



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

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DIRECT ELECTIONS TO THE EUROPEAN ASSEMBLY

by Neil Marten, M.P.

A directly elected European Assembly will probably be fatal to the cause of European unity. The Chairman of the European Movement (Lord Thompson) has given an indication of how this might happen when he wrote, "After direct elections the Assembly will be converted into a rival of national parliaments fighting for a fairer share of parliamentary power".

If directly elected members of the European Assembly (MEAs) start trying to snatch power from the national parliaments of France and Britain they will certainly get a smart slap in the face. They will then be left with the almost non-existent powers which they have today.

What Purpose?

That being so, what purpose is served by direct elections? The standard reason given is that it will make the Common Market more democratic. But will it? Direct elections do not necessarily bring democracy; Russian MPs, directly elected, have not increased democracy. On the other hand, some western democracies have nominated senates exercising power as a second chamber. Democracy is more about the use of power.

So, with no extra powers, disillusionment and frustration will soon set in. Recrimination between those countries wanting to give more power to the Assembly and those not wanting to will increase the already constant bickering between the member countries. The British public will become even more disenchanted with our membership of the Common Market than they are today — the latest opinion poll gives 53 per cent against membership.

One can understand why the Commission is so passionately in favour of a directly elected Assembly because they will then regard it as "their Parliament" and will increasingly ignore the national parliaments.

Treaty of Rome — Outdated

The real answer to the whole question of the Common Market is surely to recognize that the Treaty of Rome itself is an outdated document which will become unmanageable if Greece, Spain and Portugal join. We should restart the whole venture, keep the good, reject the impractical and have a new treaty based on cooperation between a wider grouping of nation states without any supra-national pretences.

The European Assembly (unelected) could be merged with the Council of Europe and the Commission converted into the coordinating Secretariat of the Council of Ministers.

To continue clinging to the outdated concept of the Treaty of Rome in this fast changing world is unworthy of responsible and progressive political leadership which genuinely desires European unity.

THE EMS — HARMFUL TO BRITAIN?

From all sides there is growing criticism of the way in which the EEC is developing. The proposal to establish a European Monetary System has aroused many misgivings, not only from those who opposed joining the Community, but also from those who strongly supported membership. As *The Times* pointed out in its leading article on 15th November — "Our view on the European Monetary System is that we do not think such a system can work without a central authority to regulate money supply throughout the Community".

If such a central authority were established by the Community it would mean that the control and issue of money and credit, which should be the most conspicuous and sacred responsibility of government, would pass out of the nation's control. It is true that successive British governments have not been very successful in their monetary policies, it would, nevertheless, be a very great sacrifice of sovereignty to allow this key control to pass out of our hands.

A Disaster for Britain

Opinion in the *Daily Express* of 14 November made no bones about its view on the EMS. "It would be a disaster for Britain to enter the proposed European Monetary System". It went on to argue that we would be tied to what would be, in effect, a Bonn-Paris monetary axis. It concluded — "If we go in we shall give up control over our economic future. We have not sunk so low that we need to do that".

The Chancellor of the Exchequer expressed the belief that if we joined the EMS under the present terms, it would be harmful to Britain. Although the West German Government seems confident that the scheme will go ahead as planned at the beginning of next year, it seems increasingly unlikely that the British Government will agree to join.

EEC Budget

Britain's contribution to the EEC budget has also come under fire. *The Guardian* of November 14th came out with a front page headline — "Britain's EEC bill on brink of doubling" and on the following day the Prime Minister in his speech at the Lord Mayor's banquet focussed attention on the same problem. His complaints about the way the Community budget operates and his obvious reluctance to get involved in the European Monetary System are indicative of the increasing disenchantment by the authorities of the way the EEC is developing.

The operation of the CAP has again come under heavy attack. In the House of Commons on 15th November Mr. Neil Marten raised the question of

the export of over 14,000 tonnes of butter to the USSR. He said – “This illustrates the absurdities of the intervention system and the fact that if one is outside the market not only can you buy cheap food on the world market but there is a plentiful supply of cheap food from inside the Common Market surplus.” Mrs. Barbara Castle commented “not only anti-marketeers are appalled by the wasteful absurdities of the CAP. Newspapers like *The Times* and *The Guardian* which strongly supported Britain’s entry into the Common Market, are demanding fundamental reforms of the CAP.”

