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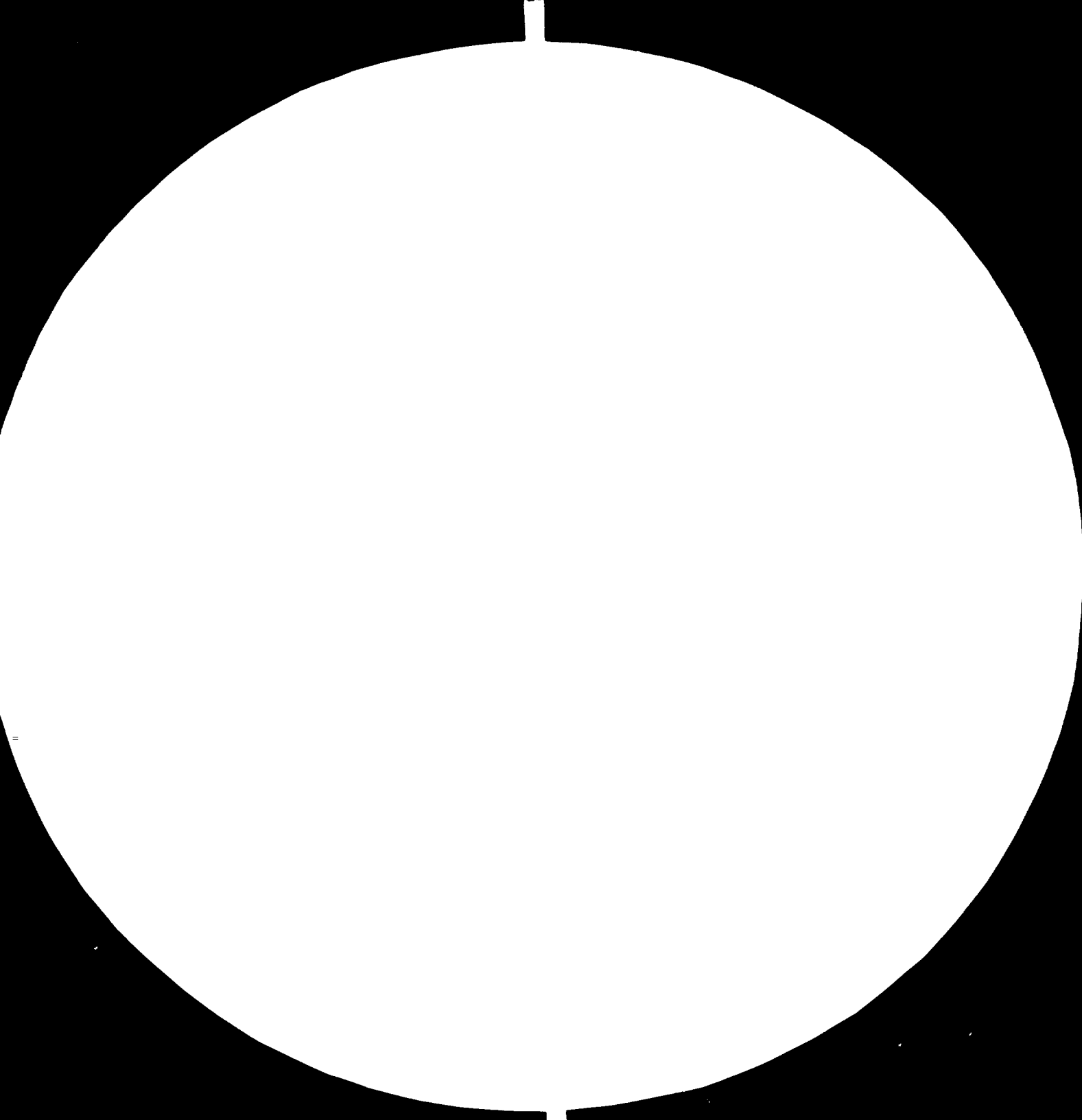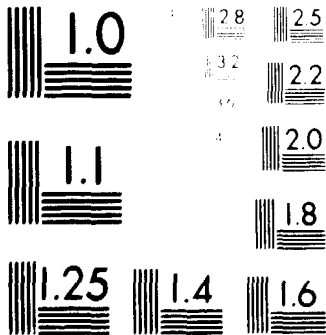
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U.K. Industry and the Less Developed Countries

A Long Term Structure Analysis of Trade

and its Impact on the U.K. Economy

by

Ajit Singh

Faculty of Economics
University of Cambridge

UNIVERSITY OF CAMBRIDGE

DEPARTMENT OF
APPLIED ECONOMICS

U.K. Industry and the Less Developed Countries: A long-term structural Analysis of Trade and its Impact of the U.K. Economy.

