in government and the promotion of co-operation to improve food production and rural development.

The Secretariat is recognised by member governments as an impartial body with a staff drawn widely from within the Commonwealth. It has been able to make its good offices available in cases of dispute involving member countries.

The headquarters of the Secretariat are in Marlborough House, London, which was made available as a Commonwealth centre by the Queen. London has the widest range of communications of any Commonwealth city, as well as the largest assembly of diplomatic missions: this, as well as its historic links with other Commonwealth countries, makes it particularly suitable as a focal point for the entire association.

A TOUGHER LINE AGAINST TERRORISTS

A call for sustained courage, resolution and defiance in the fight against terrorism is made in a pamphlet* by Mr. Philip Goodhart, the Conservative MP who is one of the Honorary Secretaries of the influential 1922 Committee of backbenchers.

After showing that the terrorists have a long-term strategy of trying to destroy the parliamentary system of government, he concludes his study *The Climate of Collapse: The terrorist threat to Britain and her allies* by noting:

"The record of Western democracies in the face of violence leaves little room for confidence. Time after time we have shown ourselves to be ill-prepared to carry the burdens of long drawn out conflict. All too often our enemies seem to have better staying power than we do."

Mr. Goodhart says that the use of violence and murder for political purposes is a deliberately chosen instrument of policy.

Permissiveness towards the cult of violence by certain intellectuals and the media means that a wholly unrepresentative handful or terrorists receive unjustified support and massive publicity for their crimes and extreme political aims.

In combating the growing international threat of terrorism, Mr. Goodhart feels that the United Nations is not a reliable instrument because many of its members actively approve of using terrorism for political purposes, particularly in self-styled "wars of liberation".

Mr. Goodhart has observed terrorist and guerilla warfare campaigns in Malaya, Kenya, Cyprus and Northern Ireland, and recommends that NATO should play a greater part in providing a response to this growing challenge.

* *The Climate of Collapse*, Foreign Affairs Publishing Co., Church House, Petersham, Surrey. 30p.

TECHNOLOGY IN THE SOVIET UNION

About 90 per cent of the Soviet Union's technology has come from Western capitalism, one of the greatest experts on the relation between Western technology and Soviet economic development says in a study recently published.*

Professor Antony C. Sutton gives as one example his research which shows that of 84 identifiable ships used to supply North Vietnam, 71 were built outside the USSR. The other 13 were built inside the Soviet Union but with engines to the specifications of Western companies and with their technical assistance.

Mr. Sutton quotes Soviet official data which shows that from 1918 to 1968 only 34 per cent of Soviet merchant ship hulls were built inside the USSR and 66 per cent outside. Also that only 20 per cent of Soviet merchant ship diesel engines were built inside the USSR and 80 per cent outside.

"Even the one-fifth of 'Soviet' marine diesel engines built inside the USSR was built with foreign technical assistance.

"In brief, there is no such thing as a Soviet-designed marine diesel engine and never has been."

"The Soviets could not have supplied North Vietnam—and they provided about 80 per cent of the weapons and supplies—without this prior Western technical assistance and construction of merchant ships.

"One cannot argue that the Soviets would have substituted 'Soviet' ships. The Soviet-built component is only 34 per cent of the hulls and zero per cent of the marine diesel designs.

"Consequently, the 100,000 Americans and countless allies killed in Korea and Vietnam were killed with armaments transported on propulsion systems we ourselves supplied. Vietnam and Cambodia are now lost . . . because we in the West supplied the material means to wage the war on the other side."

He argues that so long as the Soviet Union and China retain their planned economic systems "with political and ideological manipulation of economic decisions", then neither country will attain significant self-generated technological development.

"Both countries will remain the technological captives of the West. A planned society is also a static society. A planned society is not a technologically viable society; it cannot progress technologically.

"But a planned society can still go to war. It can still be a breeding ground for revolutionaries."

* *National Security and Trade with the Soviet Union*, by Antony C. Sutton (Aims for Freedom and Enterprise, 5 Plough Place, Fetter Lane, London EC4A 1AN; 20p).

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