BRITAIN & OVERSEAS

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

Vol. 6 No. 3 Summer 1976

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Published quarterly
Editor: Edward Holloway
Published by Commonwealth Industries Association Ltd.,
55 Park Lane, W1Y 3DH

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

THIRD WORLD POVERTY

Need for a Comprehensive World Approach

by
Sir George Bolton

An abridged version of a Paper entitled 'A Comment on the Future of Commodities'

One of the least understood problems in the world today is the divergence of the trends of population growth and food production. The world's production of foods is by no means increasing at the same pace as the population of hungry people; starvation on a vast scale may be inevitable unless some real advance in comprehension and intent is achieved by the richer and politically stable countries.

The production and distribution of essential foods is no longer a matter to be left solely to market forces. The Western countries need to devise world plans to finance the production of foods wherever it can be done efficiently; while there is still an imminent threat of world shortages the industrial countries should subsidize their own domestic production — as Britain did very efficiently before joining the EEC. The rich countries should perhaps concentrate their aid to the Third World on agricultural development and food processing.

Intelligent policies should not artificially stimulate high-cost agriculture if this were detrimental to the trade of low-cost producing countries; nor should such policies include subsidizing inefficient peasant farmers in Europe. **Most emphatically Europe should be freed from the insane EEC practice of "intervention" buying with its inflationary effect of food prices and its gross misuse of taxpayers' money in creating unwanted surpluses of high-cost produce.** There might be a slight justification for this absurd practice if the surpluses could be given to famine areas in the Third World, but there is no certainty that the produce in surplus would be useful; starving people are more in need of cereals and vegetable protein than of butter, dried milk and frozen beef.

Since there is no likelihood of devising universally appropriate food policies based solely on commercial considerations, and it remains impossible to reconcile the aim of abundant supplies of cheap food with the adequate remuneration of producers, the gap can be bridged only by subsidies—that is, in effect, by the taxpayers of the rich countries. In some countries — notably Britain, for example, the population has financed agricultural output by means of taxes, rather than by high price without serious objection.

The major obstacle to any extension of this principle is that in most of the industrialised countries taxation is already so high and state intervention in the economy so pervasive that new subsidies could be introduced only at the expense of several sacred cows.

The eradication of Poverty

The principle of international taxation — or taxation for international aid — was discussed last November by President Julius Nyerere at the Royal Commonwealth Society. He expressed the view that the current concept of "aid" as a form of charity was mistaken; it tended to reduce the receiving countries to the status of beggars. He pointed out that there was no system for the international transfer of wealth comparable with the national systems of most countries, whereby the poor receive assistance by right and the well to do pay taxes as an inescapable obligation. He added:

> "In truth, the problem of poverty, and of the national dependence and humiliation that goes with it, will only be tackled at its root when the endless pursuit of economic growth for the sake of growth ceases to be the major objective of national and international policies. The objective must be the eradication of poverty, and the establishment of a minimum standard of living for all people."

There are obvious difficulties inherent in further taxation, but much of the finance needed to improve the agricultural and industrial productivity of the Third World has to be provided by Western Europe and North America in one form or another; resources of some kind have to be transferred. President Nyerere's notion of a system of taxation is preferable in many ways to the current method of giving "aid" in the form of loans. The Third World as a whole — petroleum exporters excluded — is already in debt to the rich nations to the extent that many, if not all, of the debtor countries may be unable to meet the services of their foreign debt.

The weakness of this situation is that, in order to maintain an atmosphere of confidence in the bond markets and banking systems of the western world, governments and central banks have encouraged the rolling-over or the re-financing of maturing debts and accumulated servicing obligations. These arrangements are sometimes accompanied by new loans to finance some aspect of industrialisation.

Growth of Third-world Indebtedness

The result, for the relatively poor developing countries, of this accumulation of indebtedness is that the servicing of it absorbs an ever-rising proportion of their foreign exchange earnings — amounting to as much as 25 or 30% or more — leaving an inadequate margin for imports. Every time accumulated debts are re-financed the short-term obligations concentrated in the immediate future are spread out over a few more years and a balance

of payments crisis is averted, but the debt inevitably grows in the process of re-scheduling.