§I.   INTRODUCTION

In the wider UNIDO research project on the impact of third world industrialisation on the economies of advanced countries there are two reasons for special interest in the U.K. study.[1] Firstly, the U.K. is the oldest industrial country and the problem of 'de-industrialisation', so-called, which is currently exercising economists and policy makers in several European countries (e.g. Sweden, Belgium, the Netherlands), has been the subject of great public concern in the U.K. for several years. Secondly, in analysing the effects of third world trade on output and employment in the U.K. the present study uses a very different conceptual framework from that employed in the research undertaken for the other industrial countries. On the basis of such an analysis and the research carried out so far, it is argued in this paper that the major reason for the high levels of unemployment in the U.K. until the last two years, was, indeed, trade, rather than the nature and pace of technological change or of productivity growth; however, it was imbalances in trade with the other advanced countries, and not with the third world, which were leading to unemployment. Nevertheless, the research also points to some disturbing long-term changes in the U.K.'s trade with a number of third world and newly industrialising countries, with serious implications for output and employment in the future.

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[1] For administrative reasons, the U.K. study started very much later than those for the other advanced countries.

It is necessary to emphasise at the outset that the primary focus of this paper is an analysis of certain long-term trends in trade, output and employment in the U.K. economy, rather than its behaviour during the last eighteen months to two years. Since the last quarter of 1979, the economy has been undergoing a rapid and unprecedented contraction. According to the latest government statistics, between the last quarter of 1980 and that of 1979, manufacturing production fell by 13.5 per cent. Manufacturing output in December 1980 was 15 per cent lower than it was in December, 1979, and had fallen to a level last recorded in 1967. The reduction in output was spread across a broad range of industries. In the metal industries, output in the fourth quarter of 1980 was 32 per cent lower than it was during the same three months of 1979. Textile, leather and clothing production dropped by 21 per cent while that of chemicals, coal and petroleum products fell by 15 per cent. However, in contrast to manufacturing, the mining and quarrying sector increased its production by 5 per cent over the same period reflecting greater coal production and increased extraction of North Sea oil and gas.

Historically, the decline in U.K.'s manufacturing output during 1980 was greater than ever recorded before in a twelve-month period - larger than that during the Great Depression after 1873 or the Great Depression after 1929. The maximal annual fall in manufacturing production in the first Great Depression occurred between 1878 and 1879 and it was 5.5 per cent; that in the second Great Depression was 6.9 per cent between 1930 and 1931. Although the figures are not directly comparable as the composition of the manufacturing sector has

obviously changed over time, the corresponding year-on-year reduction from 1979 to 1980 was 10 per cent. [1]

One consequence of the severe contraction has been a significant reduction in U.K.'s rate of inflation. Retail prices in January 1981 were 13 per cent greater than in January 1980; the rate of inflation had come down to roughly the same level as the U.S. and was below the rates in Italy and France. However, as may be expected, another consequence of the contraction in manufacturing and overall production has been an enormous increase in unemployment - to 2.5 million workers by February 1981, representing about 10% of the labour force. During the calendar year 1980, employed labour force declined by more than a million, which was the largest post-war decline. The previous largest reduction in employment - 620,000 - occurred between 1970 and 1972, while the decline during the last recession in the mid-1970's, was only about the same as that in the fourth quarter of 1980 alone. Manufacturing industry suffered the greatest loss of jobs; manufacturing employment in December 1980 was just over 800,000 below its level in June 1979. In metal manufactures, 77,000 employees (17% of the total) lost their jobs during this period, and in textiles about 69,000 (16% of the total).

There does not exist a one-to-one correspondence between a reduction in employment and an increase in unemployment, since many of those who lost their jobs do not register. Statistics suggest that only two out of three workers who lost their jobs actually registered, so that the recorded rate of unemployment of 10% is a considerable under estimate;

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[1] see further Kaldor (1981)

The contraction in output and employment in U.K. has also been more severe than in other countries. According to the latest EEC statistics, in the twelve-months ending in January 1981, unemployment increased by 3.9 per cent in Italy, by 13 per cent in France, by 26 per cent in Germany and by 64.5 per cent in the U.K.

However, an analysis of the U.K. economy during these last two years raises a rather different set of economic questions from that addressed in the present study. During this period a new conservative administration came to power which instituted wide ranging changes in economic policy, often inaccurately lumped together under the heading 'monetarism'. These policies were super-imposed on certain adverse trends which already existed in the economy, and which are the main subject of this paper. A proper examination of the new economic policies and their consequences requires a separate study in its own right and must inevitably be left for another occasion. Nevertheless, any policy conclusions which emerge from the analysis of this paper (see Section VII) will need to be assessed against the somber background of the current economic situation outlined above.

