



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

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WHAT FUTURE FOR BRITAIN?

"Continuing recession, accompanied by a further gradual deceleration of inflation, is predicted by all the main forecasting units for 1976. Despite the widely expected recovery in world trade most forecasts are for slow export growth and another large balance of payments deficit."

"The Times Business News" 9.10.75

Not a very encouraging prospect for the period ahead. There is no doubt, however, that if inflation can be slowed in the coming months, there can be a better future ahead. What hopes have we that present policies can provide the right solution to the problem of inflation? Looking at the proposals contained in the Labour Government's White Paper "The Attack on Inflation" (cmd, 6161) it is obvious that the main emphasis is, once again, on incomes policy, imposing a £6 pay limit with no increase for those earning more than £8,500 a year. This is reinforced by the statement "If they (the government) find that the policy needs to be enforced by applying a legal power of compulsion they will not hesitate to do this."

Thus, it seems that the old merry-go-round of strict wage and salary control is being introduced as the main weapon to combat inflation in spite of the evidence showing that though wage demands when granted do affect the inflationary spiral by increasing costs, they are not the *cause* of inflation. Mr. Callaghan introduced his six-months freeze in 1966. Mr. Heath tried to control wage increases in 1973 and both failed to stop inflation. Now Mr. Healey is attempting to operate a wages policy through the £6 pay limit.

Inflation causes Wage Increases

The assumption that an increase in wages without a proportionate increase in the production of goods and services for the home market available for consumption must be inflationary, since it tends to increase the available quantity of purchasing power, is not sustainable. It ignores the question of where the money comes from which pays for the increased wages. If there is no increase in the total of money in circulation, any increase in the income of wage-earners must come from a reduction in the income of the rest of the population. The effect of this will merely be a redistribution of incomes and no inflation will result.

If, however, the increase in wages is paid for by increasing the quantity of money in circulation, there will be inflation, but the inflation will be due, not to the rise in wages, but to the increase in the quantity of money. This is what has taken place. It is true there has been a considerable redistribution in incomes as between the salaried and fixed income sector and wage-earners but this is because the wage-earners have been able to recover, by wage increases, some of the loss of their real income resulting from the inflationary monetary policy of recent years. **It would be truer, therefore, to say that inflation has caused wage increases than to say that wage increases have caused inflation.**

Short-term restraint necessary

An examination of the post-war period demonstrates clearly that controls over incomes have had little or no effect on the rate of inflation. However, with inflation now running at about 26 per cent, expectations of higher incomes have to be restrained. To this extent, some short-term restraint of wage increases is necessary. Unless, at the same time the underlying cause of inflation is dealt with, any attempt to restrain wages as a means of stopping inflation is equivalent to sitting on a powder keg which will ultimately explode.

In a Paper published in 1972* it was shown that the employees' share of the total income from production had actually declined from 71.4 per cent in 1949 to 64.9 per cent in 1970. Professor Michael Parkin, in an article in "Lloyds Bank Review" for July 1975 examines the periods when controls over incomes were instituted and shows conclusively that in 1956 there was no effect, in the 1960s phase there was a clear upward inflationary trend and in the subsequent attempt in 1973 inflation zoomed upwards to its present level.

When it comes to an examination of the rate of inflation and the growth of the money supply Professor Parkin shows a very different picture. The expansion of money supply is clearly shown to follow a time-lag of 9 to 12 months by an increase in the rate of inflation. The inflation take-off at the end of the 1960s was generated by the expansion of money supply in 1967. A tightening of monetary policy in 1969 led to a reduction of inflation by 1971. Expansion of money supply in 1971-2 can be clearly identified with the present rate of inflation.

By concentrating the main emphasis on wage restraint, therefore, the Government has focussed attention on an effect rather than a cause of inflation. As Patrick Hutber, City Editor of the "Sunday Telegraph" put it, "The £6-a-week policy is not about inflation and will do nothing to reduce it."