The relentless growth of the Third World's indebtedness — in the absence of any indication that it will begin to decline — is creating an atmosphere of uncertainty that could become a financial crisis affecting the whole of the Third World as soon as a few of the more notorious debtor countries become insolvent.

In a world situation of inadequate food supplies to meet demand the real or economic prices of food must be high. It may seem to international organisations advisable to subsidize food exports to the Third World, if only to slow down the rate at which the debt increases, but the factors of demand and production costs will inevitably cause prices to rise throughout the world. The basic pattern of food prices will be one of the determining factors in the prices of other primary commodities and industrial raw materials of all kinds, and upward pressures must be expected. An enormous rise has already taken place in the price of oil and as this rise has to a large extent been absorbed and an increase in consumption is now in progress it seems unlikely that oil prices could fall.

In the current circumstances of world inflation it is hardly surprising that there should be talk of the producers of several important industrial raw materials seeking to emulate the organisation of Petroleum Exporting Countries (OPEC) and to force prices upward. An example is the Conseil Intergouvernemental des Pays Exportateurs du Cuivre (CIPEC), but neither this nor any other group of exporters is likely to be able to repeat the performance of the OPEC — partly because the unsubstitutable role of petroleum in the industrial world is unique, partly because the methods by which petroleum is marketed and distributed enable price changes to be made very easily, and partly because the OPEC countries remain cohesive as a group and also control a very large part of world production.

Price Fluctuations

It is true that there have been some remarkable market price rises in recent months, considerably above the general rate of inflation, particularly in the base metals; these rises have not been the result of concerted action by the producers, but rather the consequence in Western countries suffering from inflation of a general speculative flight from money into physical goods. Situations of this kind can arise in free markets, such as the LME, where the brokers determine prices and producers exercise little influence; it is, however, most unlikely that price rises on the markets would ever approach those dictated by the OPEC to the international petroleum companies.

The many attempts in the past to devise and operate commodity agreements, buffer stocks, and other means of avoiding excessive or speculative price fluctuations, have necessarily been based on compromises

designed to reconcile the conflicting interests of producers and consumers; such agreements; by their nature, cannot succeed in stabilising more than short-term price fluctuations; they obviously cannot affect price trends resulting from changes in the balance of long term supply and demand. Such agreements have also suffered from the weakness that they attempted to group all producers' interests together, which gave an often misleading impression of homogeneity or of a capacity among the producing nations for concerted action—which in practice they have seldom had.

Absence of Common Policies

The absence among the developing countries of common policies, of agreed strategies, of real solidarity, and even of elementary communications and consultation, may be seen in the actions of the OPEC. By precipitating a recession and accelerating inflation in the western industrial nations, the petroleum-exporters were hardly doing a service to the developing countries dependent on exports of metals and other industrial materials. There is little to suggest that the new wealth of the OPEC countries is being channelled into the economic development of less well endowed Third World countries; it seems, rather, that the Arab countries in particular are more interested in ensuring their own future and in acquiring a stake in the industries and services of the rich nations than in, for example, financing improved food production in other developing regions. Current developments in the Sudan is the first example of Arab financial resources being made available to finance large scale agricultural development in Africa.

A conclusion that one reluctantly reaches is that the Third World as a whole cannot be relied on to put its own resources to the best use; that is to say, in financing projects and improvements that can materially raise very low living standards and can lead to social progress. There is little doubt that the collective resources of the developing countries — including privately-owned fortunes — are greater than is commonly asserted, or admitted, but one of the principal features of under-development is the inequality of the distribution of resources and the general lack of institutional machinery, such as taxation, to mobilise resources for the common good.

In other words, if the western industrial economies are to make effective contributions to the pressing problems of the Third World, and are genuinely concerned to achieve a better balance between population growth and food supplies — besides preventing a fall in their own standards — they must thoroughly examine their policies and methods. They must include the developing countries in their deliberations, since without the sincere collaboration of Third World governments all transfers of resources will be futile.

The rich countries should also look very carefully at their own financial attitudes and methods. For example, the traditional machinery for giving

"aid" by means of loans is, as I have tried to show, unsuitable when it leads to a huge accumulation of debts and a burden of servicing that may actually retard a country's progress. Development aid financed by the creation of money is equally undesirable for its ultimately inflationary consequences.