The material that follows is organised as below. Sections II and III discuss the important analytical issues involved in the concept of 'de-industrialisation' for an open industrial economy such as that of the U.K., and puts forward an appropriate theoretical framework for empirical and policy analysis of this phenomenon. Section IV presents the results of the traditional model of the impact of third world trade on employment in the U.K. - an impact which is decomposed into that due to productivity growth, to the growth of domestic demand, and to imports and exports. A critique of the traditional model and an alternative analysis of these issues, which links up with the discussion of sections II and III, is provided in sections V / Finally section VII examines questions of economic policy.

§II. **De-industrialisation: Conceptual Issues**

In popular conception 'de-industrialisation' is associated with
a long-term decline in industrial employment or in its share of total
employment in the economy. In this sense, as table 1 shows, several
advanced industrial economies have suffered from de-industrialisation
since about the late 1960s. Between 1960-75, the proportion of labour
force employed in industry fell appreciably in the U.K., Belgium, the
Netherlands, Sweden and the U.S. The trend decline in manufacturing
employment appears to have accelerated towards the late 1960's in most
of these economies. In the U.K. in 1976, there were 1.1 million fewer
workers employed in manufacturing than in the comparable year 1969.
During this seven year period, the proportion of U.K. labour force
employed in manufacturing fell from 34.7% to 30.1% (the fall in the
proportion employed in total industrial production,[1] rather than just
manufacturing) was from 45.3% to 40.1%). EEC statistics, covering a
later period, indicate that even in France, W. Germany and Italy – the
three countries in table 1 which do not show any long-term trend decline
in the proportion of manufacturing employment – a significant reduction
in industry's share in total employment occurred between 1974 and 1978.[2]

I have argued elsewhere (Singh (1977) that for an open industrial
economy, the above notion of de-industrialisation is analytically
unsatisfactory. This is for the simple reason that a decline in the
proportion of employment, or even output, in industry may reflect no
more than a normal adjustment of the economy to changing domestic and
world market conditions leading to the expansion of some sectors and
contraction of others. I have, therefore, suggested that the question

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[1] Total industrial production includes in addition to manufacturing,
mining and quarrying, construction, electricity, gas and water.
However, manufacturing is by far the lasgest component of the
industrial sector – it has a weight of 74.5 (out of 100) in the
index of UK industrial production.

[2] It is difficult to obtain comparable data for the late 1970s for
the various countries. On a slightly different basis from that in
table 1, OECD (1979) have provided comparable figures on industry's
share in total employment for several countries up to 1977. These
are shown in Chart I in the Appendix.

Table 1   The proportion of manufacturing employment in total
           employment in advanced industrial countries ⁽¹⁾

(selected years, percent)

	UK	Japan	Italy	Belgium	France	Germany	Netherlands	Sweden	USA(2)
1950	34.7	-	-	32.7	-	-	30.2	-	34.4
1955	35.9	18.3	22.8	33.1	26.8	-	30.2	- (3)	35.3
1960	35.8	21.3	26.6	33.5	27.9	34.7	28.6	32.1	33.6
1965	35.0	24.3	28.9	33.9	28.3	36.3	28.2	32.4	32.8
1970	34.7	27.0	31.7	32.7	27.8	37.4	26.2	27.6	32.3
1971	34.0	27.0	32.0	.32.3	28.0	37.0	25.7	27.3	31.9
1972	32.9	27.0	32.1	31.9	28.0	36.6	25.1	27.1	31.2
1973	32.3	27.4	32.2	31.8	27.9	36.1	24.1	27.5	31.6
1974	32.3	27.2	32.6	31.5	28.1	36.6	24.5	28.3	31.0
1975	30.9	25.8	32.6	30.1	27.9	35.9	24.0	28.0	29.0

SOURCES: Brown and Sheriff (1979);

OECD, Manpower Statistics and Labour Force Statistics

(1)   The series presented is an estimated reference series which
       makes allowance for discontinuities in official labour
       statistics due to changes in industrial classification,
       methods of collection, etc. In some cases, particularly the
       U.K., there are substantial differences between this series
       and the published inconsistent one.

(2)   Industrial employment.

(3)   For 1961; 1960 not available.

whether de-industrialisation in this sense implies any structural
maladjustment of the economy can only properly be considered in terms
of the interactions of the economy with the rest of the world, i.e.
in terms of its overall trading and payments position in the world
economy. The structural characteristics of the domestic economy alone
are not adequate for such an assessment.

