



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

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Editor: Edward Holloway

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A WIDER EUROPE

In our last issue we posed the question — "Can the Common Market Survive in its Present Form?". Since these notes were written events have further underlined the serious problems which the Community faces. The debate in the House of Commons on 24 January on the question of devaluation of the Green Pound resulted in a defeat of the Government by 11 and 10 votes. Mr. Douglas Jay summed up the views of those on the Labour benches who are anti-Market in these words — "the damage to this country from EEC membership was not measured in short-term manipulation of the Green Pound but the extent to which British food prices were above world prices. As a result of EEC membership, essential food in Britain was already taxed at rates of something like 50 or 100 per cent."

When the Minister of Agriculture, Mr. John Silkin, tried to get agreement in Brussels on the resultant 7½ per cent devaluation of the Green Pound he ran into trouble. The German, Belgium and Dutch Agriculture Ministers from EEC countries threatened to block the devaluation unless we gave way on our fishing rights. Commenting on this development the 'Daily Express' leader on 31 January said — "The entire Common Agricultural Policy is a confused, irrational tangle of hand outs and restrictions, most of them dreamt up in the mid-Sixties to cushion the French farmer." Although a compromise was reached on the Green Pound, the fisheries problem remains.

Direct Elections a Threat to Sovereignty?

At the time of writing the European Assembly Elections Bill is going through the House of Commons, following the second reading on the Bill on 24 November. The voting showed 381 in favour and 98 against with 150 abstentions. The Government proposal to "guillotine" or limit to three more days the debate on the Bill was passed by a majority of 177 on 26 January. A threatened revolt by those Labour M.P's who are still unreconciled to Britain remaining a member of the EEC had been quelled by the Prime Minister, but in the event 61 Labour M.P's voted against.

The question exercising the minds of M.P's on all sides of the House is the extent to which direct elections to the European Assembly will mean an extension of its powers over the Westminster Parliament. In the debate on 24 November spokesmen for the Government and Opposition made it clear that in their opinion direct elections would not be a step towards a Federal Europe. For the Government, Mr. Merlyn Rees repeated their undertaking — "it would take an Act of Parliament to give the European Assembly any further powers that would reduce the powers of this Parliament." For the Opposition Mr. William Whitelaw expressed his total opposition to a Federal Europe. He said "If the Assembly were minded to increase its powers at the expense of national Governments or Parliaments, it is unthinkable to anyone

that such a change could be made, or could be allowed, without an Act of Parliament in this House."

Unthinkable or not, Mr. Nigel Spearing from the Labour benches and Mr. Enoch Powell were not convinced. Mr. Powell said — "If we pass this Bill and agree to participate in a directly elected Assembly, we shall have confirmed on behalf of the United Kingdom that we accept the political unity of the EEC as a real and living fact. As soon as the decision is taken, that implication, however obscure or difficult it may appear at the moment, will immediately become as clear as daylight, and we shall be told on all hands that we must have understood what we were doing, and that the very fact of our agreeing to direct elections was a confirmation of the will to political union on the part of the Parliament of the United Kingdom."

A Fundamental Constitutional Change

The Conservative Member for Eastbourne, Mr. Ian Gow, pointed out that "The Bill envisages a constitutional change of the most fundamental kind that has ever come before this Parliament. For the first time we are contemplating a General Election — and more than one: a continuous series of General Elections — to elect a Parliament in which the United Kingdom will be in a permanent minority and which it is intended to be a superior authority to the authority of this House." He went on to refer to a document issued by the London Office of the European Assembly's secretariat which said that "the Assembly's powers are likely to be steadily extended in the future."

The strong pressures on the Prime Minister for an assurance that the Bill would safeguard the sovereignty and supremacy of the United Kingdom Parliament and make any extension of the powers of the European Assembly subject to approval by the British Parliament resulted in a proposed amendment altering the long title of the Bill. This read "A Bill to make provision for, and in connection with, the election of representatives of the Assembly of the European Communities." The proposed addition is "... and to prevent any treaty providing for any increase in the powers of the Assembly from being ratified by the United Kingdom unless approved by Act of Parliament."