Aid should ideally take the form of gifts, and it should, with the political collaboration of receiving governments, be channelled into essential agrarian development and food production. The giving of aid for agricultural development should be accompanied by the introduction of some common sense into the EEC Common Agricultural Policy.

The most pressing of the food requirements of the world — both developing and developed — are likely to increase more rapidly than the ability of the industrial nations to finance food production in the Third World. They will have to provide the initiative, the political persuasion, the techniques and doubtless much of the finance; but, with stagnant or only slowly expanding economies, their financial; contribution will always be subject to political restraints and can be significantly increased only at the expense of living standards at home.

The material living standards of today's consumer society are probably unnecessarily high, absorb a wasteful proportion of the world's resources and are morally indefensible when seen beside the plight of many starving millions. There is an almost unbridgeable gap between agreeing with these thoughts and actually achieving a change in the attitudes and habits of the western societies it is clear that in Britain, for example, the trades unions are powerful enough to successfully resist attempts to reduce their members' living standards for the benefit of those less well off and there is little evidence to suggest that other sectors of society would be more pliable.

Alienating the Third World

The rich societies, by persisting in a high level of private and official consumption and waste, and by failing to create adequate savings, are not only setting the scene for future food shortages all over the world and higher levels of industrial unemployment, but also alienating the countries of the Third World. **The industrial nations' financial machinery has imposed on many developing countries too great a burden and other means for the transfer of resources are clearly called for; there is otherwise a danger of massive insolvencies or even the repudiation of debt liabilities, either of which would have far-reaching consequences.**

The developed nations need urgently to re-consider their financial and even social priorities and to decide which cherished aims must be sacrificed to ensure tomorrow's food supplies. This also applies to the Soviet Union, which may find it increasingly difficult to borrow capital from the West for industrial purposes and to import food supplies; the massive growth of Soviet military power, which the West has helped to finance, may have to take

second place to agriculture.

The current shortage of capital throughout the world will limit major enterprises and will lead to frictions between the domestic needs of the rich countries and the demands of the Third World.

It will mean that as food supplies become less plentiful and food prices rise there will be greater need to devote capital to the development of sources of supply and to improved distribution; while the capital shortage persists there may be inadequate resources for the development of other primary commodities, and these too may occasionally be in short supply — depending on the pace of industrial activity — and are almost certain to rise in price, reflecting food costs.

The capital shortage will of course persist so long as the western industrial societies allow their consumption to overtake their creation of wealth. The main cause for anxiety is that it may take a major crisis or economic disaster to shake these societies out of their complacency.

HONEST MONEY

A booklet to be published by Aims for Freedom and Enterprise* sets out the case for the creation of a Currency Commission. This proposal was given prominence in *The Times* of April 15 by Mr. Peter Jay, the Economics Editor. In this article Mr. Jay proposed the appointment by the Crown of say, seven commissioners for periods of 10 years, terminable only on death, resignation or impeachment by Parliament itself. This Commission would be required by statute to regulate the growth of the money supply so that in no 12-month period does it depart by more than two percentage points from the long-term growth in the productive potential of the economy as estimated by a suitably designated advisory body of competent economists appointed by the commission.

The author of the pamphlet points out for the past 50 years Britain has suffered from the effects of monetary disequilibrium and quotes Sir Arthur Bryant — "If in a free society anything goes wrong with its financial system, everything else will go wrong, and freedom itself will be brought into disrepute and endangered."

The Basic Weakness

This situation has arisen says the author of the pamphlet because "at the centre and core of the economy there has been a piece of elastic. Although we have had what is called a 'managed economy' there has, in fact, been no body or authority properly authorised or competent to regulate the flow of new money and credit into the system. This has been, and still is, the basic weakness of Britain in the post-war world."

In support of this view he quotes the National Loans Act of 1968 which gave the Treasury full discretionary powers not only to finance capital expenditure out of current revenues, but also, when expenditure by the Exchequer exceeds its revenues, to cover public sector deficits by raising the money 'in such manner and on such terms as the Treasury think fit'. Thus, in 1968, the Treasury were given powers to overspend the total revenue of the State from taxes, rates and other levies and to finance the resultant deficit in our public financing by raising money in any way they thought fit. "Such an outcome," says the author, "would have been impossible if a Currency Commission had been in existance at that time."