This is not to deny in anyway the structural importance of
manufacturing industry for the process of economic growth which arises
from the view that manufacturing is characterised by both static and
dynamic economies of scale and therefore has a greater potential for
productivity growth than other sectors of the economy.[1] However, /In the case
of the U.K. economy, there is a major additional reason for being
concerned with the state of manufacturing industry. This derives from
the evolution of the structure of the U.K. economy over the last
century which has rendered it a net importer of food and raw materials,
which have to be largely paid for by exports of manufacture.[2] Given
this historical evolution, as well as the factors mentioned above, I have
suggested that an efficient manufacturing sector for the U.K. economy may
be defined as one which, given the normal levels of other components of
the balance of payments, yields sufficient net exports (both currently,
but more importantly, potentially) to pay for the country's import
requirements at socially acceptable levels of output, employment and
the exchange rate. The latter restrictions are extremely important,

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[1] See further Kaldor (1967), Singh (1979a).

[2] For a detailed examination of the role of services in U.K.'s balance
of payments, and the question whether U.K.'s comparative advantage
lies in services rather than in manufacturing, see Singh (1977). See
also Sargent (1979).

since at low enough levels of output and employment, or more arguably
at a sufficiently low exchange rate, almost any manufacturing sector
may be able to meet this criterion of efficiency. [The exchange rate
should be regarded here as an indicator of /acceptable levels of
                                           the
inflation and inequality of income distribution]. It is also necessary
to emphasise the significance of the qualification that, to be efficient
the manufacturing sector must be able to fulfill the above requirements
not merely currently, but also in the long run. For instance, a windfall
gain to the balance of payments (e.g. from North Sea oil) may put it
temporarily into surplus (at desired levels of output, employment etc .
although manufacturing industry may be incapable of ensuring this when
'normal' conditions return.

Two implications of this definition of efficiency may be noted.
First, it implies that if the U.K. North Sea oil revenues were expected
to last forever, then a shrinking or a small manufacturing sector might
be regarded as efficient. This anomaly can be avoided by including an
additional restriction concerning the desired rate of growth of the
economy. Then a dynamic manufacturing sector of a particular size will
most likely be essential for 'efficiency' on the argument which underlines
the structural significance of manufacturing industry for economic growth.
Secondly as Cairncross (1979) has rightly pointed out, the definition
I have suggested also means that even when 'manufacturing output was
actually growing in proportion to GDP (as on one measure it did up to
1973), or even when manufacturing employment was growing in proportion
to total employment', there may be de-industrialisation, i.e. a structural
disequilibrium in the sense of a progressive failure to achieve sufficient
exports to pay for full employment level of imports at a 'reasonable'
exchange rate.

§ III.   U.K. Industrial Performance:
Growing Failure in the World Economy

Having specified the requirements of long-term industrial
equilibrium for the UK economy in terms of foreign balance, the rate
of growth, of output and the level of employment, I turn now to an
examination of its long run industrial performance. The story of the UK's
relative industrial decline during the last quarter century is too
well known to require detailed repetition here. Very briefly, since
the middle 1950s Britain's rate of growth of industrial output has
been approximately half that of her main competitors. Consequently,
as table 2 shows, the UK's share of OECD manufacturing output fell
from 9.6% in 1960 to 4.5% in 1976. Because productivity grows more
slowly in the UK than in competitor countries,[1] UK manufacturing
productivity by 1974 was 40% lower than that of West Germany or
France, whereas 20 years earlier it had been much the same in the
three countries. (Jones, 1976).

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(1)   U.K.'s share of world industrial production fell from 6.46% in
      1963 to 4.29% in 1976 and 4.15 per cent in 1977. OECD (1979)

( )   Between 1955 and 1973 there was in fact a trend increase in UK
      manufacturing productivity; beginning in the late 1960s there
      was also a significant reduction in the gap between the rate of
      growth of productivity in the UK and in the advanced European
      countries. However, during the last four years, manufacturing
      productivity in the UK appears to have stagnated, a phenomenon
      which cannot be explained in purely cyclical terms
      [See, further, CEPG (1978)].

Table 2   The UK share in OECD manufacturing output and in 'world' exports
of manufactures. UK's costs and prices relative to those in
other industrial countries.

	Share in OECD Manufacturing Output (1)	Share in 'World' Manufacturing Exports (2)	Index of price competitiveness 1970 = 100	Index of relative unit costs in common currency 1970 = 100
1960	9.6	16.5		
1964	8.4	14.4	104.1	106.2
1965	7.8	13.9	1)5.3	107.7
1966	7.3	13.4	107.2	109.8
1967	7.0	12.3	106.2	106.4
1969	6.4	11.3	99.2	96.1
1971	6.2	10.9	103.2	103.0
1973	5.8	9.4	96.0	92.9
1975	5.8	9.3	97.8	97.5
1976	5.4	8.7	94.3	93.4

(1) At constant prices, based on 1963 weights for 1960 and 1963, and on
1970 weights for 1972 onwards.

