

# WHAT OTHERS ARE SAYING

## **Shipbuilding Subsidy Race**

*O.E.C.D. Observer*

FOR MORE THAN A DECADE, the role of government assistance in the shipbuilding industry's fight for markets has grown more and more decisive. The net result, however, has been that increased aid in one country provoked retaliation in others, while delaying the industry's unavoidable adaptation to changing market conditions and to technical progress.

Now the OECD\* Council has decided on action aimed at the progressive removal of obstacles to normal competitive conditions in the shipbuilding industry.

A Resolution has been adopted by the Council under which thirteen of the world's principal shipbuilding countries agree on credit terms for ship exports.

While the immediate aim of the OECD's work in this field has been to arrest the escalation in government aid to shipbuilding, the Recommendation passed by the Council instructs the Working Party on Shipbuilding to concentrate now on the removal of obstacles to normal shipbuilding competition resulting from: -

direct building subsidies; customs tariffs or any other import barrier; discriminatory tax policies; discriminatory official regulations or internal practices; specific aid for investment in and restructuring of the domestic shipbuilding industry.

In the meantime, however, the Council recommended a standstill on any new measures which would serve to increase assistance to the shipbuilding industry.

## **Repercussions of Inflation**

Oliver Smedley, Lib. P.P.C., Bethnal Green,  
December 2, 1969.

THE ACTION against the Rent Strikers in the east end of London is under appeal and therefore sub judice. Nevertheless, it is useful to examine the whys and wherefores of what is going on from the broader political point of view and not only from the legal aspect of the case. What is going on is a protest movement on a massive and growing scale against the constant, almost day to day, rise in the cost of living. The price of practically everything is going up, newspapers yesterday, bread and beer today, fares tomorrow. When is it going to stop?

The people of the East End, including some of the poorest people in the country, cannot go on food strike. They have to feed themselves and their families, somehow or other, from day to day. They cannot strike for very long against the cost of transport, they

\*Organisation for Economic and Cultural Development.

have to get to work. But if they can voice their fury and frustration by refusing to pay increased rents, nobody goes broke. The vast impersonal local authority landlords, the neo-feudalists of our day, will not collapse under the strain. But the people have found a way to make their silent voices heard. Their protest must not be ignored. It contains a rumbling threat from puzzled people outraged by the failure of politicians to maintain the purchasing power of their money."

## **Snivelling Incompetence**

Rt. Hon J. Enoch Powell, M.P., November 28, 1969

MY HEART leapt for joy this week when my waking eyes fell upon a headline. I hope you will have seen it too; for, understood aright, it brings good tidings to all of us. It was this: "West Germany to make 500 million dollar drawing on the International Monetary Fund." So there it was at last, in black-and-white: Germany goes a-borrowing. And why? Because she is facing a deficit on her balance of payments, a deficit—did you hear that? I thought back over all the years during which the sterling qualities of the German workers have been extolled in contrast to our own; the laudable propensity of the Germans to save and invest has been paraded before our eyes; the wonderful growth rate of the German economy has been held up to us as a miracle. All that—and then suddenly, whoosh! They face a deficit and go a-borrowing, just like those British, hitherto despised as layabouts, thriftless, unenterprising and effete.

What then has happened to "the strongest currency in the world?" Have the Germans suddenly lost their vaunted national characteristics of industry and thrift? Have they stopped investing, from one week-end to the next? Has their celebrated overseas sales effort, backed by such plenitude of credit, suddenly packed up? You remember how the sorceress, with a wave of her wand, transformed the companions of Ulysses from men into animals. What wand is it that has wrought an equally swift and precipitate transformation of the German people and their economy? I can tell you, because for years I have been going round offering to do the very same conjuring trick. "Give me", I remember saying long ago, "the strongest economy in the World and I will undertake to reduce it in six months to a condition of snivelling incompetence." How? By one simple set: by altering the exchange rate of its currency so that instead of being valued too low, it was valued too high. As usual, I was guilty of understating the case when I suggested that as long as six months would be necessary. The Germans have needed less than six weeks to convert themselves from a creditor nation to a debtor nation.