A new clause is also proposed stating: "No treaty which provides for any increase in the powers of the Assembly shall be ratified by the United Kingdom unless it has been approved by an Act of Parliament. In this section "treaty" includes any international agreement, and any protocol or annex to a treaty or international agreement."

An Imaginative Lead

These controversial matters will continue to exercise the minds of Parliamentarians of all parties for many months to come. An imaginative lead has now been given by Mr. Neil Marten in a pamphlet recently

published* which sets out the case for a revision of the Treaty of Rome on the basis of "free co-operation between the nation states rather than the bureaucratic centralisation and federal tendencies which are the hallmark of the Common Market today." He suggests that this would make possible a wider European association by making it possible for those countries which cannot join the Common Market for reasons of political neutrality, such as Sweden, Switzerland and Austria and also for Norway which did not join primarily because of the federal and sovereignty implications, to become associated with his proposed 'Concorde of Europe'.

Mr. Marten claims that the moment is ripe for this initiative before Greece, Portugal and Spain join the EEC and he wants to see Britain take the lead in working for this wider Europe. He summarises his proposals as follows:

1. There should be the maximum possible co-operation between the nation states of Europe. It is neither practical nor desirable that they should be integrated into a federal super-State.
2. Britain has important relationships in the Commonwealth and in the Atlantic Alliance. Britain will be less able to sustain these as part of a federal or quasi-federal State.
3. Britain should regain her status as a sovereign nation state while accepting the need for some interdependence between nation states. The British Parliament should be omni-competent.
4. The European Free Trade Area as now extended to include the countries of the Common Market is of the greatest importance.
5. Each nation state should decide whether to have its own national agricultural policy.
6. The Common Market Commission should be converted into the co-ordinating secretariat of the Concord of Europe.
7. The European Assembly of the Common Market should be merged with the Council of Europe.
8. The Treaty of Rome is no longer realistic and will become less so with the accession of Greece, Portugal and Spain — and possibly Turkey. It should be revised to provide for the Concord of Europe with emphasis on co-operation between nation states.

Among those who have co-operated in the preparation of this pamphlet are Ronald Bell, M.P. W. J. Biffen, M. P. Richard body, M.P., Michael Clark-Hutchison, M.P. and Roger Moate, M.P.

Supra-National Aspirations Diminished

Another publication which gives support for the idea of a diminished role for the EEC Commission and Council of Ministers is contained in a publication

* 'Concorde of Europe' by Neil Marten, M.P., obtainable from SBC, 52 Fulham High Street, London, S.W.6—price 10p plus postage.

by John Biffen* The Common Market, he suggests, would be transformed by successful membership applications from Greece, Spain, Portugal combined with associate arrangements with Turkey. The changes associated with a Europe of Twelve (or Thirteen) would place emphasis upon co-operation between national governments. Mr. Biffen says "The new Club would be barely recognisable. Edward Heath might have thought he was joining the Athenaeum: but now it looks as if it could be Playboy."

The Strasbourg Assembly, he suggests, "would have a non-legislative but, nevertheless, quite valuable role in monitoring the performance of the Commission. Its functions would be analagous to the Public Accounts and Expenditure Committee at Westminster." Thus the supra-national aspirations of the European Commission and the European Assembly would be diminished. Economic and Monetary union would be rendered well nigh impossible and the Common Agricultural Policy would become even more difficult to operate. It is interesting to note that in the foreword to the pamphlet, Mrs. Thatcher writes, "Mr. Biffen offers constructive criticism which the Community's most impassioned supporters would welcome."