(2) At current prices and exchange rates. The 'world' consists of the
UK, France, Germany, Italy, Japan, the US, the Benelux countries,
Canada, Sweden and Switzerland.

(3) Ratio of the index of UK to weighted average export prices for major
competitors in respect of manufactured goods. All price indices based
on common currency ($).

(4) Unit costs include labour costs and national costs. The index of
cost competitiveness consists of the ratio of the index of UK costs
expressed in common currency ($) to a geometrically weighted average
of the corresponding cost indices in competitor countries.

SOURCES: Columns 1-3, Brown & Sheriff (1979); Col. 4 OECD (1978).

The figures in table 2 show that between 1960 and 1976, UK's share in world exports of manufactured products nearly halved. During this period, the share of competitor countries (with the notable exception of the US) in world manufacturing exports either remained the same or increased. During the 1970's. there was also a large continuing increase in import penetration of UK home markets. These adverse movements in imports and exports occurred despite the fact that, owing to the depreciation of sterling, the UK's costs and prices expressed int terms of a common currency, fell relative to those in other countries. The last two columns of table 2 indicate that between 1964 and 1976, UK prices of manufactured exports and its costs per unit of output fell by more than 10% compared with those in competitor countries.[1]

Further, there is evidence not only that UK manufacturing industry was 'inefficient' in the specific sense discussed above, i.e. characterised by long-term disequilibrium, but that this disequilibrium had been growing worse over time. A comprehensive examination of this evidence was undertaken by Singh (1977) and Singh (1977a). In summary[2] the essential point is that, mainly because of the decline in the performance of UK industry in the world economy, there had been a trend deterioration in the UK's current balance at full employment, despite , as we have seen above, improved cost and price competitiveness. Since the late 1960's this has prevented the economy from working at its full potential.

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[1] In striking contrast, during the past eighteen months or so, UK's international price-cost competitiveness has deteriorated sharply, which is one of the causes contributing to the contraction of the economy described in Section I. During this period not only has UK's rate of inflation been higher that in many of the competitor countries, there has also been a large appreciation in the exchange rate for sterling leading to a decline in cost-price competitiveness of the order of 30% (measured in US dollars).

[2] The reader is referred to the cited papers in the text for a full discussion of the set of inter-connected issues which are involved and for a systematic examination of the empirical evidence bearing on them. In particular, to save space, references to supporting empirical material have not been included in the discussion below; the reader may wish to consult the two earlier articles for these.

Thus, for example, in 1965-66 the UK was able to achieve a rough balance on its current account, although there was near full employment (unemployment of 1.5%). In 1970-71, the current account was in surplus to the tune of ₤ 1 500 million (at 1975 prices), but unemployment was 3%. Yet in 1975, although nearly 4% of the labour force was unemployed, there was a current account deficit of ₤ 1 700 million. Part of this was, indeed, due to the effects of the rise in oil prices since 1973. However, as the Cambridge Economic Policy Group model (CEPG, 1976)   . even assuming that the terms of trade had remained constant at the pre-1972 level, there would have been a current account deficit of ₤ 2 000 million at full employment in that year; the corresponding figure for 1977 - estimated to be about ₤ 6 000 million.

Disaggregated analyses show that the main reason for the above disequilibrium did not lie in the UK's trade in service or invisibles, but in visible trade in finished manufactures. In table 3 below, figures for 1977-1979, the period immediately preceding the new economic policies of the conservative administration, graphically illustrate the central problem of U.K. de-industrialisation in the 1970's, which arose from the trend acceleration in the rate of growth of manufactured imports.[1] Between 1977 - 1979, whilst manufacturing production was barely increasing at all, imports were growing at an ever-increasing rate. Largely because of this disastrous trading performance in manufactures, it is estimated that even at the then high levels of unemployment (6%), but without North Sea oil and gas resources, the UK's current account deficit in 1979 would have approximated £10 billion. To put the latter figure in perspective it may be recalled that in 1978, the U.S. recorded

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[1] In 1980, there was a large decline in manufactured imports because of the contraction of the economy and of heavy destocking. However, UK's high income elasticity of demand for manufactured imports remains a major problem once the economy reflates. See further below and also Section VI.

Table 3   Exports, Imports & Domestic Production of Finished
Manufactures   1977 -   1979

(% change in volume over the previous year)

	1977	1978	1979
Exports (a)	6.5	3.5	5% (b)
Imports (a)	9.1	16.0	23% (b)
Production	1.4	0.8	-1.9% (c)

(a) For 1977, 1978, excluding erratic items, i.e. ships, North Sea
     production installations, aircraft and precious stones.

(b) From August 1978 to August 1979

(c.) From the third quarter of 1978 to the third quarter of 1979.