The Minister of Agriculture, Mr. John Silkin, said that the creation of agricultural surpluses in the most costly way imaginable creates with it the problem of how you dispose of them. He anticipated more progress in changes to the CAP in the coming year.

In the autumn issue of *Britain and Overseas* last year we posed the question – Can the Common Market survive in its present form? Events in the past twelve months have made this question even more valid.

NEW ZEALAND AND THE EUROPEAN COMMUNITY

A valuable report has been issued by the New Zealand Planning Council in which they have made an independent assessment of the major issues bearing on New Zealand’s future relations with the European Community. The report was produced at the invitation of the New Zealand Government and it covers a wide range of subjects. It examines the way the Common Agricultural Policy has worked and the effect it has had on products that N.Z. sells overseas. There is no doubt that the EEC has had a major impact on the economy of New Zealand and the report says that the problems confronting them do not stem from a lack of demand for the goods N.Z. is best fitted to produce and sell overseas, at prices which would be most acceptable to the producers; they have arisen mainly because access to markets has been restricted and tariffs and levies have been imposed.

The report points out that restrictions on trade by industrial countries have lowered the return to exporting and worsened the terms of trade. Moreover, subsidised exports from some of these countries have reduced N.Z. export opportunities and earnings in markets which would otherwise have been profitable outlets. These developments more than any others, threaten the viability of N.Z. agriculture and the economy as a whole.

Sheepmeat Regime Causing Concern

On the subject of a Common Market regime for sheepmeats which the EEC is currently considering, the report suggests that this is seen from the outside as a step towards increased protection at a time when all the negotiating countries are working within the GATT to achieve the opposite result.

The proposal is causing concern in N.Z., they fear that any pricing policy for sheepmeats could provoke declining consumption and a switch by consumers to alternative meats or meat substitutes. The proposed introduction of a sheepmeat’s regime, says the report, is a test for the CAP and the Community’s ability to apply the principles of the CAP flexibly to meet different circumstances, and to provide assured access and reasonable and stable markets in a way which pays due regard to the position of the Community in international trade.

The importance of the market for lamb in the EEC is shown by the following:

“The EEC is less than two-thirds self-sufficient in its sheepmeat requirements: 84 percent of the EEC’s third country lamb and mutton imports are from New Zealand; the UK accounts for 55 percent of the 800,000 tones of sheepmeat consumed in the Community; and New Zealand supplies 53 percent of the lamb consumed in the UK.

“New Zealand has for a number of years set diversification targets for sheepmeat sales outside the UK market, and these have been met, but the conclusion is inevitable that markets for the quantities and qualities of lamb currently being sent to the UK do not exist elsewhere. Britain’s membership of the Community has already had a significant impact on New Zealand’s trade in lamb with the Community. The 20 percent tariff now applied in full to Britain’s imports adds 25 percent to the cost of getting the lambs to the market place and reduces by around 40 percent the return to the producer. This alone is a significant element in the decline in New Zealand terms of trade.”

A NEW STIMULANT FOR N.Z. ECONOMY

A powerful new stimulant will be injected into the New Zealand economy when natural gas starts to flow ashore from the Maui gas field, 21 miles off the North Island coast in the Tasman Sea.

Production will start from Maui A at about 200 million cubic feet a day, and will build up to 400 million. In the meantime work will be progressing on Maui B, which will be commissioned in December, 1983. The total capital investment will be around \$1,000 million. In return New Zealand will have a resource which is among the top three dozen gas fields in the world.

HUMAN RELATIONS IN INDUSTRY by the Hon. Sir Marcus Sieff

There is much in Britain, with all its faults, to be proud of, and a great deal to preserve and improve. The maintenance of what has been well done in the past, modified to suit the present and the future, is just as important as change where change is necessary.

I believe that good human relations in industry are essential if democracy as we understand it is to survive and prosper and the quality of life for all is to be improved. The former US ambassador to the UN, Senator Moynihan, said there, three years ago, that there were only twenty-four democratic governments in our understanding of the word, surviving out of one hundred and forty-four member countries of the United Nations. Nobody will dispute that democracy and freedom of the individual – that is freedom of speech, freedom of thought and freedom to act responsibly – are in danger.