This leads to the conclusion that there are powerful forces at work, aimed at ensuring that European co-operation should take the place of European integration. The coming months will show which policy carries the greater support. **A Wider Europe, based on the maximum co-operation on the broadest possible front between the many and diverse European nation states would have much to commend it.**

* *Political Office or Political Power—Six speeches on National and International Affairs by John Biffen, M.P., Centre for Policy Studies, £1.85.*

THE FUTURE DEVELOPMENT OF THE EEC

The Rome Treaty spoke only of an "ever closer union among the peoples of Europe." The Anglo-Saxon tradition of "empiricism, of building slowly, step by step," was more sensible in British eyes than "attempts to force the Community into a rigid, predetermined view of what the future of Europe should be."

The EEC today could be called a "confederal" system in which "sovereign states cede to a central authority the responsibility for handling certain common matters, while retaining a measure of control over common business, and undisputed authority over everything for which responsibility has not been transferred to the centre." It was impossible to say precisely to what goal the Community was moving. No existing confederations provided an obvious clue. The EEC's strength was that it was a completely new phenomenon, following no existing doctrinal blueprint.

Extract from a speech by Dr. Owen, the Foreign Secretary, speaking to the British Labour Group in Brussels on 6 February, as reported in The Times on 7.2.78.

COMMONWEALTH ECONOMIC COMMUNITY

Specially contributed by Air Vice Marshall Donald Bennett RAF. (Rtd).

On the 8th December 1977 an informal meeting was called in order to try to recreate the healthy world trade between Great Britain and the Commonwealth countries and between each one of them. This informal meeting held at the R.A.F. Club in London was attended by High Commissioners or their representatives. The discussion which took place showed clearly that all the nations of the Commonwealth are keen to trade with each other and to join in efforts to develop and improve production both of primary products and the economics of each in any appropriate direction. The meeting accepted the disadvantages of the Common Market but clearly was in favour of developing once again inter-Commonwealth trade between the nations of the British Family.

Regular Informal Meetings

A very useful suggestion was made by the High Commissioner for the Bahamas that there should be a regular meeting of High Commissioners in London on an informal basis in order to exchange ideas and to prime their Governments of the overall picture of Commonwealth trade and of the opportunities which might from time to time arise. This is being followed up and it appears that some very useful results might well occur. The value of such trade not only to Britain but to all the members of the Commonwealth is quite clearly extremely great and if Great Britain is prepared to modify her views on the Common Market sufficiently to allow freedom in this direction a substantial step will have been taken to overcome "world recession".

The pattern of World Trade is something which depends upon many factors and which takes time to form and develop. It is fair to say that after World War 2, the pattern of World Trade followed intelligent logical and mutually beneficial lines. The gradual reduction of tariffs under GATT was of significant assistance. The European Free Trade Area, harming none but helping the few, also played its useful part. Commodities produced economically and efficiently in some parts of the world were exported to those countries needing them and in return industrial products were moved to those who could not produce them themselves. The net result was beneficial and in particular suited Great Britain as a great world trading power.

Traditional Trade Interrupted

In recent years we have constantly heard the phrase "World wide recession". Few however seem to connect this world recession with its cause, namely the upset caused by the restrictive and inward looking area known ironically as the Common Market. This Custom Union in itself created difficulties world wide but when Great Britain made the remarkable and inexplicable decision to join this organisation, the results were world shaking. Our traditional

trade with our own sister countries — Canada, Australia, New Zealand, Rhodesia and South Africa was almost completely interrupted and indeed before we formally decided to join, Edward Heath and Company from 1970 onwards made it quite clear that "we didn't want to know them" and consequently Australia and New Zealand and to a lesser extent, Canada, were forced to deal with Japan on a reciprocal basis but with a tremendous advantage to the Japanese. Our suppliers in South America were told that we didn't want to buy their primary products and consequently they bought less from us. In the last year before Edward Heath started his handover to Europe 80% of our overseas trade was with non-Common Market countries and this was with a favourable balance to the U.K.