Controversies in 19th and 20th centuries

The pamphlet goes on to refer to the monetary controversies of the 19th century and shows that David Ricardo, Sir Robert Peel and Robert Torrens all supported the idea of a Currency Commission prior to the passing of the Bank Charter Act in 1844.

Moving to the 20th century, the author quotes from the writings of Professor Irving Fisher of Yale University in support of the Currency Commission idea. He also quotes from "Planned Money" written by Sir Basil Blackett in 1932 — "The purchasing power of the medium of circulation depends solely on the relation between the quantity in which it is available and the work which it is at any given moment called upon to perform. If a currency system is to satisfy public requirements there must be no suspicion of its volume being liable to be arbitrarily increased to finance government expenditure, that is, the Government must balance its Budget and other outgoings either out of taxation or from loans duly subscribed for by citizens out of current savings and must be precluded from calling upon the Central Bank to print additional notes simply to meet a government deficit. Not only would any such suspicion militate against public confidence in the currency, but the Central Bank could not perform its function of managing the currency and regulating its volume according to the economic requirements of the country if it were liable for additional notes based, not on economic considerations, but on the exigencies of government finance."

Referring to the Radcliffe Report on the Working of the Monetary System published in 1959, the author contends that the findings of this committee failed to recognise the need to regulate the supply of money. They seemed dominated by the belief that the velocity of circulation made it impossible to regulate the money supply in any meaningful way. "Yet," says the author, "a study of monetary history shows clearly that given a reasonably stable economy the velocity of circulation of money settles down to an established pattern."

A Stable General Price Level

As a means of checking whether the Currency Commission was achieving the desired results the author suggests that this would be shown by the fact that the stability of the general price level would be maintained. He says — "In fact, the price index would be the most important guide, indicating the need for alterations in the money supply. If the general level of prices tended to fall beyond a certain point, the indication would be for an increase in money supply; equally, a tendency for the general price level to rise above a certain point would call for a slowing down of money creation. The aim should be to maintain the existing general price level, not to revert to some former level, whether higher or lower."

It is not claimed that this reform would solve our problems, it would only be a first step. The need is also to encourage the output of goods and services by creating an economic climate in which the producers of wealth are given incentives and encouragement to produce more of the goods and services we require. This means that "fiscal policies must be changed to give such incentives and the increasingly high proportion of the GNP taken by the government must be progressively reduced."

Reports appearing in the press that money supply is again rising sharply underline the need for an urgent examination of the need to establish a Currency Commission along the lines suggested in this pamphlet.

* *Honest Money: The Case for a Currency Commission by Edward Holloway, Aims for Freedom & Enterprise 25p. (copies available from Commonwealth Industries Association).*

THE RHODESIAN DILEMMA

Specially contributed by Edmund Nelson

In 1962 the white electorate of Rhodesia made a far reaching decision. At this time most of the old Colonial countries had obtained their independence under black Governments. This included both French and British possessions. The upheaval in the Congo, under Belgian rule, had resulted in thousands of white refugees fleeing across the border into the Federation of Rhodesia and Nyasaland. This in itself was sufficient to give considerable concern to the Europeans living there and when a new political Party, called the Rhodesian Front, canvassed with the slogan "Time for a Change" it was returned to power with an overwhelming majority. Sir Edgar Whitehead's United Federal Party was left in disarray. It had dared to ask the white electorate to accept the inevitable, of a black majority in ten to fifteen years time. It had talked about the removal of racial discrimination and getting more black voters on the, then, common voters role. It even suggested the possibility of black Government Ministers. There had been no talk by Whitehead of integrating the schools but R.F. posters played on the emotions of the mainly white electorate. An example was one simply showing the white and black legs of school children playing together. Nothing more. But it said more than words, working on the colour prejudice of the whites.

Then came the Unilateral Declaration of Independence by Smith's Rhodesian Front Government in 1965. "A nine days wonder," Smith said. "It won't last six weeks," said Wilson.