So one of the crucial problems of our time is how to preserve these freedoms so that democracy survives. This is not just a matter of political attitudes and relationships. A dynamic free enterprise sector within the mixed economy is essential for the maintenance of democracy and, if we are to have a dynamic free enterprise sector, then responsible industrial leadership is vital. The nature of that leadership is therefore central to the problem of how democracy is to be preserved.

For two centuries, capitalism and the market economy have been the main economic system of the advanced democratic nations of the world and that is why they became advanced. It is true that under the system, the rich did well and, though the standard of living improved generally, it was still low for the majority.

Where have we gone wrong?

Yet in my lifetime, these systems, which, for all their faults have gradually created a better standard of living than any other, have been under constant attack, certainly in the UK, by those who wish to replace them with one or other of those systems which are non-democratic, where individual freedom does not exist and where the standard of living is generally lower than that which we enjoy. Where have we gone wrong?

In general, democracies have suffered in recent years from a failure of leadership. It is my intention to concentrate on the lack of leadership in the industrial area, but what I have to say applies equally to leadership in other areas.

Text of a speech to members of the ERC at the House of Lords on 11.10.78.

Our economic and social systems have changed considerably in the last thirty years. Today, in Britain, we operate an economy consisting on the one hand of nationalised industries, largely government controlled and financed, and, on the other, of a private or free enterprise sector where businesses are largely financed by private capital and by individuals' savings whether directly or through pension funds.

What are the advantages of such an economy? It gives considerable scope in the so-called free enterprise sector for individual initiative and development of talent. These qualities have value in maintaining our democratic way of life. Additionally, the free enterprise sector must be flexible and able to respond quickly to market demand; it must also provide the customer with what he or she wants or the enterprise concerned will perish.

Nationalised industry, which is largely government financed, often has to submit to remote management control and considerable bureaucracy which restricts initiative and limits sensible freedom of action. Its survival generally does not depend on producing efficiently what its customers want. As it grows, a few ministers and senior civil servants possess, and in fact must dispense, patronage on a wide scale which ultimately tends to corrupt, in the sense that the concentration of power in a few hands is in itself corrupting and is basically against the democratic principles on which many of our political and social systems are based. Lord Acton's words hold true today – power corrupts, and absolute power corrupts absolutely! Today, central government, nationalised industry and local government spend half our national income and that is an unhealthy concentration of power in too few hands.

What alternatives?

What are the alternatives to the mixed economy? Those that exist in such countries as Russia, China, the so-called People's Democracies, the dictator countries of the Right, such as Chile, where democracy as we understand it, and responsible individual freedom as we enjoy it, do not exist. Dictatorship by the individual or small group implies a political and socio-economic system which the majority of people in our country would not welcome.

If most people would not welcome a change of this nature, why then is the mixed economy under attack, and why is there a possibility that it will be replaced by systems which most would not want and many abhor? Why do those who wish to change the system gain ground, and why do those who seek to preserve what is best in the present system, modified to suit today's circumstances, have difficulty in standing up to these attacks?

I believe one important, if not the main, reason is that many of those who should lead have largely failed to understand their social responsibilities and the importance of people. The main problem we now face is not the energy crisis,

or lack of investment, or the high level of unemployment or even inflation, but the development of a co-operative relationship between human beings in all spheres of activities where they should work together but more often than not don't. The alternative to co-operation is confrontation.

So my main theme is the importance of good human relations and co-operation between all grades of society. What I have to say applies to government dealing with government, government dealing with the people they govern, trade union leaders and their members, management of industry and trade union leaders; but I shall concentrate now on the relations between management and employees with particular reference to industry in the free enterprise sector, though my comments apply equally to all the areas I listed above.

