



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

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## COMMONWEALTH TRADE

### The Changing Scene

by Bryan Gould, M.P.

Throughout the long and still unresolved debate about Britain's proper relationship with the European Economic Community, one of the major concerns has been the impact of British membership of the EEC on the long-established trading and other links which we have enjoyed with other Commonwealth Countries. Many people recognised that joining the Common Market would mean a fundamental change in a trading relationship which, by allowing us to buy food and raw materials from the most efficient suppliers and to secure in return preferential treatment in their markets for our manufactured goods, was both logical and mutually advantageous.

This concern was of course reinforced by considerations other than the purely economic. There was a widespread sense of loyalty to our Commonwealth partners and a recognition, especially in a case like that of New Zealand, that we had deliberately encouraged a symbiotic relationship which we could not lightly cast aside.

It is one of the more puzzling aspects of the successful campaign to persuade the British people to endorse Common Market membership that these proper and honourable concerns were eventually overcome. One part of the explanation is that our Commonwealth friends played an important, though perhaps unwitting, part in themselves helping to foster the impression that their trading links with us were of diminishing importance and could easily be replaced.

#### Commonwealth Reticence

Commonwealth leaders found themselves playing this role largely because of their natural reluctance to involve themselves in what they saw as primarily a matter for the British themselves to decide in their own interests. They deliberately and conscientiously eschewed any suggestion that their interests should influence the decision in any way.

This reticence, which was so easily portrayed as tacit support for the idea of Common Market membership for Britain, was strengthened by a more practical and tactical consideration. Many Commonwealth countries realised that if Britain should join the Common Market, their access to our market would depend crucially on our ability to do a deal on their behalf with our Common Market partners. They therefore found themselves in the tactically weak position of relying on an agreement following negotiations to which they were not, in the full sense, parties, and they concluded naturally enough that they would be wise not to alienate the people on whom their future depended. It is probably also fair to say that they relied implicitly on the assurances that Britain would see that their interests were protected.

### An Important Change

This picture has changed substantially in recent months. Nowhere is this change seen more clearly than in the recent speeches by both the Australian and New Zealand Prime Ministers. Mr. Malcolm Fraser has roundly condemned the protectionist agricultural policies of the EEC and is so concerned at their impact on the Australian economy that he has warned that Australia might have to retaliate by restricting supplies of uranium to EEC countries.

The New Zealand Prime Minister, Mr. Muldoon, has been equally outspoken. In two major speeches in June, when he was in London for the Commonwealth Prime Ministers' Conference, he stressed the continuing dependence of New Zealand on access to the British market and the disastrous consequences to New Zealand if that access were denied.

This is an important change, not of policy, but of political tactics. It is not pitching it too high to suggest that our Commonwealth friends now recognise that they must stand and fight. They recognise the growing storm clouds. They speak now with the experience behind them of a largely unsuccessful attempt to diversify both product and markets, and they see more clearly than ever the fact that, with the exception hitherto of Britain, any country with a standard of living high enough to constitute a market for their products is also a country with a protectionist agricultural policy.

#### British Consumer Vitally Affected

The Australians know that tens of thousands of their beef cattle are being slaughtered because they are forbidden to sell beef to Common Market consumers. The New Zealanders listen with alarm to the growing clamour to stop further imports of New Zealand dairy products altogether, and they further note that these calls come not only from Continental farmers but also from the British Dairy Trade Federation. They fear the introduction of a Common Market "sheep-meat regime" whose eventual objective would be to exclude imported lamb in favour of lamb produced at four or five times the price of the New Zealand product.

It is not only the interests of our Commonwealth trading partners which are at stake. **The British consumer will be vitally affected if these important trading links are finally ruptured. So too will the British importer of manufactured goods.** As Mr. Muldoon said, New Zealand remains an important market for British industrial products and a profitable field of operations for British shipping interests. These would certainly be jeopardised if we were compelled to deny them access to our market.

We are now entering a crucial phase. If this important aspect of Commonwealth trade is to be preserved to our mutual advantage, it will require a good deal of determination and skill on our part as well as that of our Commonwealth friends. And while there is an impeccable case to be made on grounds of our, and their, self-interest, we should not be ashamed of recognising too the claims of loyalty and sentiment.