Government Spending

It is true that there is an undertaking by the Government to keep the growth of money supply under firm control. However, Government spending during the first six months of the year rose by 47 per cent compared with last year while revenue went up by only 31.2 per cent. The important thing to realise is that increases in the money supply are generated by Governments. If a Government spends more than it collects by taxation and by genuine borrowing from the public, it borrows from the banking system. If a Government borrows money from the public it merely transfers purchasing power from private individuals to the Government. This does *not* increase the flow of new money into the economy. **But if the Government borrows from the Bank of England or the Commercial Banks against Treasury Bills this so-called borrowing results in an increase in the total money stock. It is this factor which is the basic cause of inflation.**

* "Excessive Taxes lead to Stag-flation" from Economic Research Council.

We are still suffering from the massive increase in money supply which took place in 1972-3 by Mr. Heath's Government when, in an effort to reduce unemployment the money supply was increased by £3,000 million. There is good reason to believe that this decision was based on unemployment statistics which were, to say the least, misleading. The danger is that the present Government, faced with increased unemployment figures may be pressurised into making the same mistake.

The real enemy of full employment is inflation, and unless this is tackled unemployment will, in the long run, increase to horrendous proportions. Successive governments, by increasing government expenditure, increasing taxation and increasing the supply of money have increased the rate of inflation. Statistics show that the employment sector's share of the national income has been falling, not increasing. The share of the investment sector has been falling even faster, while the share taken by governments has been rising. From 1964 to 1970 this increase was over 40 per cent. As the share of national income taken by governments has risen, so also has inflation and unemployment.

The larger share of the national income accruing to Government, the smaller the combined share accruing to capital and labour. Both employers' and workers' organisations should realise this and should combine to bring pressure on Governments to put their house in order. **They share a common interest in insisting that productive industry should be allowed to keep a proper share of the national income which would pave the way to higher investment, greater prosperity and higher wages.**

Reduction in Public Expenditure Essential

To reverse the present disastrous slide towards chaos we must ensure that public expenditure is reduced and the share of the national income taken by Governments is thereby brought down to a more realistic level. The present penal levels of taxation must be brought down, leaving the private sector of industry with more of its own money to use for profitable investment. The higher the level of investment, the greater the output of real wealth from which alone higher standards of living can be obtained. **Budget and monetary policy must be so designed to ensure that increased money supply is matched by the flow of goods and services, thus ensuring a steady relationship between demand and supply.**

In the coming months we shall see whether the pressure of economic realities bring about the necessary changes in policy. Statements made by leading politicians indicate that this may be happening. Speaking at the Labour Conference in Blackpool, Mr. Healey, Chancellor of the Exchequer, told the assembled delegates "There is no chance of regenerating British industry unless the nation drastically narrows the gap between public expenditure and tax revenue." He went on to say "There is no way on earth by which any government, Labour, Tory, whatever you like, can have sub-

stantial increases in public expenditure without putting a substantial increase in tax burden on the average working man and woman. Either the Government has to spend less or tax more."

At the Conservative Conference in the following week, Sir Geoffrey Howe, Mr. Healey's opposite number, gave as the first task for a Conservative Government the need to cut the size and cost of government. "This has got to be drastically reduced. At the moment there are fewer workers, more bureaucrats, fewer profit makers, more law makers, fewer taxpayers, more tax spenders." **Sir Geoffrey described this as a prescription for disaster. He promised that if the Government chose to act to cut public expenditure this would have "unflinching Conservative Support".**

Sir Keith Joseph pointed out that only a year ago he had been denounced for asserting that inflation destroyed jobs and halted growth and social services. Yet what he said then was now being said by Mr. Wilson, Mr. Healey, Mr. Foot and Mr. Jack Jones. He concluded—"Events are our allies in dragging socialists to the common ground of reality".

For the sake of the future of Britain we sincerely hope that he is proved right.

? 1951-1974 ?