Standards of education, literacy and knowledge for the majority have improved considerably in the past fifty years. This has led many people rightly to expect a better standard of living and quality of life. They wish to be treated as responsible individuals who merit respect. Most want to be kept informed of developments which affect them; they appreciate their advice being sought. They long to feel wanted and many feel they have a constructive contribution to make and so they have. This applies particularly in the industrial and commercial fields, which for the sake of simplicity I shall refer to as industry. It emphasises the vital importance of establishing good human relations in industry. I use the term "good human relations in industry" rather than the common term "industrial relations" because we are human beings at work, not industrial beings.

Good Human Relations

If we wish to see democracy survive, then industrial and commercial management, particularly in the free enterprise sector, must be more dynamic in implementing a policy of good human relations with all that it implies in effort, time and money. The kind of industrial leadership indispensable to a modern democratic society can only be forthcoming if top management is seen to be by its deeds committed to:—

- a. implementing practically a policy of good human relations with all employees;
- b. practising open management so that everyone is aware of what is happening within the organisation in which he or she works;
- c. giving proper rewards and incentives to all, including those who, by assuming greater responsibility, authority and initiative, become leaders.

Such a policy generally leads to co-operation, minimal industrial unrest and profitable operations which benefit all employees and the community generally.

If we cannot achieve this co-operation between people who should work together but often do not, there will be confrontation. If this is true, why is not all management committed to implementing a policy of good human relations. Now it is my experience that all senior management, be it government, trade union or private enterprise, say they believe in the importance of good human relations but, in fact, some top management merely pays lip service and does nothing; others believe in it but do not know how to implement it, and a number of organisations believe and implement a policy of good human relations successfully.

Today, as organisations become larger, it is apparently — and I use the word "apparently" advisedly — difficult to prevent personal relationships and proper communication between top management and employees from becoming remote; individuality is lost in numbers; people feel they are tiny unimportant cogs in a vast machine and no-one is interested in their problems; they are motivated by insecurity and sometimes by frustration and boredom. Some naturally become irresponsible and human material on which trouble-makers thrive.

If people are not treated with respect and do not enjoy their work, but regard it as a necessary evil, then there will be conflict; people will be discontented; organisations inefficient; productivity, profits and wages generally poor. What I say is based on practical experience.

Respect for the Individual

Of course it is easy to say one believes in good human relations, they are morally right, they are worthwhile for a variety of reasons, but it requires more than words to implement such a policy. It costs time, effort and money but it can only be implemented if top management has the right mental attitude which must be based on a sincere respect for the individual; and people must be treated as individuals. Top management must understand the importance and take part in the implementation of a right and just personnel policy, and this includes a progressive wage policy, if the firm concerned is progressive and makes profits.

Such relations cannot be successfully imposed on industry from outside, by government for example, though governments try to do so from time to time. Government compulsion is generally a manifestation of desperation. Good relations can only develop organically from within the individual organisation. Barbara Castle's "In Place of Strife" and Robert Carr's Industrial Relations legislation were both initiated with the best intentions but failed because they sought to improve human relations by political imposition and not through a genuine desire on both sides of industry to co-operate. The authors of the Bullock majority report and of the White Paper on Industrial Democracy fail to

understand that you cannot foster a spirit of enterprise and co-operation just by putting a new Act of Parliament on the Statute Book.

Teamwork and leadership can only flourish when free enterprise flourishes and each person is kept in the picture of the policies and developments where they affect their lives at work, encouraged to put forward his or her views and where these are taken into account before such policies are implemented.

Our experience is that the great majority respond to such treatment and willingly accept their obligations as well as their benefits. This results in people working well, less absenteeism, greater staff stability, a more experienced staff and, generally, a willing acceptance of new and more modern methods of production and operation. In such circumstances, industrial strife is greatly reduced and sometimes eliminated.

Under such conditions, most people take pride in their work and this often results in high productivity and good profits. This in turn enables management to pay higher wages and provide those facilities which make for a contented and hard working staff, to have funds for investment which creates employment, and to pay dividends to the shareholders who have provided the money to operate the business. My personal experience naturally colours my views. I have — as I said — been active for over forty years in a business which believes in and implements a policy of good human relations.

If top management is to perform its function properly, it is essential that they make regular visits to the factory and shop floor, with seeing eyes and listening ears. By "seeing eyes and listening ears", I mean looking objectively at what is happening and listening objectively to what people have to say — not seeing what one wants to see or translating what people are saying into what one would like people to say. Management will then learn for themselves what is being well done and may need intensifying; more important: what is being badly done and needs remedying. All too few such visits are made.