Life goes on!

Now in 1976 Rhodesia is world news. Here we have become fully conversant with such expressions as "hot pursuit" and "ters" meaning the black terrorists. Yet life goes on in Salisbury, Bulawayo, Que Que and Gwelo as if nothing much had changed. Perhaps the Umtali resident may feel differently, after the rocket and mortar attack recently on their town. Who knows?

What is known, is that sanctions are really now beginning to bite. That Rhodesia is short of foreign exchange and that it is also being affected by the world recession. That the cost of the security forces is escalating and that the white Rhodesians are worried.

And yet one cannot but admire the tenacity and determination with which everybody seems to face the future. It is a great tragedy that neither the West nor the Third World seem to think the cause is a just one. But there is much in the argument of Mr. Smith that early majority rule would bring chaos to the country. Even if a Black Government took over in two years time, with a peaceful transition, there is no doubt that the progress achieved, even since U.D.I., would stop.

A Thriving Country

Black Governments are notorious for their inefficiency, corruption and inability to understand the simplest rules of power. Rhodesia has progressed to its present prosperity by the know-how, honesty and hard work of its white population. That this could not have been achieved without the labour provided by the black people is acknowledged, but it has been the drive, money and dedication of the whites that made Rhodesia the thriving country it became in the days of Federation.

Most of us who came here after the war, still find it hard to believe that in 1890 the land was occupied by about 500,000 tribesmen living in mud huts and nomadic in their outlook. Now they amount to 6,000,000, many working in beautiful cities such as Salisbury or Bulawayo, with a very high standard of life compared with many of their race in black run African states to the north.

Is it too late now for a peaceful solution? When Sir Edgar Whitehead left Rhodesia after U.D.I., in disgust, he said that Rhodesians will live to bitterly regret their decision. Is his prophesy coming true? Or do they still think that 'Smithy' will see them through?

I feel that so long as Mr. Smith is led by his R.F. Party the future is bleak. But if he is able to throw over his right wing supporters and accept the moderate non-racial views of the two opposition parties he may have a chance. With the help of Britain and America he could possibly thrash out a programme, which would result in a national Government for the next few years, with ultimate majority rule by say 1980. If this could be done then the valuable mineral and agricultural assets of Rhodesia could be saved for the West. Otherwise the future is uncertain with the probable acquisition of Rhodesia by Marxist black rulers.

THE ECONOMY OF THE FALKLAND ISLANDS

Specially contributed by F. G. Mitchell

The Shackleton Report published in July is an imaginative and comprehensive survey of the contribution to Britain's economy made by this loyal Colony in the past and of its potential value to a Britain facing restrictions on traditional fishing areas and economic pressure from the oil-producing countries.

The terms of reference excluded questions relating to the political future of the Islands and the report has been prepared on the basis that their status would remain the same as for the past 150 years, a British Colony. There can be no doubt, however, that Lord Shackleton and his team have developed a sympathetic understanding for the problems facing 2,000 British people 7,000 miles away from their homeland. The report recommends British development onshore and offshore but warns that without Argentine cooperation full development, particularly offshore, will be inhibited.

Extended Airfield

Lord Shackleton states that without an extension to the airfield there is strong doubt whether tourism, fisheries and over diversifying industrial potential would be realised to any significant degree. Every Islander and every business interest in the Colony will welcome the strong recommendation that the permanent airfield presently being built by Johnston Construction Ltd. be extended by some 950 metres. Apart from the extension being a pre-requisite of economic development the Islanders would regard it as a tangible sign that Britain believes in a British future for the Colony. The extended airfield would free the Colony from Argentine communications constraints and overcome problems of defence.

The cost of the extension would have to be met by a grant from the U.K. but the figures show that U.K. tax revenue from the Colony since 1951 exceeds U.K. aid over that period if the airfield cost is excluded. Moreover, the Falklands have been contributing to the British Exchequer since 1880 when they ceased to be a Grant-in-Aid Colony. Their exports to this Country bring in £2 million in hard currency annually to Britain and they spend most of it here. If the airfield extension grant is made Britain would be returning to the Colony part of its contribution over the past century and would provide a launching pad for development which would have immeasurable benefit to the U.K. economy. The proposed development programme would cost an estimated £5.4 million over the next five years and the report states that although this appears large in relation to the small population it is appropriate in relation to the resource potential and past transfer of funds to the U.K.