How we've changed!

In a little over twenty years . . .

- * The United Kingdom population has grown by almost six million.
- * The percentage of manual workers entitled to three weeks or more annual holiday has risen from 1% to 98%.
- * Owner-occupiers have increased their share of the stock of dwellings from 29% to 52%.
- * Road vehicles licensed have jumped by almost 13 million to 17½ million.
- * Persons found guilty of violence against the person have increased from just under 4,000 a year to 33,000 a year.
- * Output of petrol refineries has gone from 15 million tons a year to over 100 million tons a year, while annual coal production has fallen by more than a half.

A pocket-sized card is available from the Government Statistical Service, free of charge, entitled "*United Kingdom in figures 1975*". It spans the years 1951, 1969, 1973 and 1974 at a glance with around 100 key sets of statistics. In addition this year's card includes a section on the nation's accounts 1974.

AUSTRALIAN CANNED FRUITS— BRITAIN AND THE EEC

by A. E. Mason

Overseas Representative—Australian Canned Fruits Board

It is unfortunate that since Britain has joined the EEC, she has experienced the worst economic recession since the 1930s. It would be unfair to apportion the blame either directly or indirectly to European membership for there are a host of reasons, and theories, for Britain's plight but surely one contribution to the general malaise must be squarely recognised and that is the loss of cheap food supplies at preferential rates from the Commonwealth countries and South Africa. It is true to say that Britain is not alone in her voyage through economic depression; both the western nations and those that are labelled as "developing" are all floundering in the same turbulent sea to a greater or lesser extent, but Britain of all the industrialised nations is the hardest hit and has to climb back over the toughest route and the loss of reasonably priced food has altered the lives of every British family.

Sacrifices of many kinds will have to be the order of the day on the long road back to recovery and the measures needed are going to have, and indeed already have had, a deleterious effect on consumption of a great many items of foodstuff, even those which previously had come to be accepted as everyday familiar items of diet. Already such foods as corned beef, canned salmon and fresh fruit have qualified in the luxury class and more will surely follow. Britain is still one of the largest and richest of the world's consumer markets and remains a major bulk importer of food and cut-backs in consumption of any kind have an undoubted boomerang effect. Therefore a great many countries outside the EEC stand to face the cold draught of Britain's economic drive to regain her former solvent position.

Canned fruits from Australia have felt the weight of all of these great changes in Britain and in addition Australia is itself in the throes of an economic recession with its all too familiar pattern of spiralling costs and shrinking markets. The canned fruits industry in that country, a large part of whose livelihood depends on overseas markets, has had to face-up to increased processing costs, increased prices of raw materials such as tinplate and fibreboard for the manufacture of cartons, escalating freight rates, higher costs of labour and the variations of world currency, in particular the downward path of sterling which has meant over a span of years a disappointing loss in returns for all Australian processors and growers.

Imposition of High Tariffs

The barriers erected by the EEC against third country supplies of canned fruits have already made themselves felt throughout the Community. Consumption in 1974 over the previous year in the main importing European countries, the UK and West Germany, fell by approximately 25% and 20%

respectively and although this icy draught cannot be wholly attributed to import duties they have undoubtedly played a major part in discouraging sales in these two important outlets for Australian canned fruits. Undoubtedly a lowering of the high level canned fruits tariff of 24% would go a very long way to re-establishing the commodity in Europe to its former position at a price the European can better afford.

I would like to repeat to the point *ad nauseam* that there is absolutely no justification whatsoever for the imposition of such a high tariff wall against third country processed fruits by the European Community. The sub-continent of Europe will not be able to produce for many years to come sufficient quantities of canned apricots, peaches, pears and pineapples and derivatives thereof to be anywhere near self-sufficient in these particular foods. Recent statistics indicate that the EEC is processing 20% of its canned fruit requirements at the very most, and this includes the total Greek production of peaches although Greece is not a member of the Community but enjoys advantageous terms. Surely then should not the European Commission in order to keep down the cost of living for its members take a hard look at its present tariff structure with the object of wiping out the anomalies which undoubtedly exist. In the formation of any new enterprise mistakes and miscalculations are bound to be made, but wise government will correct its transgressions in the light of experience. I submit to Brussels that there is a case for a reduction in the Common External Tariff as it is applied to third countries' canned fruits preserved in syrup.