## SOURCE OF INFLATION

### A View from New Zealand

*The following is an extract from an address given by Sir Henry Kelliher on 9.8.76, published by The Kelliher Economics Foundation, Auckland, New Zealand.*

At this time of widespread concern I now turn to a subject that affects not only all industry but everyone in this country—the depreciating value of our money. Money which is neither stable in its purchasing power nor constant as a measure of value. **Every week our dollar buys less.**

Unhappily, no realistic effort is being made by our legislators to remedy this serious situation which is not only undermining but is well on the way to destroying our free enterprise system. It is generally agreed that inflation is **Public Enemy Number One**, but few people realise or understand its root cause. Indeed, it is no exaggeration to say that the **irrational issue and expansion of the money supply is the supreme problem of this day and age.**

For over forty years it has been explicit in the Manifestos of our governments, that they would ensure that the issue of money would be kept in balanced relationship with production and the purchasing value of wages, savings and pensions safeguarded.

#### Unjustified Expansion of Money Supply

It is a common misconception that the staggering rate of inflation in this country of 17.7% for the June 1976 year is almost entirely due to overseas factors beyond our control. The fact that the **unjustified expansion of our internal money supply** at rates in recent years in excess of 20% per annum far outstrip the growth in national productivity, running at about only 4% per annum, **materially adding to the level of imported inflation**, is disregarded.

It is a great pity that our legislators do not take heed of such noted authorities as Professor Milton Friedman, widely respected as one of the most influential economists of our time. He was invited to Australia last year by members of the Sydney Stock Exchange, to arouse public awareness of the dangers of inflation and to identify its prime causes and to indicate remedies consistent with the maintenance of individual liberty and free enterprise.

He emphasised that the **source** of inflation is due to an excessive increase in the quantity of money—a **more rapid expansion in the quantity of money than in the production of goods and services.** A statement of fact borne out by official statistics. He makes it clear that rising prices and wages are not the **source** but the **consequences** of inflation.

Another authority, the Governor of the Bank of England, Mr. Gordon Richardson, in June this year, in a wide-ranging review, noted the **increasing evidence which linked inflation to the expansion of the money supply.** He

advocated a new “Monetary Authority” which would operate on a formula to effectively control the quantity of new money issued into circulation.

#### Positive Steps

As shareholders will be well aware, for many years now I have strongly advocated that positive steps be taken by Government to combat inflation by effectively regulating the money supply to achieve a **balanced relationship with productivity**; but despite repeated statements in Party Manifestos, **nothing effective has been done.** I am sure there are sufficient men in our legislature today with the vision to see the immediate necessity of solving our major economic difficulties **by dealing with the root cause, and remedying the defects in the existing money system before it is too late.**

There should be adequate flexibility within the framework of the Reserve Bank Act for the Government to regulate the money supply, as so many objective authorities have advocated. It is to be hoped the new National Administration will not temporise, but face up to the problem and take positive measures to stabilise the purchasing power of our money. A sound and honest money system is not only essential for the survival of free enterprise, but would be of immense benefit to all people nationally and internationally.

This is a unique country, with almost unlimited natural resources and potential for development. All that is required is an equitable system of distribution—a system that could give a lead not only here in New Zealand, but to the rest of the world.

#### Elimination of Monetary Instability

In conclusion let me emphasise that the price of liberty is not only constant vigilance, but action—action directed by Government policy to the root cause and to elimination of monetary instability, and oriented to the establishment of an honest and reliable medium of distribution—our dollar.

Both the National Government and the Labour Opposition have a grave responsibility in this matter which affects the whole range of production, distribution and exchange. As there is practically no basic difference in their respective monetary policies as set out in their Manifestos, they should sink Party differences and get on with the job of implementing the policy that is so fundamental to the solution of all the problems we are facing today. Those problems will be intensified in the future unless the root cause is dealt with **effectively and urgently.**

*Note: The objectives of the Kelliher Economics Foundation are:*

*To encourage young New Zealanders to study the working of the monetary and economic system under which they live.*

*To analyse the present defects in its operations.*

*To submit fresh, original and constructive proposals for the more effective working of the system based on the criteria of achieving a steady—stable internal price level and ensuring stability in the purchasing power of our dollar.*

## THE BANABAN SCANDAL CONTINUES . . .

*by Sir Bernard Braine, M.P.*

A special emissary of the Minister of State at the Foreign and Commonwealth Office, Mr. Richard Posnett, returned to London on March 19th after a five-week tour of the Pacific. This senior and experienced official, a former Governor of Belize, had the task of advising the Minister on the most appropriate arrangements for a settlement of the vexed financial and constitutional issues in dispute between the Banabans of Ocean Island and the British Government. The dispute also involves the Gilbert Islands Colony (now self-governing) of which Ocean Island is juridically part, the Government of Fiji, where most Banabans have lived since the last war, and both Australia and New Zealand who have a close interest in the political and economic future of the widespread islands of the South-West Pacific.