SOURCE: CEPG (1979); Economist, Sept. 22, 1979; NIER (1980).

a deficit of $16 billion (about £8 billion, i.e. 25% lower); the

U.S. economy is approximately seven times the size of the U.K.'s,

and the U.S. deficit was generally regarded as being unacceptably

large.

Further, an analysis of the area pattern of the U.K. trade

indicates that the accelerated decline in trade balance

in finished manufactures is not being caused by the Third World,

but by trade with the other advanced industrial countries.

As Kaldor (1976), on the basis of an analysis of U.K. trade with

six leading industrial countries (the U.S., Belgium -

Luxembourg, France, W. Germany, Japan, and the Netherlands), pointed out.

> 'The most striking evidence of the deterioration of our
> position during the last 10 years resides in the fact
> that whereas in 1966 we had a net export surplus in our
> trade in manufacturing goods with the six countries of
> £ 142m, 10% of exports, in the first 6 months of 1976,
> we had an import surplus of manufactures of £ 1 550 millions
> (in terms of annual rates) or 20% of our exports. This was
> in spite of the fact that in 1966 we had near-full
> employment whereas in 1976 the economy has been in recession.'

This is clearly a major issue in the context of the present study;

it will be taken up again and discussed in detail in section V.

There is a large literature concerning the reasons for the

U.K. industry's growing failure in manufacturing trade. Following

the pioneering work of Houthakker and Magee (1969), this phenomenon

is seen to arise from (or if one prefers, to be reflected in)

a structural imbalance, whereby the U.K.'s income elasticity

of demand for finished manufactures is not only greater than that
observed for other industrial countries, but is also considerably
larger than the world income-elasticity of demand for U.K. exports.
The latter in turn has a lower value than that estimated for other
advanced economies. As a consequence of these unfavourable
elasticities, the U.K. economy is able to maintain an external
balance by growing only at a very slow rate. Using Gunnar Myrdal's
theory of cumulative and circular causation, I have argued elsewhere
that a slow rate of growth of output and employment over a long
period, relative to that of competitor countries, would ceteris
paribus tend to make the underlying disequilibrium more acute than
before. (See further below.)

There are many plausible hypotheses, on both the demand and
the supply sides, which can be put forward to account for the U.K.'s
relatively high income elasticity of demand for imports and the low
world income elasticity of demand for U.K. exports (or more simply
for the unfavourable trends in the imports and exports of finished
manufactures).[1] For example, with respect to imports, the most
important of these on the demand side are as follows:

(a) peculiarities in the structure of U.K. demand;

(b) too rapid a rate of change in the pattern of demand in this country;

(c) a low initial average propensity to import relative to that
     in other countries;

(d) too high a level of aggregate demand (and hence pressure on
     resources) in the U.K. compared with elsewhere.

However, available studies lend little empirical support to these theories.

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(1) The specification in terms of elasticities can be regarded as merely a
     way of defining the problem. Those who prefer not to work with elasticities
     may consider the above phenomenon simply in terms of a trend deterioration
     in the U.K.'s ability to export and a trend increase in its propensity to
     import. The hypotheses discussed in the text concerning the reasons for the
     U.K.'s adverse elasticities can equally well be used to account for the
     unfavourable time trend terms in the regression models of exports & import:

The balance of the evidence suggests that it is weaknesses
on the supply side which account for the U.K.'s high income
elasticity with respect to manufactured imports. The domestic
productive system is clearly unable to respond adequately to changes
in demand brought about by growth in consumer incomes. However, it
is important to stress that such inadequacies cannot be traced
to an unfavourable 'structure' of UK industry as conventionally
understood, i.e. the industrial distribution of inputs and outputs.
As table 4 shows, over the period 1974-72, the pattern of industrial
production was much the same as the U.K. as in West Germany; if
anything, the West German structure converged towards the more mature
industrial structure of U.K. In fact, at the broad two-digit level
of industrial classification, there is an increasing convergence in
the industrial structures of most advanced economies (Stout (1979);
U.N. (1977)). On the basis of a classification in terms of nine
broad categories of industries, OECD (1979) found that the distribution
of manufacturing employment among 13 advanced industrialised nations
showed strong similarity.[1] An important conclusion of this study also
was that over the period 1963-77, countries tended to move closer to
a pattern characteristic for advanced industrial economies. Nevertheless,
certain interesting points arise from a detailed comparison of recent
inter-industry changes in employment in West Germany and U.K.; these
will be discussed in Section VI.

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[1] The OECD data are reproduced in Appendix table 1...