Further Barriers to Trade

The Common Agricultural Policy of the EEC includes an import licence and surveillance system and canned peaches, pears and apricots are involved. The purpose is to provide Brussels with a machine whereby a control of imports can be exercised when it is considered necessary. In addition a proposal to subject peaches and pears to a minimum import price is retained should its use ever be considered to be justified. As already outlined, the threat to the Community from third countries of large quantities of cheap imported canned fruits is non-existent and such controls in this area are unnecessary but given that the system must be all-embracing from the Commission's point of view, the inclusion within the surveillance proposal of a threat to institute a minimum import price for canned fruits is totally incomprehensible. The importer in any case sees import licensing as just another barrier to trade amidst a sea of bureaucratic legislation which adds to costs and puts up prices but he views with absolute apprehension the possibility of minimum import prices which from experience he knows will only add further to the cost of living in the final reckoning.

The United Kingdom is still Australia's main market for canned fruits, taking in normal circumstances nearly 70% of her export, therefore the burden of high tariffs, deposits on imports and the overall costs to the

importer of EEC legislation falls most heavily on the British consumer. The heavy content of import duty in the retail price finds its way to Brussels, which means that the British consumer is subsidising his EEC neighbours every time he buys a can of imported fruit.

Notwithstanding the injustices inherent within the EEC system and despite the difficulties of marketing at the present time, Australia still sees the UK as its major market place continuing to demand the largest proportion of her canned fruit exports. Learning to live with the new conditions, however, is proving a hard lesson for the producers and the industry foresees a contraction of its export business. Britain, however, may rest assured that high quality canned fruit from Australia will continue to be available even though unhappily in reduced quantities.

DAVID AND GOLIATH

In a leading article entitled "Unequally Equipped for Battle", "The Times" likened the two umbrella organisations in the referendum campaign to "David and Goliath". The analogy is apt, for it is made abundantly clear from the Comptroller and Auditor General's report on the accounts of the two organisations now published that the Britain in Europe organisation was more than adequately provided with funds, largely donated by industry, amounting to £986,000 compared with only £8,600 received by the anti-marketeers.

The totals actually spent were pro-market campaign £1,481,583—anti-market campaign £133,630. While Britain in Europe paid £136,000 in remuneration to people employed, the National Referendum Campaign paid only £2,928. Travel and administration cost the former group £157,393 while only £496 was spent by the NRC. Similar disparities appear throughout the accounts. Mr. Edward Heath heads the list for travel and administration expenses incurred by individuals, he spent £1,306 plus £1,482 for research.

Sir Con O'Neill, director-general of Britain in Europe received £7,000, while the National Recovery Campaign depended almost entirely on voluntary effort as is shown by the figure of £2,900 for its total salary bill.

When one considers the wide disparity between the resources available to the pro- and anti-market campaigns, the result showing 17,378,581 to the winners and 8,470,073 to the losers—the outcome is not surprising. "The Times" poses the question "Did the winning side get many of its extra votes by virtue of money and the machine, or did it get the money to build the machine by virtue of its possession of the better cause?"

An examination of the list of 297 donors to the Britain in Europe campaign shows that those who provided the bulk of the funds for the pro-marketeers were big companies and the City. Perhaps this provides the answer to the question posed by "The Times".