The financial question is how the British Government should respond to what the Vice-Chancellor, Sir Robert Megarry, described as grave breaches in our higher governmental, trust towards the Banabans. In so far as these breaches of trust resulted in dire financial consequences to the Banabans they also conferred large benefits on Australia and New Zealand. Britain, as the Minister of State insisted to the House of Lords at the time Mr. Posnett's mission was announced, would not be pilloried alone for the enormities of past Colonial policy. Australia and New Zealand would be expected to contribute towards righting the wrongs done to the Banabans.

### **Future Political Status**

The constitutional question to be settled concerns the future political status of Ocean Island, the ancestral homeland of the Banabans. The Banabans wish to have Ocean Island separated from the Gilbert Islands Colony in order that they may determine its future in a form of association with Fiji to be freely agreed between the Banabans and the Fijians. The Gilberts Government, on the other hand, wish Ocean Islands to become part of an independent Gilberts State.

Linking the financial and constitutional issues, and providing the British Government with an undeniable vested interest in the outcome of the latter, is the value of the phosphates still remaining unmined on Ocean Island. The avowed strategy of the Gilberts Colony is to accumulate a reserve fund for the time phosphates have run out amounting to sixty million Australian dollars (£39 million). The intention is that the interest on this fund should be used to balance the Gilberts budget in future years. Some forty million Australian dollars (£26 million) has already been banked, and it is anticipated that the target figure of sixty million will be surpassed—*provided* that the Gilbert Islands do not cease receiving the lion's share of the phosphate proceeds as a result of Ocean Island being separated

before the mining ends. Should this happen, the Treasury may be obliged to meet any deficit by the provision of grants-in-aid.

The other, Banaban, side of the coin is that if these reserves were not being accumulated for the Gilberts (and for the ultimate benefit of the British Exchequer) they would be available for the rehabilitation of Ocean Island, the homeland to which the Banabans are still determined to return in as great a strength as physical conditions at the end of mining allow.

It was in this context that Mr. Posnett reported to the Minister of State, although it should immediately be added that few of the facts just stated found their way into Mr. Posnett's published terms of reference.

### **A Conditional Offer**

Following the submission of a report by Mr. Posnett, the Secretary of State for Foreign and Commonwealth Affairs, Dr. David Owen, announced to the House of Commons on 27th May that the British, Australian and New Zealand Governments were prepared to offer the Banabans an ex-gratia ten million Australian dollars (£6.4 million). This was to be in the form of a fund provided by the three Governments out of reserves held for them by the British Phosphate Commissioners. The income on this capital would be made available to the Banabans for development and community purposes. The offer was conditional upon there being no appeal by the Banabans in the case they lost against the Crown and that no further claims would be made arising out of past events.

When the Banabans' representatives first came to London in 1967 demanding compensation for the atrocious treatment meted out to them by past British administrations they were made a once-for-all ex-gratia offer, on not dissimilar conditions, of £80,000. Ten years, and two record-breaking Court cases later, the increase to £6½ million might at first sight be considered generous. It did not, however, receive an enthusiastic reception in the Commons.

Despite Dr. Owen's statement being made on the day the House adjourned for the recess there were sufficient Members present of differing shades of opinion to express their disquiet at the amount offered and the terms and circumstances in which it was offered. It was also noted that while no decision was announced in the matter of the separation of Ocean Islands from the Gilberts there were clear indications nonetheless that the Government would oppose it.

Replying to critical supplementary questions, Dr. Owen urged Members to study Mr. Posnett's report, copies of which were available at the Vote Office. It was, said Dr. Owen, "a very valuable and balanced account of the complex problems that we are dealing with . . ."