The report covers in great detail the development potential for fisheries, oil and gas, tourism, alginates and agriculture. The fisheries section is a particularly constructive and imaginative survey. It is stated that stocks of krill, a shrimp-like creature, may represent the largest untapped source of protein in the World. The fish species thought likely to be of greatest importance are hake, blue whiting and Falkland herring. It is estimated that the yield of blue whiting alone may be in the region of 1 million tons a year. These waters are already extensively fished by Russian vessels and an estimate of a total of 350,000 tons of fish and krill in six months is quoted from German sources.

Seaweed Potential

A British public company, Alginate Industries Ltd., has surveyed the seaweed potential and regards the area as containing the largest untapped reserves in the World. A licensing agreement has been entered into with the Government of the Falkland Islands and a pilot project established but the Company has been deterred from proceeding to full production because of political uncertainties. If certain assurances and undertakings are given by the British Government the Company would hope to be in full operation in 1980. It is estimated that the initial operation in the Falkland Islands would bring in annually £3m. in foreign exchange to Britain.

A corollary of the airfield extension is tourism which Lord Shackleton estimates has a potential retained gross income for the Colony of £340,000 per annum. Apart from its wild-life attractions the Colony has the appeal to the North American market of a territory 350 miles from South America with an English speaking community and a British way of life.

Oil Exploration

Although a powerful consortium of North American Oil Companies has submitted to the British Government an attractive proposal for oil exploration off-shore the Falklands, the Shackleton report tends to play down the possibilities. No doubt this is wise policy pending the clarification of territorial waters and the acceptance by Argentine that the British claim to the Islands is unassailable in International Law but nonetheless development there will have to be in response to demand. In this particular development most people would agree with Lord Shackleton that participation by Argentina is essential.

In two other potential development areas the report is disappointing. It had been thought that the Economist Intelligence Unit team would recommend the establishment of an off-shore financial centre in the Colony, particularly as they had earlier recommended tax-haven status for another British territory in a similar financial position. The arguments adduced for their point of view are far from convincing.

The recommendations relating to philately have been widely condemned in the philatelic press. If the recommendation of the Shackleton report for the appointment of a dealer as marketing agent instead of the Crown Agents were to be appointed the Falkland Islands would lose their position as one of the top ten collectable countries with severe adverse consequences to their revenue.

Everyone with the future well-being of the Colony and its people at heart will be grateful to Lord Shackleton and his team for producing this balanced report. The team was appointed from outside the Foreign and Commonwealth Office or any other Government Department and this gives added force to the recommendations. Unlike the many previous reports prepared for the Colony this one is likely to be accepted and acted upon by individuals and trading organisations given the backing and support of the British Government. If the British Government does not respond to the report it will have let down the Islanders and missed a golden opportunity to strengthen its own economy.

CORRESPONDENCE

From Mr. Oliver Smedley

I see that Richard Body begins his review of my recent book "What is happening to the British economy?" with the words "The Company of Jeremiahs, that body of pundits convinced that we are moving inexorably towards Armageddon now has many fashionable recruits, yet few will acknowledge Oliver Smedley as a founder member."

I sincerely hope that this is a misprint for I have in fact been predicting the now rapidly approaching doom that is the inevitable result of the policies of protectionism and its concomitant, unsound money, for nearly 30 years.

Incidentally my book, although £2.95 in the shops, is available to your readers direct from the publishers, the Reliance School of Investment, Neville House, Wendens Ambo, Saffron Walden, Essex CB11 4LB, at £2 per copy, post free.

THE BRITISH IMPORTERS CONFEDERATION

What it does for Importers

by E. Ira Brown, Director

Mr. Brown has wide experience of trade associations both here and abroad. He was instrumental in guiding the formation of the BIC which, although only four years old, now represents some 3,500 British importers either as individual members or through trade associations. The Confederation's work in influencing Governments, bankers and port authorities has already born fruit and helped to make importing more efficient.