COMMONWEALTH AGRICULTURAL SOCIETY CONFERENCE

by J. D. F. Green

The Seventh biennial conference of the Royal Agricultural Society of the Commonwealth which was held at Aberystwyth in July highlighted many of the problems of contemporary farming in both developed and emergent countries and provided a good example of the mutual understanding that exists between peoples of the Commonwealth. Delegations from Eastern and Western Canada, New Zealand and the Australian states were joined by those from Kenya and Jamaica. The UK was represented by its own Royal Agricultural Societies, the Royal Agricultural Society of England, the Highlands, the Royal Welsh and the Royal Ulster. The host country was Wales.

The Royal Agricultural Society of the Commonwealth was set up in 1957 by the Duke of Edinburgh. It comprised originally the Royal Agricultural Societies of the old Commonwealth, many of which were old established. The first conference was held in Sydney. Since then conferences have been held at Cambridge, Toronto, Nairobi, Edinburgh and Christchurch, New Zealand in 1973. An undoubted element in the success of the meetings has been the sustained interest of Prince Philip himself who has attended on every occasion and participated personally in the discussions.

Land Utilisation

The theme of this year's conference at Aberystwyth was Land Utilisation. However, the note of doom that surrounded every issue was the dwindling resources of energy which are required to sustain a modern agriculture. Not only the power units on the farm but the fertilisers and weedicides are all based on the petro-chemical industry. Even if the limit of these products has not been reached before the close of the century, the price may well be outside the range of the farmer if food is not to be prohibitive to the consumer. Sir Emrys Jones, Principal of the Royal Agricultural College at Cirencester, said that he was already having to impress on the present generation of students the fact that by the time they were fifty they could well be forced to farm without oil. The more sombre aspect of this situation was that shortly after the close of the century the world's present population of 4000m. could have doubled while the cultivable land area could have retracted. The present loss of land to agriculture in the UK is currently some 80,000 acres annually.

Meat—A Luxury?

All this drew attention to the energy account. Actually agriculture only uses 4% of all fossil fuel energy, but this represents 2½ times more than the energy that remains in the food we eat. Nitrogen which has been the main cause of world cereal production having doubled between 1942 and 1973, and indeed having outstripped population increase, is comprised of two-thirds non-solar energy. When we come to animal products the position is even

more bleak. Only 6.3% of the energy from all sources that is fed to animals is recovered as human food. This could well mean that meat could become the purest luxury only enjoyed by a rich minority if such still exists. At present a high proportion of the protein diet of the developed world comes from livestock that have been fed by vegetable proteins imported from developed countries. How long will this continue? Already 80% of the world's protein is eaten by 20% of its population.

Clearly in this account the grazing animal has a marked advantage over the single-stomached animals like pigs and poultry and even the ruminant itself if intensively fed in the feed-lot. Logically the only role for pigs and poultry would be as scavengers or agents of fertility and yet of all the developed world's dietary increases, poultry, and poultry products, is far the greatest, showing an increase of over 700% since the War.

More Solar Energy

In this context it could be argued that game could be farmed more extensively and animals like buffalo and reindeer and their crosses, developed to make greater use of marginal areas of the world's surface. At present only 30% of this is grazed and little of it intensively. At any rate it seems certain that more of the cultivated land which amounts to only 11% at present will be used for crops for direct human consumption with a particular increase in vegetable proteins like soya bean which continues to have but poor prospect in Britain's climate. More nitrifying crops like lucerne, lupins and clovers will have to be included to cut down the deficit in the nitrogen account. Sweet lupins are already an exportable grain in Western Australia. The far-fetched possibility still exists that science may induce a further range of crops to trap atmospheric nitrogen so that more solar energy can in that way be utilised. In any event the keynote of agriculture in the future will be cutting back on the fossil fuel energy account.