Penalising Complementary Trade

In this happy state of affairs it is hard to understand how anybody could recommend that we should penalise and obstruct our trade with these countries overseas whose economies were complementary to our own and whose mutual trade was therefore beneficial. To join the European Community was to join our competitors — their products were the same as our products, their type of economy was the same as our economy (with of course the notable and staggering exception of the French agriculture). To join our competitors to the detriment of our complementary trading partners seems inconceivable. Since that date we have suffered enormous increases in the price of all our food; fodder for our cattle once obtained cheaply from the America's is now four times the price it was; our currency has dropped like a stone and indeed when we had a referendum on the Common Market and an affirmative vote was cast on the basis of untruths — the exchange rate dropped 25% in the first few weeks.

It is no good people suggesting that there are other causes — of course there are thousands of causes affecting each of these international trading figures but the basic fundamental cause was E.E.C membership, regarded world wide outside Europe as being a form of depravity inexplicable and mysterious which shall never, ever be explained.

If the British Commonwealth countries throughout the world will confer and then co-operate in recreating the widest possible trade and development and if coupled with this the recent policy proposals of Neil Marten and his colleagues for a freeing of Europe, are concurrently adopted then we will soon as a world, be well on our way to recovery and prosperity and we hope therewith a degree of human happiness.

THE CRISIS IN INTERNATIONAL PAYMENTS

While there is good reason to hope for continued improvement in Britain's economic position during the coming months, there are increasing signs that all is far from well in the sphere of international trade and payments. In the words of David Blake, writing in *The Times* on 29th December, 1977 "the western world is now hovering perilously close to the edge of a new recession which could be not only worse than anything we saw during the two years immediately after the oil crisis of 1973, but could turn into a full-scale depression." He goes on to suggest that fears of inflation are no longer the real constraint on expansion, rather it is worries about balance of payments which now hold back expansion.

A similar note of warning was given by the Chancellor of the Exchequer, Mr. Healey, when he addressed the French Chamber of Commerce in Britain on 18 January, 1978. He then spoke of a world drifting towards the "international anarchies" of the 1930's, and he referred in particular to the threat to the trading system of the world occasioned by the West German and Japanese trade surpluses which, he said, are now as acute as they have been at any time since the onset of recession.

This is a theme which has constantly recurred in the post-war world. Bankers and financial experts have met time and time again to consider solutions to the problem, with little in the way of tangible results. It is time that the problem was re-examined in the light of experience and the rapidly changing world scene. **We need to challenge some of the basic assumptions which govern our approach to the international payments system which appear to be based on false premises.**

Real Fact Obscured by the Monetary Veil

Principally, we need to ask whether, when the object of each nation is to attempt to get what is euphemistically called a *favourable balance of payments*, this aim is possible of realisation? A moment's reflection will show that for all nations to obtain a favourable balance of payments is physically impossible. If one nation succeeds in achieving this aim, it is quite obvious that this can only be at the expense of some other nation which must of necessity have an 'unfavourable balance' with all the penalties that this brings in its wake. Britain has cause to realise this only too well, for we have suffered from this situation on and off ever since the end of the war. The resultant periods of freeze and squeeze have been at the root of much of our troubles over the years. If we examine the real meaning of a favourable balance of payments it is that a nation sends more of its real wealth abroad than it takes in exchange. Thus it becomes a creditor, but it is only in monetary terms that a 'favourable balance' makes sense. Professor Paul Samuelson put it thus — "The basic real factors that underlie international

trade are often obscured by the monetary veil that covers all international transactions."

Nor is it legitimate for nations to seek to cure their unemployment by exporting more than they import. A prominent politician is on record as saying "I know it is commonplace to say that we need these exports to repay our debts or to buy necessary imports. but it is sometimes forgotten that we need them to keep the jobs for our people." It seems to make little sense, however, to use our labour and manufacturing resources to produce goods and our ships to carry them, not because we expect any return from them but simply to give our workers something to do! Once again, to quote Professor Samuelson — "The way countries try to export unemployment is by adopting beggar-my-neighbour policies designed to discourage imports and encourage exports."