Table 4

Distribution of net output in manufacturing

in the UK* and West Germany** 1954-72, per cent

Industry	1954		1963		1972	
	UK	WG	UK	WG	UK	WG
Food	7.8 } 8.9		7.4 } 8.2		7.0 } 7.1	
Drink and tobacco	3.6 }		3.9 }		4.2 }	
Chemicals and allied industries	7.2	8.5	9.5	11.4	12.3	15.7
Metal manufacturing	8.9	16.5	8.0	13.0	6.3	11.2
Engineering and electrical goods	20.2	21.3	22.4	23.4	24.4	23.2
Mechanical engineering	12.4	12.5	12.1	11.9	11.6	9.8
Instrument engineering	1.0	1.7	1.3	1.4	1.4	1.2
Electrical engineering	6.9	7.6	9.1	10.0	11.6	12.3
Shipbuilding and marine engineering	3.1	1.7	2.1	0.9	1.3	0.8
Vehicles and aircraft	9.9	5.1	10.7	9.3	9.7	9.1
Metal goods nes.	7.1	6.2	6.5	5.8	5.4	5.5
Textiles	10.0	7.3	7.5	5.6	7.5	4.3
Leather, fur, clothing and footwear	5.3	5.5	4.2	4.9	3.6	3.7
Bricks, pottery, glass and cement	3.9	7.1	3.9	6.6	4.3	6.0
Timber and furniture	2.8	3.8	2.8	3.0	2.8	3.2
Paper, printing and publishing	7.7	5.1	7.9	4.7	7.5	4.5
Other manufacturing	2.7	2.4	3.3	3.1	3.9	4.3
Total manufacturing	100.0	100.0	100.0	100.0	100.0	100.0
The sum of the absolute differences between the U.K. and W.G. distributions	30.0		23.4		25.5	

* 1963 prices

** 1962 prices

Source: Panic (1976).

Thus, U.K.'s supply side deficiencies cannot be attributed to its pattern of production; nor as seen earlier can they be ascribed to increases in U.K. costs and prices relative to other countries. A number of studies have stressed the importance of non-price factors in international competition. In particular, empirical research on the relative competitiveness of U.K. and foreign products shows that the former are weak in terms of factors such as the following: delivery dates, quality, design, performance, etc.[1] These non-price characteristics take us a long way towards an explanation both of the U.K.'s high income elasticity of demand for imports and of its obverse, the low world elasticity for U.K. exports. [2] They suggest a lack of dynamism in the productive system, which must in turn be related to the slow growth of manufacturing production in this country. Economies which grow quickly are thereby enabled to achieve faster technical progress, more product innovation and improvements in other important non-price spheres of competition. In addition, the take-home pay of workers in a faster growing economy will generally also be growing more quickly. Other things being equal, this is likely to lead to better relations between workers and managers, with consequent benefits to productivity and performance. Because of its slow growth, U.K. industry has suffered on both these counts. The result has been a vicious circle of causation

(1) For a survey of these studies, see N.E.D.O. (1977); Stout (1979); Humphreys (1980).

(2) Perhaps a sufficient reduction in price might compensate for these non-price factors. But experience suggests that this would be likely to necessitate an unacceptably large depreciation in the exchange rate. Cf. Fetherston, Moore and Rhodes (1977), who conclude as follows from their model of export shares of industrial countries: "If the U.K. is to maintain its 1976 share of manufactured exports to 1980 and beyond, a further fall in U.K. relative costs of the order of 30% will be required to raise the growth of manufactured exports from the projected 6% per annum to somewhere between 9% and 11% per annum. This compares with a 15% reduction in actual relative costs achieved between 1965-76 (despite the very large nominal depreciation of the exchange rate)" (pp. 66, parentheses added).

by which industry is increasingly unable to hold its own in either overseas or home markets.

It may be useful at this stage to draw attention to certain features of the above analysis of the long run state of U.K. industry which will be relevant to the discussion of policy issues in the final section. First, I have not presented any theory or theories about how the structural disequilibrium of the industry arose in the first place. These are a number of passionately held views about the cause of this 'original sin', ranging from the laziness of the British workers to deficiencies of the educational system, the peculiarities of the English 'class system', the weakness of the managers, etc. _ However, there is no agreement among economists on the reason or reasons for the poor performance of U.K. industry. What is being suggested here is that whatever the underlying cause of the disequilibrium if Britain continues to participate in the world economy on the same kinds of terms as before, and/or if it does not change the domestic production system, the/disequilibrium will keep on becoming more acute over time.

Secondly, it is worth noting that several economists have recommended that the economy should grow at a faster rate so as to reduce unemployment or to slow down inflation [C.E.P.G. (1977, 1978), Feinstein & Reddaway (1973)]. However, the main burden of the basic approach adopted here is to argue that a transition to a higher long-term expansion path is also necessary in order eventually to establish an efficient manufacturing sector, i.e. one which will be (and remain) competitive in the world economy.