Mixed Farming

Consequently these thoughts led the Conference to consider the virtues of Mixed Farming. Monoculture has produced many problems of crop health in many parts of the world. In our own case, Take-all which is the common penalty for continuous wheat and barley growing can in large measure be overcome by pushing the crop with nitrogen. This clearly is not a happy solution in the present circumstances. Other disease of both temperate and tropical crops can be overcome by genetic adaptations but this can be both costly of research and often impermanent. Pathogens like all living beings have a thirst for survival and only too quickly develop immunities that frustrate the chemist and plant breeders alike. The mixed farmer who rotates his crops, keeps one class of animal with another and even mixes the varieties he grows, creates such a state of uncertainty that the organisms of disease become themselves frustrated. However, the problem this poses for large-

scale systems of agriculture is one of management. Too many lines of activity mean too many day-to-day decisions and certainly in the economic field greater difficulties in marketing. Most of the agriculture of the New World is monocultural, whether sugar, cotton, wool or wheat, and it was this system that had put rotational agriculture at such an economical disadvantage at the turn of the century.

The Human Element

An aspect to which the Conference paid particular attention was the human element. In the developed countries the labour force engaged in agriculture was small, 3.5% of the population in Britain, while in underdeveloped countries like India it was as high as 70%. This obviously had important political repercussions. It raised the question whether intensive mechanisation and increased output per man was the correct solution for underdeveloped countries. It was doubted by delegates from these countries whether their own urban masses could be induced to go back to the land, but it was thought that those already on the land could be helped to raise the rural standard of living so that there would be less incentive to leave. It did not mean slavishly following the example of developed countries in seeking to achieve at any social cost the highest output per unit of labour. There was a notable difference of opinion about the virtues of private enterprise and the degree of socialisation and land reform that was required as this was represented by delegates from Australasia on the one hand and Jamaica on the other. This of course is to be expected from situations where there was initially no rural labour force and former plantation countries into which hand labour had been originally augmented. Notwithstanding it is important to bear in mind that cheap food for urban consumption anywhere can only be achieved by a technically proficient agriculture.

FORAGE-FED BEEF COULD ANSWER SHORTAGE OF WORLD FOOD

A Report from Canada

Cattlemen, consumers and the world at large could benefit substantially if domestic beef cattle were fed less grain and more processed forage, suggests a background study released recently by the Canadian Food Prices Review Board.

The study, first in a series related to the Board's work on food policy, was prepared for internal consideration and is being released to the public as a means of stimulating discussion.

The document argues that world hunger is not the result of physical food shortages. Instead, the authors say that the world can and does produce enough food for everyone and will continue to do so into the immediate future.

Results of study

The reason for their conclusion is that livestock inefficiently converts grain into meat. Each 100 pounds of grain fed to animals yields no more than 40 pounds, and in many instances, as little as six pounds of additional food for human consumption. Total food supply, then, is reduced as more grain is fed to animals. By feeding animals forage, rather than grain, much more food would be made available for human consumption, provided the land used to grow the forage is not suited to growing grain. Internationally, for instance, the move to greater meat consumption has meant that as much as one-third of all grain produced is used as animal feed, an amount sufficient to supply the current food requirements of China and India combined.

The authors do not suggest that beef or meat consumption be reduced. Rather, they argue that supply of both meat and grain for human consumption could increase if animals were fed forage, particularly processed forage, since forage can be grown on land not suitable for grain crops.

For cattlemen, a switch to processed forage feeding could substantially cut the current high cost of feeding grain to animals. For consumers, the move would mean little, if any, change in the taste of beef and could mean an improvement in nutritional standards. Forage-fed beef has lower saturated fat and higher vitamin A content.

The research results cited in the report demonstrate that appropriate grinding of grasses and legumes substantially enhances their value as feed rations. Ground forage has a much greater surface area, which allows it to be digested faster and more efficiently than its unprocessed equivalent. Weight gains of more than two pounds a day are clearly possible.

Government direction needed

Although forage production and feeding research indicates that it would be technically feasible, the study says a major conversion to forage feeding hinges on future market conditions and the direction of government policies.