Disadvantage to the Debtor

Nations should recognise that it is in all their interests to balance trade, to match the value of imports with that of exports. Instead, the system under which international trade has been carried out encourages imbalance. The effect of striving for a so-called 'favourable' balance of payments, the value of exports being greater than the value of imports is to the advantage of the creditor nation and to the grave disadvantage of the debtor. The effect of this is to turn international trade into a 'beggar-my-neighbour' policy. Trade between nations, which should be the exchange of goods and services to mutual benefit becomes economic war. **This is the fundamental fallacy which bedevils all efforts to establish a more equitable balance between nations in their trade relationships.**

Debates on post-war development of world economy which took place in the 1940's clearly recognised the need for an entirely new approach to a payments system between the nations. Lord Keynes put forward his plan in 1942 in which he made the suggestion that equal pressure should be brought to bear, not only on the debtor nation to pay its way, but also on the creditor nation to accept payment. At the Bretton Woods Conference in 1944, Lord Keynes tried unsuccessfully to write into the international agreements then being drawn up the necessity for creditor nations to accept the obligation to allow debtor countries to pay their way by accepting payments in goods and services. Unfortunately, his views proved unacceptable to the U.S. Congress of those days.

An International Clearing Union

In 1943, Dr. Herbert Feis, then an official of the American Treasury, advocated a scheme which proposed the setting up of an International Clearing House where claims between the various countries could be swapped; if claims remained outstanding over an agreed period of years, they would be cancelled. This followed the same idea as had been put forward in a

publication entitled 'A Twentieth Century Economic System' issued by the Economic Reform Club and Institute in 1941. This envisaged a system of multi-lateral contra-account whereby nations would acquire credits in an International Clearing Union when they exported. It could only clear those credits when it imported, so creating a contra-account. It would not have to import from the country to which it sold but, if it wished to take payment, it could only do so by importing from some other nation to the value of its exports (visible and invisible). Credits so created would have an agreed life.

The publication had a world-wide circulation, it was the subject of a debate in the House of Lords, and a broadcast talk on the B.B.C. Third Programme given in 1947 brought letters of support for the idea from all over the world. Thus, the dangers of a post-war system of payments which did not take into account the debtor/creditor relationship which had proved so dangerous in the pre-war years was well understood and appreciated in the 1940's.

Mutual Aid

Many had hoped that the war-time experiment of Lease-Lend, later known as Mutual Aid, under which nations pooled their resources to fight the war without a load of unpayable debt hanging round the necks of the debtor countries would provide a blue-print for the post-war era. When he introduced the measure to the U.S. Congress President Roosevelt said that "it cut out the dollar sign and removed the financial nonsense from international trade." Following the war, the dollar sign and the financial nonsense were rapidly reinstated and the value of the war-time experiment apparently forgotten.

When experience subsequently showed that the post-war plans were unworkable, the idea of Marshall Aid from U.S. was introduced, but this was only a short-term measure to enable the war-torn economies of Western Europe to recover. Again in 1950, the European Payments Union was set up. It provided a cushion by taking some part of the debits and credits arising from trade between members of the Union and freezing them so that trade could continue to flow, even if trade between the nations was unbalanced. But this again was a short term measure.

The Have and Have-not Nations

Perhaps the most urgent reason for finding some way of dealing with imbalances arises from the disparity in wealth and natural resources between the developing and developed world. Under the present system, the dice are always heavily loaded against the less wealthy developing nations. It is estimated that the developing countries are now spending 25% of their export earnings to service their debt, in some countries it could be as high as 40%. This is a highly dangerous situation, particularly as funds to service these debts are often met by further borrowing. The longer-term effect of this is that these loans can never be repaid.

Surely it is time to recognise that in a world in which the chasm between the rich and poor nations become progressively wider, there is little hope of achieving the progress which scientific and technological advance make possible unless we develop a realistic payments system. This must recognise that industrialised countries need an expansion of world markets for their manufactures. Low-income countries could provide the capacity for that expansion if means could be found to get them out of a situation of unpayable debt. Aid and loans do no more than tinker with the problem.