A commentary on the Posnett Report subsequently produced at the Banabans' request by their advisers raised a series of detailed and serious criticisms which I shall not repeat here. Certain aspects of the Report,

however, require comment in view of the importance which the Secretary of State attached to it.

In the first instance, the Secretary of State would appear to have been advised that our financial obligations towards the Banabans arise out of a general duty to safeguard the future in common with the future of the peoples of all our other dependencies in the area. For this reason the Government has calculated the minimum capital sum which is likely to produce the minimum suitable income per head for the Banabans after the end of phosphate mining. It should be added that Mr. Posnett's estimate amounted to seven million Australian dollars while the ex-gratia offer made by Dr. Owen was ten million.

### Right the Wrong!

However, what the Vice-Chancellor referred to the Attorney-General in his summing-up of the Banaban case against the Crown was **the moral imperative that the British Government should right the wrong which we have done to the Banabans in the past.**

This requires, surely, first and foremost, that we should have the moral courage to admit the wrong which it has been necessary for a High Court Judge to draw to our attention. We must admit that we were wrong to bully, threaten, mislead and then to force the Banabans into parting with their land in 1931 at a royalty arbitrarily imposed by our representative. We must accept that it was a breach of our governmental obligations, financially disastrous to the Banabans, to deny them advice in 1947. In short, in order to emerge from this unsavoury episode in our colonial history with some vestige of honour, we should frankly confess that we cheated our own wards.

But instead of making a clean breast of it on our behalf, Dr. Owen proposes a derisory annuity *without admitting any liability*. And in case it should be thought that this deplorable attempt to deny culpability was in some way a prudent legal proviso, it should be pointed out again that however sympathetic the Vice-Chancellor was in his Judgement, he ruled that the Government had no legal liability towards the Banabans.

Unfortunately, Dr. Owen refused to make even a minimal avowal of our past misdeeds. Instead of making an honest attempt to calculate the financial consequences of our breaches of the higher trust he proposed a pension for a colonial people who are in danger of becoming destitute as a result of the actions of British officials. In so far as Dr. Owen allowed himself to be guided by Mr. Posnett it is perhaps not surprising that this should be the case. For nowhere in the Posnett Report can be found any attempt to examine or assess the results of the grave breaches of the higher trust which the Vice-Chancellor referred in such meticulous detail to the Attorney-General.

The constitutional issue, although discussed at some length in the Posnett Report, is shelved until a later date: quite some time later, one might

suspect, in view of the approaching exhaustion of Ocean Island's phosphate resources. The dispute, as between Gilbertese and Banabans, is admittedly not easy to resolve to the satisfaction of both. The Gilbertese are now making a determined claim to inherit from Britain sovereignty over the Banaban homeland of Ocean Island. Mr. Posnett is inclined to support their claims, somewhat ironically, perhaps, since the Colony of Belize of which he was recently Governor is faced with a threat to its own self-determination because Guatemala claims sovereignty over the territory as successor to Spain.

### Recover Sovereignty

The Banabans are claiming that the sovereignty which they once enjoyed over Ocean Island until Britain deprived them of it so as to exploit their phosphates should be returned to them so that they may freely work out their own constitutional future status with Fiji where they were transported by Britain in 1945. Mr. Posnett accepts the passionate attachment of the Banabans for Ocean Island—even of those Banabans, the majority, who are too young to remember it. He describes their zeal as a crusade, an impression no one who knows that community can avoid forming.

Mr. Posnett's conclusion, however, that the Banabans' crusade to recover sovereignty over their Ocean Island homeland can be safely resisted simply because it appeared to him irrational is a sure prescription for future trouble. The Banabans' resolve is high, and although a small people they enjoy the whole-hearted support of the Fijian people, half a million strong. The Fijian Prime Minister has spoken out for the Banabans with unusual vehemence. Although he has made it plain that Fiji has no territorial ambitions he cannot ignore the profound and inherently explosive feelings of the Fijian people that the Banabans' constitutional aspirations should not be thwarted. Mr. Posnett's recommendation to the contrary augurs ill for the future stability of the South Pacific.