All those engaged in importing merchandise into the United Kingdom must be well aware of the problems posed by increasing regulations and the intervention of our own and foreign governments in trade.

For years there have been trade associations concerned with the import of particular commodities, some large enough to influence the authorities and some very small but vital to their members. Until four years ago, however, there was no organisation to speak for all those concerned with importing, whether in trade, the ports or in the financial and commercial sphere, to deal with the difficulties suffered by them all and, in some cases, to help with solutions to common problems.

The British Importers Confederation, was established in 1972 and now represents 21 importing trade associations and nearly 500 individuals and companies, covering in all some 3,500 importers. In the four years of its existence the BIC has shown that the combined strength of its members can influence the authorities and those authorities in turn — both government and other organisations — are now consulting the Confederation on matters of concern to importers.

The Confederation is governed by a Council of representative and elected members; and several specialised Sub-Committees dealing with such subjects as ports, shipping, labour, import regulations and finance. The BIC is represented on a number of national bodies concerned with the movement of imports and has close connections with the Commission of the European Economic Community.

Dock Labour Scheme

One of the first major subjects dealt with by the Confederation was the government's proposal to extend the Dock Labour Scheme to the non-

scheme ports.

The BIC conducted a survey among its members and submitted to the government a memorandum opposing the extension of the Scheme and citing the lower costs and the superior efficiency and service to importers of the independent ports. With the issue by the government of a consultative document on the reorganisation of the ports, the BIC again collected information from members to make suitable representations; meetings were held with other trade organisations and container operators and there was contact with port authorities and trade union representatives in order to ensure that the Confederation's memorandum was well balanced and reflected the views of all those engaged in handling import cargo.

The way in which regulations work, and the effects which those regulations can have upon a trade, which were unforeseen by those who drew them up, have received close study by the BIC. For example, there is continuing consultation with the Department of Prices and Consumer Protection over the operation of the Price Code in an attempt to obtain some relaxation. In particular BIC has maintained that importers, because they are trading overseas, have special problems to face and cannot be classed with distributors; they need to be given special consideration.

EEC Directives

Again the various proposals and directives issued by the European Economic Commission sometimes cause problems for traders and in several cases useful clarifications have been obtained.

The BIC is closely concerned in discussions on the control of imports and the use of quotas. While not opposing the use of quotas in the light of the United Kingdom's unemployment the BIC are extremely concerned at the haphazard way they have been imposed and administered. The Confederation has had discussions with the government both here and in Brussels over quotas.

Now the BIC receives advance copies of all notices dealing with imports.

The BIC has taken a close interest in customs and excise procedure and the documentation of imports and particular attention has been paid to the EEC's proposals for harmonisation. Seminars have been held at which members of the Customs and Excise Department gave valuable information and advice.

From time to time the Confederation holds meetings of members; lunches have been arranged at which speakers have included such guests as Mr. George Thomson, one of the United Kingdom Commissioners to the EEC; several less formal meetings — dealing sometimes with specific countries or subjects — have also been well attended.

The increase of business is naturally of concern to the importers and the BIC provides assistance wherever possible in two main ways: a register of enquiries is maintained and is available to members on subscription; and in conjunction with Trade Research Publications a comprehensive Directory of United Kingdom Importers (with information in five languages) published.

Increasing economic problems in the country and membership of the EEC have shown that strong organisations to put over the views of the trade to Government are essential. As the BIC grows its impact is increasing so that Government and others concerned are becoming more appreciative of the important part the importer plays in the economy of Britain.

TO OUR SUBSCRIBERS

We regret the delay in publishing the Summer edition of BRITAIN & OVERSEAS. This has been partly due to our removal to 55 Park Lane, London, W.1, and also to other difficulties. Will subscribers kindly note that we shall now be publishing four issues each year owing to escalating costs of printing and postage. Our next issue should be available in October.

COMMONWEALTH INDUSTRIES ASSOCIATION LTD.

BRITAIN & OVERSEAS

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Change of address (as from 21st June 1976) to:

55 PARK LANE, LONDON, W1Y 3DH.

Telephone 01-499 3000

The Plaistow Press Ltd., 3 New Plaistow Road, London E15 3JA.