Governments could enhance the move to substitution in a number of ways: by increasing support for agricultural research into forage production and feeding; by eliminating fat colour as a grade determinant for beef, a move which would end the current discrimination against the yellow fat produced by forage-fed beef; by removing any financial disincentives to the production of forage-fed animals.

—From "Canada Weekly"

INTERVENTION STOCKS

In Written Answers on 13 October Mr. Bishop said that the total amount of skimmed milk held in storage by EEC intervention agencies at the beginning of October was 1,038,000 tons. Total stocks of beef held by intervention agencies at the end of September were approximately 250,000 metric tons.

BRITAIN'S ECONOMIC CRISIS

During the Summer an all-party group has been at work attempting to draft a programme to meet the current crisis. The following document is the result and is open to comment.

Introduction

As a Nation, Britain is faced with an economic and social crisis of such great severity that it is proving a real threat to our freedom, the rule of law and even our democratic existence. At the same time, new centres of power outside the present political and local government structures are evolving. This can be a strength so long as the initiative is harnessed in the right direction.

To recover from our economic difficulties the Government must give a determined and credible commitment to the conquering of inflation. To do this successfully they must not only recognise their own significant contribution to inflation but they must also carry through policies in other fields which already have the support of thoughtful people of all political persuasions. Within this framework it is essential that incentive is given to those who directly and indirectly create the real wealth of the country and that we set out to restore confidence in Britain.

The Government must immediately implement realistic policies free from party and sectional bias, party political demarcations and vested interests. At the same time they must adopt measures which have the consensus of opinion. Only then can they ensure the continuity of policy that is essential to provide the stability we require.

There is widespread agreement for the following broadly based policies:

Prices and Incomes

To allow for the necessary time for the introduction of long-term policies to contain inflation we must support legislation which will drastically and effectively restrain prices and incomes.

Public Spending

Recognition that public expenditure on both current and capital accounts has persistently exceeded revenue in the past years. Ever larger deficits have been financed by borrowing from the banking sectors which have automatically expanded the money supply thus fuelling inflation.

Financial management of the National Exchequer is now, in practice, in the hands of the Treasury and the Executive. By amendment to the National Loans Act, 1968, public finance can be brought under strict control by accountability to Parliament for all public spending and all public borrowing which must bear some direct relationship to our Gross National Product.

Unemployment

Recognition that temporary unemployment is a phenomenon associated with the technological change in methods of production. To deal with this a greatly expanded programme of re-training facilities is needed. Firstly, to provide continuity of income for those who must change their employment and, secondly, to supply the skilled manpower which industry needs for expansion. To maximise real growth every citizen regardless of sex, race, colour or creed must have an equal opportunity.

Savings and Investment

Much greater encouragement must be given to those who attempt to provide for themselves by fiscal means and also to those who save by the extension of index-linked bonds.

To satisfy the immediate need for a massive increase in industrial investments and ensure a strong and healthy industrial sector Government should be prepared, in addition to other measures, to underwrite bank loans to productive industries until such time as they become self-supporting. At the same time, the investment rebate should be re-established for development areas of the country.

Taxation

The reform of the existing system of taxation with the introduction of a tax credit scheme based on the Government's Green Paper issued in 1972. At the same time the gradual reduction in direct taxation with the effect of providing the necessary incentives to greatly expand the output of goods and services.

Industrial Relations

The unquestionable need to establish a new industrial system appropriate to Britain which would embrace all sections of industry; this would include the provision of works councils, greater involvement of middle management, progressive elimination of restrictive practices on both sides of industry, the possible introduction of a new Industrial Relations Act and, above all, the accent must be on greater communication and understanding.

The recognition of the need to provide an industrial and social forum closely linked with Parliament incorporating the consumer as well as both sides of industry.

Trade Unions

To ensure that trade unions can play a full and responsible role in industry there must be mandatory secret ballots and postal votes for the election of officers in union and associated professional bodies; thereby ensuring that those elected will be speaking on behalf of the majority of their members and not only a vocal unrepresentative minority.