Generally, I find that the most successful companies are nearly always those where top management is constantly seeking to improve employee relations. Many of the least successful are those where little attention is paid to this aspect, and management/employee relations are not good.

More Open Management

There is need for more open management. Most people are sensible and responsible; they appreciate being taken into the confidence of top management, who must explain policies and developments clearly; but much top management still believe in secrecy and tell their employees as little as possible of what is happening, instead of as much as possible.

But in addition to the failure of top management often to understand properly the importance of good human relations and the need for open

management, there is another factor which is affecting industrial leadership over a wide area, and that is the lack of incentive.

Most people feel that if they show initiative, take greater responsibility and work harder, they should be adequately rewarded. The Prime Minister on the 13th May 1976 said:

".. on the matter of differentials we must make sure that energy, enterprise and responsibility are properly rewarded."

And again, on the 15th November in the same year in his speech at the Guildhall:

"There must be proper rewards for skill and for responsibility."

Many feel today that the reward they receive for assuming greater responsibility and working harder, in fact in accepting leadership, is not adequate. At present, many are beset with domestic problems brought about by inflation and very high personal taxation which starts at a low level of income, and many wonder whether the game is worth the candle. Many choose protected careers in government service. Others emigrate. Others opt for television and the quiet life. Among them are those who in the past would have eventually assumed considerable responsibility in industry.

Power of Trade Unions

Another major factor in the industrial scene in our country is the power of trade unions; it requires two sides to co-operate and equally to confront. Some of the leadership has fallen into the hands of those who do not believe in co-operation but only in confrontation. They seek to abolish the present socio-economic system and replace it by a system which would in effect be a government controlled, bureaucratically run economy, with power residing in their hands.

It would mean the end of democracy.

This group, a dynamic and often militant minority, in many cases do not represent the views of the moderate majority of their members. They are generally elected by a small minority because the present system in our country of election in some trade unions does not encourage the majority to vote. Where there is a secret and particularly a postal ballot, more members vote. They generally elect moderate union leaders who seek solutions within the present socio-economic system. The extension of the secret ballot, probably postal, is very necessary if the views of the majority are to prevail.

So management must recognise and implement its social responsibility and exercise just leadership, but, if they do so, equally, union leaders and all employees have to recognise their responsibility and obligations as well as accepting the benefits such a policy brings.

Mrs Thatcher, said in Brussels some 5 months ago, and I quote: "Democracy depends on private enterprise as well as on the ballot box and

countries which have the first are most likely to be able to move towards the second. Free enterprise has historically usually preceded freedom and political freedom has never long survived the end of free enterprise." Mrs Thatcher is right.

There is nothing to indicate that other systems, which end up as a form of dictatorship, whether of the Left or the Right, improve living standards for the majority; they certainly take away that individual freedom which most of us take for granted. Experience shows that the countries under those systems generally have lower standards of living — in many cases much lower — and that men or women who assert their rights or express opinions contrary to the official dogma, suffer suppression and often persecution, prosecution and imprisonment.

Good human relations are essential if our type of democracy is to survive. This means that everyone has the obligation to act responsibly and learn to co-operate and this can only happen if there is, at the same time, responsible leadership. Otherwise we must not be surprised if others take over and we shall wake up one morning to find ourselves members of a society that few of us want, and where democratic values no longer operate — and we shall have only ourselves to blame.

THE KREMLIN'S DESIGNS

In his foreword to a new book entitled "The Bear at the Back Door" by General Sir Walter Walker, the Right Hon. Julian Amery M.P. writes "I strongly recommend this penetrating report of what General Walker has seen and the conclusions he has formed to all concerned about the onward march of Soviet Imperialism in Africa and the threat which it poses to the survival of the West".

The author, who was former NATO Commander-in-Chief of the Allied Forces in Northern Europe, covers many subjects of great topical interest in this book. He visited Rhodesia in October 1977 and again in April-May 1978 and he gives chapter and verse of the ghastly atrocities by the terrorists, and he urges that the internal settlement made by Mr. Ian Smith and the three black African leaders should be supported.