What is needed is a system which would provide the machinery whereby export surplus and deficit balances were held in an agreed clearing union. The blue-print for such schemes are on record and need to be resuscitated as a matter of urgency if a dangerous world recession is to be avoided.

DIVERSITY IS MAN'S GREATEST WEALTH

Man's greatest wealth is his diversity and it must at all costs be preserved. The media, particularly the visual services, have developed to an extraordinary extent. Similar things are shown on similar screens in places as far apart as Dakar, Hanoi and South America, and this could lead to a kind of barren uniformity where everyone loses his individual cultural identity and talks a sterile universal language. That is why I think we must try our hardest to preserve our individual features, otherwise, to my mind, life will not be worth living. What ultimately is this wealth that is so important that we must preserve it at all costs? Obviously we must begin by feeding people and ensuring their livelihood. But what distinguishes man from the rest of creation is that he has a culture and it is the value of this thought which is our ultimate objective.

We must therefore do our utmost to ensure that thought is as rich and diversified as possible. That is what culture is, it is a way of looking at life, a kind of tradition that has come down through the mists of time and makes Indian different from Chinese and Chinese different from Europeans. This must be borne in mind in cooperation and I think the Treaty of Rome was wrong not to mention it. In my view, the Treaty of Rome, particularly in the way it has been applied, is too much of a traders' treaty. We have a European market rather than a European cultural identity and I think it is high time we took a serious look at this side of things. Cooperation is one field where there is a particular need to highlight culture. We should not be going to the Third World to impose our own ideas. We should simply be helping them to keep theirs and to develop them under good conditions. . . .

The problem is vast and it would take a great deal of time to go into it properly. But there is no doubt that cultural cooperation is vital and that it must be approached in the knowledge that diversity is man's greatest wealth.

From an interview with Lucien Outers, the new Belgian co-operation minister, published in "The Courier" for Jan./Feb. 1978.

A FRESH LOOK AT UNEMPLOYMENT

by Captain J. K. McA Tod

It should be clear by now that support of European living standards at a reasonable level does not require all the human labour available; that is, a degree of unemployment is unavoidable.

This applies not only to this country whose industrial performance has been weak but even to that model industrial state Western Germany. In spite of their massive trading surplus they admit to 1 million unemployed and even this figure conceals unemployment among their "guest workers" who have been sent home to south-east Europe. Not being domiciled in the country they are not included in the statistics. Japan, also enjoying a very favourable balance of trade, has 2 million unemployed.

Governments still aim at their ideal of Full Employment and seem quite unaware of the impossibility of attaining it (except in War) in spite of such impressive demonstrations as ICI's project to build a chemical plant costing £100 million which would provide only 100 jobs. High technology has now taken over the work once done by men which is hardly surprising as we have been working to this end for 200 years.

There are those who advocate constant economic expansion and a constant improvement in the standard of living but if the latest technology was in general use expansions sufficient to absorb all available labour would be expansion on the scale of a permanent explosion and explosions create social chaos. Even then there must be a limit. At some point people would be prepared to settle for more leisure at a slower rate of increase in the standard of living. A Rolls Royce in every garage makes a pretty fantasy but an Austin with more leisure to use it might seem more attractive.

Limit to Economic Expansion

Here the thinking of the people may be ahead of the government. The signs are that people are not really so enthusiastic about spending their whole lives on the weary treadmill of a mass production factory as governments like to think they are. It seems that increasing numbers of the young, perhaps particularly the educated young, are already crying: "Enough". They are prepared to settle for a simpler standard of living rather than join in the Rat Race, the lifelong scramble for increasing wealth. Faster world economic growth is already bringing us up against world shortages of raw materials and energy. Even if there are large sources of energy not yet tapped, the world's resources of raw materials puts a very definite limit on economic expansion. If we continue to apply 19th century thinking to 20th century problems, there will be an international scramble for scarce raw materials — indeed in Africa it is already under way.