One thing is clear. Before a reasonably satisfactory constitutional solution to Ocean Island's future can be found, Britain must dispose of its vested financial interest in the outcome. The separation of Ocean Island from the Gilbert Islands Colony under a Commissioner directly responsible to the Secretary of State should be arranged without further delay. The separation should be without prejudice to the finally agreed constitutional position of Ocean Island. In so far as the Gilbert Islands' reserve fund has not reached the target hoped for, Britain, with whatever help Australia and New Zealand can be persuaded to give, must guarantee to assist as necessary in the future with grants-in-aid and development finance. The remaining phosphate revenues can then be allocated to make it possible for the Banabans to turn the homeland of their ancestors into a homeland also for at least a proportion of their present generation. That this is the determined will of the Banaban people has now been recognized, even by Her Majesty's Government. It must be right that as a minimum gesture to rectify the

enormities of our past colonial policy the Banabans should be provided with the remaining resources of their island.

As the Banabans' Council of Leaders said in their reply to the Secretary of State's offer, it would be accepted, however meagre, as a fund under Banaban control, subject to the immediate separation of Ocean Island under the direct administration of the Secretary of State. The proceeds from the remaining phosphates, they wrote, would:

"enable the Banaban people to re-establish a presence on their ancestral homeland and, with the aid of the capital which will become available together with the healing powers of nature, restore at least part of the ravages of colonial exploitation."

For the Government to make at least this effort to undo the damage of the past would salvage our good name and allow time for a new community of Banabans on Ocean Island to negotiate peacefully and in the Pacific way a constitutional status acceptable to themselves, the Gilberts and Fiji.

## THE COMMONWEALTH HEADS OF STATE AND HEADS OF GOVERNMENT

Twenty-one member countries of the Commonwealth are republics and fifteen are monarchies.

All Commonwealth countries accept Queen Elizabeth II as the Head of the Commonwealth, a symbol of the free association of the thirty-six independent member nations. This symbolic link uniting all the members of the Commonwealth is the outward and visible mark of the special relationship which exists between them.

The Queen is Head of State of Britain and of ten other member countries where she is represented by Governors-General: Australia, the Bahamas, Barbados, Canada, Fiji, Grenada, Jamaica, Mauritius, New Zealand, and Papua New Guinea.

The four other member countries which are monarchies are Lesotho, Malaysia, Swaziland and Tonga.

The offices of Head of State and Head of Government are combined in twelve of the member countries which are republics: Botswana, Cyprus, The Gambia, Ghana, Kenya, Malawi, Nauru, Nigeria, Sierra Leone, Tanzania, Uganda and Zambia. The two offices are separate in the remaining nine republics: Bangladesh, Guyana, India, Malta, Seychelles, Singapore, Sri Lanka, Trinidad and Tobago, and Western Samoa.

*from Commonwealth Secretariat, May 1977*

## DETERMINED TO REMAIN BRITISH

### An Island in Peril

Those who have been following the negotiations regarding the future of the Falkland Islands will not have received much reassurance as a result of the communique issued after the recent Conference in Rome between Britain and Argentina. Since the mid-1960s Argentina has been engaged in pressurising the small but exceedingly pro-British inhabitants, 97% of whom are British subjects, almost all of English, Scottish or Irish descent, to accept handing over the territory which the Argentines call the Malvinas. What is even more insidious is the fact that the British Government has been quite deliberately creating uncertainty about the political and economic future of the islands, presumably to force the islanders to accept an alien rule.

Both Britain and Argentina have connived in a policy to break down the islanders' will to remain British and have placed them in a position where their vital communications are almost completely in Argentina's power. The only air service to the Falklands is by the Argentine air force. Control of all entry and exit documentation to the islands is under Argentine supervision. The only safeguard the islanders have against a take-over is their own determination to remain British backed by public opinion in this country which has so far prevented a sell-out.

### A Self-supporting Community

The economy of the Falklands has in the past been wholly dependent on sheep farming for wool. This is exported to the United Kingdom for sale and this makes a valuable contribution to our balance of trade through exports of finished products and the re-export of wool. **Moreover the islands have made very substantial net contributions to the British Exchequer over the years by way of U.K. taxation on profits earned in the Colony. The territory is more than self-supporting.**

The Shackleton report which resulted from a comprehensive survey by Lord Shackleton and his team in January 1976 aroused considerable interest. It showed that there is vast potential for development in the territory. Since the publication of the report there have been some encouraging developments, fisheries are expected to add £3,500,000 to the Island's exports in 1977/78. Surveys for offshore oil have shown promising theoretical results. Prospects for the Alginate (seaweed) industry have been described as "dazzling". The coasts of the Falklands contain the world's largest reserve of this resource which can be continuously harvested. A world shortage of Calcium Alginates is anticipated in the 1980s. It is estimated that an annual yield of this natural vegetable product would be in the region of £40,000,000 within ten years, at least £25,000,000 annually would be re-exported from Britain to the rest of the world.