His main theme, however, is the dangers inherent in the intervention of the Soviet Union to absorb the whole of Southern Africa including its great mineral wealth. He contends that their intention is to dominate the Cape Sea route, the Red Sea, the Persian Gulf and the Indian Ocean; thus to bring NATO to its knees without firing a shot. Recent events certainly underline this threat. "Unless we wake up in time" he suggests "the West will be nibbled to death in conditions of nuclear stalemate"

"The Bear at the Back Door", by General Sir Walter Walker KCG CBE DSO; published by Foreign Affairs Publishing Co. £5.

THE THREE ECONOMIES

by John Coleman

Although it is widely recognised that state capitalism has characterised many communist economies on the one hand, and on the other, that big industrialists and bankers have played a remarkably large planning role in the mixed economies of the West, political thinking for the most part has proceeded as if there were two basic economic systems: the free market economy and the socialist planned economy, the mixed economy being only a mix of these two. This article will aim to show that this is a dangerous over-simplification and that because of it both Conservatives and Socialists find themselves in a confusing network of economic misunderstanding.

A little reflection must make us realise that there are at least three economies battling for supremacy in our politically confused world: the free market economy, the socialist planned economy and what I should like to call the capitalist planned economy. It probably should have been evident from the beginning of modern capitalism that the reason why so many capitalists desired a free market economy was so that in the end they would be able to introduce through it their own version of the planned economy. Disraeli showed that he clearly perceived this in a speech quoted by J A Froude (1): "The leading spirits I see on the benches before me have openly declared their opinion that if there were not an acre of cultivated land in England it would not be the worse for this country. You have all of you in open chorus announced your object to be the monopoly of the commerce of the universe your system and ours are exactly contrary."

Freedom of Monopoly

The new freedom for the monopoly of trade expressed by those Victorian free traders was echoed again by Sir Christopher Soames in a speech two years ago at Whitchurch on the EEC (2) where he stressed that joining the EEC increased the freedom of capitalists to plan their operations on a wider scale and reduced the power of Socialists and Trade Unions to impede them. Freedom for the multinational operation of the monopoly capitalist, he argued, would be further established and enhanced by the unification of governmental authority in the EEC through Direct Elections to the European Assembly (or Parliament, as he called it). Thus there is, and has long been a perceptible will towards wresting out of the free market economy a capitalist planned economy.

A whole new set of political relationships arises when we place these three economies, instead of the traditional two, on the left-right political spectrum. The Heath-Walker style of Conservatives led their followers into what they implied was the middle ground in politics. Socialists tended to accept this and labelled the more traditional Conservatives, such as Sir Keith Joseph, as

'extreme right-wing'. In fact on the three economy perspective the free market economy will be seen as the real centre set between the socialist planned economy on the one side and the capitalist planned economy, as represented in this country by the policies of Heath, Walker and Soames, on the other.

The concept of the capitalist planned economy and its supposed justification is clearly delineated in the Nato Review for February 1977 in an article by John W Tuthill entitled, (3) 'Can we afford directionless economies?' Tuthill quotes John D Rockefeller III's book, The Second American Revolution in support of the main contentions of his article. Rockefeller recognised the deep suspicion and mistrust many Americans have of large scale government social planning, which he ascribes largely to the 'frontier experience' and the qualities of self-reliance on which the American nation was originally founded. The capitalist planned economy, which he is clearly advocating, must be made to seem palatable to such independent minded Americans by presenting it as a 'planning economy', and by talking about 'goal-setting' and 'participation', though the very scale of the operations envisaged would make real participation by the people impossible. It would be a society planned by a capitalist power elite, an inference which Tuthill, of course, conceals. The significance of his article, appearing as it does in the Nato Review, is that it probably indicates the kind of social and economic policy which is increasingly to become the standard fare of Nato countries.

In terms of domestic British politics, the Rockefeller policy is manifested in the 'pale pink socialism' of the middle ground. Both traditional Conservatives and convinced Socialists have an instinctive sense that they are being cheated in some indefinable way even when policies seem most obviously designed to please them. Capitalist dominated social and economic planning leads directly to what we have at present: large and inefficient nationalised industries run in fact by capitalists.