The obsession with Full Employment leads to anomalies which would appear ludicrous to any observer from another age — or another planet — not similarly obsessed. Governments make laws which enforce overmanning, so increasing production costs and then become indignant because industry cannot compete with the prices of its foreign competitors. As far as they are able they try to keep this foreign competition out, even that from developing countries to whom we are giving aid to make them more competitive. Meanwhile they preach that developing countries need trade not aid.

Similarly government and Trade Unions protest at the lack of investment in productive industry yet refuse to allow new investment to increase manufacturing efficiency by saving labour, even to the point of paying subsidies to keep 400,000 surplus men in so-called "Employment". Nottinghamshire education authority has a scheme for schoolchildren to repair and paint their own schoolrooms. Surely every sane person would approve such sensible practical training in responsibility for their own surroundings. Not so. The construction industry is protesting that the work is being taken from them, even though the authority cannot afford to pay their charges.

Built-in Obsolescence

Stories of built-in obsolescence are common (doubtless some of them are true) and generally connived at as an alternative to throwing men out of work if products last too long. A suggestion not considered entirely ridiculous was to build factories on the edge of a precipice so that surplus production could be dumped over the edge and the wheels be kept turning at full pressure.

A second way might be to give away surplus production to the needy peoples of the world who cannot afford to pay full western costs for it; many could not pay anything at all. Regrettably the recent volume of claims for more reward for the same or less work makes the chances of such an outpouring of Christian charity more than remote at the present stage of moral development and economic understanding. So a more selfish, more introverted solution must be sought for the time being. There is a third way which has been tried and found successful and that is War. There are no other ways of maintaining Full Employment and modern technology.

Unemployment causes private distress because people are brought up to believe in industrial employment as their main object in life. It causes more than distress: it drives them to the ferocious exhibitions of illogical behaviour so common nowadays and so utterly at variance with the former tolerant reasonableness of the British people. Vandals destroy the public facilities provided, not for the use of some privileged class, but for themselves. Muggers risk a prison sentence for the few pounds they filch from an old lady's shopping bag. Angry demonstrators against repression loudly declare allegiance to the most repressive regime of all — Communism — and those who most stridently deplore imperialism will hear no criticism of the most imperialist of all powers — Russia. Those who call for Equality for All, at the same time go on strike for restoration of differentials.

Education at Fault

All these contradictions indicate a frenzied frustration so deep as to inhibit any rationality, even among intellectuals who argue their admiration of Communism in spite of its suppression of free thought. To blame unemployment is only half the truth. It would be more precise to say that young people are brought up and educated for a life in industry only to find that such employment is highly precarious. It is the style of education that is at fault and the lack of an adequate alternative income.

The process towards the authoritarian state has already gone a long way with the limitation of the freedom of employers to adjust the work force according to the work available with a sweetener in the form of government grants to compensate for the excessive numbers on the payroll. The handing out of grants is the perfect way of achieving domination. It sounds so reasonable, so benevolent, until the beneficiary finds that, like drugs, he is dependent on them and must obey every order from his paymaster.

Power without Responsibility

Governments obsessed by Full Employment cannot but be sympathetic to any action however illogical or even illegal that Trade Unions take to counter redundancy. With such support Trade Unions are in a position to dictate policy to employers, the position of power without responsibility. Anxiety for their incomes is causing more and more men to look to the Trade Unions as a safety net and to condone any action they care to take. The wonder is that so many still do not wish to join a union. The great increase in union power will continue so long as men have no hope of any other income than that from industrial employment which has been taken over from them by machinery. Already Trade Union power is exerting more censorship on the Press than is realized, it is discouraging productivity and obstructing investment in more efficient machinery. You cannot support both Full Employment and industrial efficiency.

It is considered that "saving jobs" is quite sufficient reason for government to take over loss-making companies and to continue to run them at a loss. Thus more men are kept in unnecessary employment, it is also consuming more of the national wealth than it is contributing. The difference is an added burden on the profits of others which might have gone into investment in more efficient machinery. The most extreme example is British Steel working at a loss of £10 million a week supporting an estimated 40,000 unnecessary workers. All this has to be provided from the profits of others; a burden incurred in the sacred cause of the employment statistics.