### Importance of Airfield Extension

One of the recommendations made in the Shackleton report was the extension of the airfield to enable the runways to take in long-haul jets which would not have to stop-over in the Argentine. This would greatly facilitate further development. As an illustration, already government agencies in an Arab country have offered to buy all the islands' production of mutton at the airport for air-freighting to the Middle East if the runway is lengthened and strengthened. There is little doubt that the islanders would greatly welcome a regular customer for their mutton which is known in the Falklands as "365", because it is such a regular item in their diet! The cost of carrying out the operation to extend the runway would be something like £3.3 million, but profits from the production of alginates alone would cover this in a relatively short time. Why then does the British Government hold back?

### A Geographical Inconvenience

Writing in the *Sunday Express* on 17th July, Robin Oakley gave his own summary of the position. He wrote:

"In 1967 we were adamantly refusing to discuss the sovereignty of the islands which have been peacefully and continuously British since their settlement in 1764. In 1971 the sovereignty was 'reservedly'. Now suddenly it is wide open on the negotiating table.

Steadily, remorselessly, the people who regard the Falklanders as an embarrassing relic of our colonial past, the tidy minded desk clearers of history who find a cluster of British islands smaller than Wales, 7,000 miles away and 300 miles from the South American mainland a geographical inconvenience have been paving the way for a sell-out."

He forthrightly suggests that "to be willing to force the Falklanders into the hands of the Argentine when there are such advantages to be gained for Britain too, from keeping the islands British is surely not just crass stupidity. It is on the very borders of treason."

*The Times*, in its leader of 18th July, also took up the cudgels on behalf of the islanders. It said: "In November when the conference resumes, the Argentines will again demand British surrender. The islanders insist that they remain British, they are self-sufficient, their wool and prospective marine protein of value to Britain. Even if they represent a British rearguard action, their defiance is heart-warming. To pressure them to knuckle to Argentine machismo, would do greater harm to Britain's morale than even to her economic interests."

### Support at Westminster

Reporting on a visit to London by residents of the Falkland Islands, *The Times* Political Editor wrote on 28th July:

"Residents of the Falkland Islands visiting London were given strong support when they visited the Commonwealth Parliamentary

Association offices at the House of Commons yesterday.

They were told that to mark their visit more than 140 back-benchers from all parties had signed an early day motion noting their determination to stay British and assuring them that if there is any suggestion that sovereignty over the islands be transferred to Argentina, the House of Commons will want to know why.

The motion added that the signatories 'cannot approve of a policy which deliberately places their (the Falklands') air communications with the outside world in the hands of a state which denies fundamental human rights'.

In welcoming the islanders, Mr. John Biggs-Davison, chairman of the Falkland Islands group of MPs at Westminster, called for a reaffirmation of the British Government's resolve to maintain the right of the British people of the Falklands to remain British. He added that when a leading article in *The Times* declared that 'Britain and Argentina have worked hard to break down the islanders' will' it was time to sound the alert."

## THE FUTURE OF THE COMMON MARKET

The time has now come when we should start seriously discussing the future of the Common Market; it certainly cannot go on drifting as it is.

Surely it must abandon its supra-national pretences? It must evolve into a New Europe whose aim is co-operation and trade between all nation states in Europe and, indeed, with those states outside Europe who share our aims. But this will never happen under the Treaty of Rome. The mutual defence of our way of life is far too important to be restricted by the somewhat outdated provisions of that Treaty.

Although I realize that this letter will not be universally popular, I hope we can debate this in a mature way. Merely to suggest a discussion about a new Europe is not being anti-European or fighting the referendum all over again. If two lemmings are careering to their certain death, one lemming might say to the other: "Is this really a wise thing to do?" and the other might reply: "No, but we are committed to it." And so they go on to their death. But we, the British people, are not yet lemmings. Let us think again about the future of the Common Market.