Disillusionment

If there is disillusionment on the part of politicians over the kind of policies they find themselves forced to follow, there is even greater disillusionment on the part of the public over politicians. By-elections in 1977 produced the phenomenon of many left-wing socialists voting for Mrs Thatcher's kind of Conservatism in preference to the policies of their own Labour Government. They may find themselves disappointed. They may find that Mrs Thatcher has no freedom of choice in this matter after all, and is forced to follow Mr Rockefeller's 'planning policies', for, although in 1975 Mrs Thatcher could write in (4), 'My kind of Tory Party', "Too many Conservatives have become Socialists already", in the early part of last year The Times (5) published an

article by Ronald Butt, 'Can Mrs Thatcher come to terms with State Ownership?' The whole tenor of this article is that she will have no choice but to do so. This is deeply confusing to Conservatives who cannot see how it fits in with their principles. It is also no less confusing to Socialists because while it squares up with their principles, the situation has a motivation in big business which is diametrically opposed to their own motivation. This whole state of confusion arises because Britain's 'pale pink socialism' — what Ronald Butt called 'managerial socialism', (Mr Rockefeller's Second American Revolution socialism?) — is identified with the 'middle ground' in politics, with reasonableness, moderation etc. It can hardly be sufficiently emphasised that if only this so-called 'centre element' in British politics were correctly labelled it would be identified with a capitalist planned economy and Mrs Thatcher's and Sir Keith Joseph's free market economy (insofar as they stick to it) would automatically appear as the real centre politics. It is becoming more necessary than ever to use the correct labels with the re-emergence of Edward Heath at last year's Conservative Party Conference. We begin to make sense of the political scenario when we accept the hypothesis that both the Heath-Walker faction of the Conservative Party and the Callaghan-Healey faction of the Labour Party are broadly identifiable with the capitalist planned economy and not with the socialist economy.

The difference that the three economy perspective makes to socialism is even more startling than to Conservatives. For example, a move towards a free market economy from a capitalist planned economy would be a move in the direction of socialism, and those who believe in the free market and a genuine socialist would have a joint cause, whereas on the two economy assumption it would appear almost as treachery to the socialist. This is, no doubt, due to the fact that an earlier generation of socialists had an almost romantic hope that big business would some how work with socialism. In the 1930s H G Wells wrote,

(6) "Many things that now seem incurably conflicting, communism and international finance for example, may so develop in the next half-century as to come to drive side by side on a parallel advance." There was an inner hope among socialists that big international business would some how or other come to see the truth of their vision in a way that national capitalists never would. There was greater confidence on the part of big business that socialists would come to see the reality of their power. The behaviour of the major international companies and bankers has shown the latter expectation to have come decidedly closer to the truth. This is epitomised in a recent comment ascribed to an Italian banker. "Communism is the most effective stick to beat the workers with."

- (1) J A Froude The Earl of Beaconsfield Dent 1905 page 137
- (2) Conservative Conference on Direct Elections held at Whitchurch on 18 September 1976
- (3) John W Tuthill Nato Review February 1977 'Can we afford directionless economies'
- (4) Margaret Thatcher 'My Kind of Tory Party' Daily Telegraph January 1975
- (5) Ronald Butt 'Can Mrs Thatcher come to terms with state ownership?' The Times 12 May 1977
- (6) H G Wells The World Clissold Vol 2 1933 page 371

SPOT THE DIFFERENCE:

- * The population of the United Kingdom has risen from 50.3m in 1951 to 55.9m in 1977.
- * Births in 1951 totalled 796,600; in 1977 they totalled 657,100.
- * There were 100,900 legal abortions in 1971; in 1977 there were 111,600.
- * There were 130,000 students in higher education in 1951; in 1977 there were 524,900.
- * Retail prices rose by over 400% between 1951 and 1977; real personal disposable income rose by 84% and the volume of consumer spending by 77%.
- * In 1977, 36% of households in the United Kingdom had use of a deep-freeze; 50.8% had central heating; and 74.6% had use of a washing machine.

From the 1978 edition of "United Kingdom in figures", free from the Central Statistical Office.