Remove the "Dole" Image

For a solution it is necessary to drag our thinking back to basic facts: firstly that the object of all work is to provide for men's needs, not to give them

something to do with their time. Secondly, the prime reason for distributing money is to enable the community to take up the national production and to achieve this it need not necessarily have connection with productive activity. In practice suitable rewards for work are necessary owing to man's reluctance to undertake it otherwise, but there is no earthly reason, moral or economic, why a large measure of the purchasing power necessary to absorb production should not be distributed independently of work. Indeed in the form of dividends on invested capital it is there already. The volume of unemployed pay at present is certainly not calculated to fill the gap between other income distributions and total national product. It is also unsatisfactory because it is regarded as a life-saver for the temporarily unfortunate instead of being distributed universally as of right — the wages of the machines which have replaced the men. Every effort must be made to remove the "Dole" image as well as its aspect as a government pension. The object should be to set men free, not to bind them ever more closely to a dominating government.

Whatever mechanism is used for determining the amount of the National Dividend must ensure that enough incentive remains for necessary work to be accomplished conscientiously and regularly. The removal of the spur of economic necessity will certainly encourage absenteeism and considerable penalties will probably be required. Yet it is necessary to rid men's minds of the impression that they are born as factory fodder, that the object of their existence is to tend machines for the most precious 50 years of their lives.

Active Leisure

This means a great extension of education aimed at active leisure, at training minds beyond the requirements of the industrial state, to look wide and to create interests in the broad cultural possibilities of humanity: in Art, Philosophy, Government, Sport and Craftsmanship. Today most educated retired people find their time well filled with rewarding activity; many even say they have never been more busy in their lives. Of course there is some wasted time but there is far more among men for whom there is no work but who are nevertheless "employed" in the industrial machine or are left standing about on the dole with no training in the use of spare time. There would be far less wasted time if people were educated as full human beings rather than merely as a workforce for which there is no work. That is a ready made prescription for maxim frustration and that is just what we are getting.

Unemployment is considered a waste of national resources and so it is; but it could be a vast reservoir of energy for release in an all round improvement in the quality of life. We have inherited too much of the Victorian outlook that the value of any activity can only be measured by its economic

return, that any other activity is a waste of time and money. Yet a million visitors a year do not flock to admire mass-produced consumer goods or shapeless slabs of concrete masquerading as homes. They admire instead works of craftsmanship and art created without regard for their cost-effectiveness.

Community Service

It remains to discuss what men should do to justify their National Dividend, what they should put back into the system in return for what they take out. There are no free dinners and that principle should be hammered home until it is generally accepted. It is vital that some service to the community should be performed in return for what the community provides. This could best be done through local organizations, say at parish level. The more local the activity the more the participants will feel concerned with it. Everyone must surely be aware of the deficiencies in their immediate surroundings. Here is the opportunity to set to work to remedy them with a few hours work a week by every one in receipt of the National Dividend, organized by some such elected committee as the Parish Council.

The voluntary spirit necessary for such activity does exist, despite the cynics, as is demonstrated by, say, the Red Cross or the considerable voluntary public works carried out by the National Trust and by a thousand lesser and more local bodies. For instance the National Trust has been working for some years with voluntary labour on restoring the neglected waterways of the country. The Women's Voluntary Service provides Meals on Wheels for old people. This spirit needs to be encouraged, developed and organized by persuasion and publicity until it becomes generally accepted as a natural obligation. Of course there will be misfits — there always are — but probably not nearly so many as expected. In no country is voluntary effort so readily forthcoming as in this one.

So long as the resources are there it cannot be beyond man's ingenuity to devise an economic system in which they can be used; in which money can be created in the right quantity and equitably distributed to achieve a better, fuller life. This is just one of the ways in which it could be done.

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