*Extract from a letter from Mr. Neil Marten, M.P.  
Published in The Times on 20.5.77*

## European Community and Commonwealth

**Mr. Dell:** The information is as follows:

**Percentages, overseas trade statistics basis**

EEC\*

1962

Exports 26

Imports 22

1976

Exports 35½

Imports	36½
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**Commonwealth\***

1962

Exports 29

Imports	29
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1976

Exports 15

Imports	13½
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\* As at present constituted.

*Hansard*, 27.6.77, C.1

### Import Duties and Value Added Tax

**Mr. Robert Sheldon:** The system of VAT own resources, under which part of the Community budget will be financed by a notional rate of value added tax calculated on a harmonised basis for assessment, has not yet been introduced. Information on which to base estimates of payments by each member State when it is introduced is not currently available. At present, in place of a system of VAT own resources, that part of the Community budget

The amounts which member States will be liable to pay in respect of the 1977 Community budget, including the supplementary budget currently under consideration by the Council of Ministers, are estimated by the Commission as follows:

*£ million*

**Agricultural levies,  
sugar levies and  
Customs duties**

**GNP**  
*contributions*

Belgium	155	73
Denmark	55	33
France	322	449
Germany	552	470
Ireland	23	—
Italy	434	206
Luxembourg	2	4
Netherlands	255	74
United Kingdom	737	—

These amounts have been converted into sterling at the rate used for the budget of £1 = 2.4 u.a.

*Hansard*, 17.6.77, C.291

## PURCHASING POWER OF THE £

### Purchasing power of the £

taking value as equivalent to 100p in various years

1876 100

1900	110½	100
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1913	102	92	100
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1920	41	37	40	100
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1938	65	58½	64	160	100
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1946	38	35	38	94½	59	100
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1951 29 26 28½ 71 45 76 100

1966	18½	17	18	45½	29	48	64	100
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1971	14	13	14	34½	21½	37	48½	76	100
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1972	13	12	13	32½	20½	34½	45	71	93	100
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1973	12	11	12	29½	18½	31½	41½	65	85½	91½	100
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1974	10	9	10	25½	16	27	36	56	73½	79	86	100
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1975	8	7½	8	20½	13	21½	29	45	59	63½	69	80½	100
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1976	7	6½	7	17½	11	19	24½	38½	51	54½	59½	69	86
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*from The British Economy in Figures (1977)*  
Published by Lloyds Bank Limited



## CHANGING VIEWS ON THE COMMON MARKET

A survey by NOP in February showed that during 1976 the British people have been changing their minds about Common Market membership. Interviews were conducted with 1697 electors in 120 constituencies.

**Question:** Generally speaking, do you think that British membership of the Common Market is a good thing, a bad thing, or neither good nor bad?

<b>Answer:</b>	<b>Jan. 1976</b>	<b>March 1976</b>	<b>July 1976</b>	<b>Sept. 1976</b>	<b>Jan. 1977</b>
	%	%	%	%	%
Good	50	48	40	33	35
Bad	24	26	31	37	41
Neither/No opinion	26	26	30	30	24

**Question:** If you were told tomorrow that the Common Market were scrapped, generally speaking would you be pleased or sorry about it or would you not care either way?

<b>Answer:</b>	<b>Jan. 1976</b>	<b>March 1976</b>	<b>Jan. 1977</b>
	%	%	%
Pleased	24	28	40
Sorry	34	34	31
Not care	30	30	21
Don't know	9	8	7

One objective of the survey was to measure public awareness of direct elections to the European Parliament. The initial awareness question indicated that 45% of the electorate had not even heard of the Parliament. The remaining 55% who had heard of the Parliament were asked a series of questions to establish their awareness of the plans for direct elections. Only 32% of electors were aware of such plans at all. Only 1 in 10 people claimed to have known of these plans before the June 1975 referendum.

	<b>All Electors</b>	<b>SEX</b>		<b>VOTING INTENTION</b>		
		<b>Male</b>	<b>Female</b>	<b>CON.</b>	<b>LAB.</b>	<b>LIB.</b>
Never heard of European Parliament	45	32	57	40	52	39
Heard of European Parliament:						
not aware of direct elections	22	24	20	24	21	19
Aware of direct elections but don't know when became aware	5	6	5	6	4	6
Aware of direct elections after Referendum	17	23	12	18	15	26
Aware of direct elections before Referendum	10	15	6	12	9	11