Electoral Reform

To ensure continuity of policy, and at the same time reduce the excessive influence of the extreme elements of society, the Government should commit itself to the introduction of a system of electoral reform which will provide for a more representative government. The final decision as to which system should be adopted must rest with Parliament and could be arrived at through a Speaker's Conference.

Education Programme

An education programme should be introduced to make the public aware of the significant role they, as individuals, play in the future of the country. Emphasis must be made on the undeniable fact that the increased standards of living are dependent on increased production of wealth. Increased money incomes unrelated to increased output only cause the cost of living to rise, with the consequent debasement of the currency.

TOWARDS A NEW INTERNATIONAL ECONOMIC ORDER

A group of Commonwealth experts have produced an Interim Report under the above title, which has now been published by the Commonwealth Secretariat. It sets out their findings on a comprehensive and inter-related programme of practical measures directed at closing the gap between the rich and the poor countries as had been requested on 6 May 1975 by the Commonwealth Heads of Government meeting at Kingston.

The first problem dealt with the alleviation of poverty and the report suggests a programme of measures which would at least arrest declines in standards of living in the poorest developing countries and accelerate the rates of growth in the rest of the developing world.

The report goes on to examine commodity arrangements, trade liberalization and access to markets, economic co-operation among developing countries, food production, industrial co-operation, transfer of resources and the importance of invisibles.

Commonwealth Ministers meeting in Guyana in August 1975 gave the proposals general endorsement and agreed that their early implementation would constitute a first step towards achieving the progressive removal of the wide disparities of wealth now existing between different sections of mankind.

THE COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

The Commonwealth Fund for Technical Co-operation (CFTC) is a voluntary scheme for economic development, subscribed to by all Commonwealth governments, and administered by the Commonwealth Secretariat. Its purpose is

to provide technical assistance—chiefly advice, experts and training facilities—to meet the priority needs of Commonwealth developing countries. The Fund works in close collaboration with the various divisions of the Secretariat. Besides helping independent members of the Commonwealth, the CFTC assists associated states and dependent territories and supports the work of Commonwealth inter-governmental agencies.

The CFTC is not a traditional aid-giving agency operated by the wealthier nations, but a co-operative endeavour among all its members. Its management structure and its method of financing are devised to match this aim. The Fund's resources are subscribed by annual contributions, in convertible or non-convertible currency. The largest contributors are Canada, Britain, Nigeria, Australia and New Zealand; the Canadian arrangement for matching on a two-for-one basis the contributions from developing members, up to a given ceiling figure each year, and the British arrangement to provide 30 per cent of total expenditure, also up to a stated ceiling, offer an incentive to developing countries to increase their contributions.

“NO” TO NATIONALISATION

A brief pamphlet recently published* claims that survey of the opinions of trade unionists and other workers show that the majority of working people are opposed to further nationalisation. They say “Over the years the verdict of the workers on nationalisation has been consistent. There is no mistaking what they think. Their attitude cuts right across party frontiers”.

Various polls have shown that 52.57 per cent of those questioned opposed nationalisation, while those for it ranged from 18 to 36 per cent. In one poll 52 per cent of trade unionists regarded nationalisation as a failure and only 28 per cent thought it a success. When asked whether they would like to see their own company nationalised, 67-72 per cent of employees replied “No”—as did more than half the Labour supporters questioned. Even in ship-building, where 38 per cent of the workers favoured nationalisation of their industry, 52 per cent were against.

* “Let's Back the Workers on Nationalisation”. Published by Aims for Freedom and Enterprise.

THE ANNUAL GENERAL MEETING

of the Commonwealth Industries Association Limited will be held in Westminster on Tuesday 8th December 1975 at 6.30 p.m.

Members and Subscribers wishing to attend this meeting should apply to the Secretary, Commonwealth Industries Association Ltd., 6/14 Dean Farrar Street, London SW1H 0DX for details.