Thirdly, a related point, it should be observed that an increase in the rate of industrial growth will ceteris paribus also lead to

an increase in the growth rate of productivity. But the latter may
also be achieved with a reduction in the growth of output (if not
a smaller output than before), as indeed has happened in the U.K. in
some recent periods. In terms of the analysis of this section, the
correction of disequilibrium requires an increase in productivity
which is associated with rapidly expanding, rather than shrinking,
output.

§ IV.   The Third World Imports and the Loss of Jobs
         in the U.K.: The Traditional Analysis

Having considered the nature and implications of the long-term

trading disequilibrium which characterises the U.K. economy, I now

turn to an analysis of the impact of trade in manufactures with the

Third World on employment opportunities in this country. This section

presents the results obtained by the application of the traditional

model which is widely used in such analyses.

Tables 5 - 7 provide in a summary form the relevant background

information concerning the U.K.'s manufacturing trade with the

various groups of countries. In particular they identify a group

of 23 'newly industrailising' countries which provide most of

U.K.'s manufactured imports from the Third World.[1] Table 5 shows

that overall, the NIC's accounted for about 10% of the country's

manufactured imports in 1977. In certain industries, the NIC imports

were particularly significant, e.g. in clothing and in travel goods,

they accounted for about half or more of total imports. Table 6,

which considers only finished manufactures (SITC 7 and 8),

indicates that the overall share of the NIC imports has not

changed very much over the last fifteen years.   In 1963, 11.3%

of the U.K.'s imports of finished manufactures came from the NIC's,

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(1) The countries included are Hong Kong, Singapore, South Korea, Taiwan,
     Malaysia, The Philippines, Thailand, India, Pakistan, Iran, Israel,
     Brazil, Argentina, Mexico, Spain, Portugal, Yugoslavia, Greece, Turkey,
     Malta, Poland, Romania, Hungary. This list is somewhat different than
     that used in some recent OECD studies; further, some of the countries
     may not be regarded as belonging to the 'Third World'.

Table 5   Percentage of U.K. Imports of Manufactures in 1977
           Accounted for by NIC's, Other Non-OECD Countries,
           Japan and Other OECD Countries

SITC	Category	NICs	Other non-OECD	Japan	OECD (other than Japan)	Weight of commodity group (per cent) in total UK imports of all manufactures covered
84	Clothing	57.5	8.1	0.9	33.5	4.2
83	Travel goods, handbags, etc	47.5	10.9	3.6	38.0	0.2
85	Footwear	43.1	4.8	0.4	51.7	1.2
65	Textiles	25.4	4.9	2.1	67.6	6.2
	Group average or total	39.1	6.1	1.5	53.2	11.9
61	Leather, leather goods n.e.s., furskins	37.1	15.5	0.9	76.4	0.7
63	Wood and cork manufactures (excl. furniture)	33.6	7.4	0.7	58.4	1.7
89	Miscellaneous manufactures	14.1	4.1	8.9	72.9	6.0
81	Sanitary, plumbing, heating, lighting	13.8	7.4	0.5	78.3	0.3
82	Furniture	12.2	12.6	0.6	74.7	0.8
69	Misc manufactures of metal	11.5	2.2	4.0	82.4	2.8
62	Rubber manufactures n.e.s.	10.4	5.0	3.8	80.9	1.1
72	Electrical machinery, apparatus and appliances	8.6	2.9	13.7	74.8	9.8
86	Instruments; photographic and optical; watches and clocks	6.8	2.4	9.8	81.0	4.0
67	Iron and steel	4.8	6.1	4.7	84.4	5.5
71	Machinery other than electric	3.8	2.5	2.8	91.0	22.0
5	Chemicals	3.2	6.0	1.6	89.1	13.7
73	Transport equipment	2.2	2.1	13.1	83.6	14.4
64	Paper, paperboard and manufactures thereof	1.8	0.7	0.4	97.1	5.4
	Group average or total	6.0	3.6	6.2	84.2	88.1
	Overall average or total	10.0	3.9	5.6	80.5	100.0

SOURCE: Foreign and Commonwealth Office (1979), adapted

- 22 -

Table 6	U.K. Imports of Finished Manufactures (SITC 7 and 8) – Percentage coming from NICs, Japan and Other Countries		
Year	From: NICs	Japan	Others
1963	11.3	2.4	86.3
1964	10.2	2.5	87.2
1965	8.1	2.7	89.4
1966	8.4	2.9	88.6
1967	8.2	3.3	88.5
1968	8.1	2.9	89.0
1969	8.3	2.2	89.5
1970	8.2	3.0	88.7
1971	9.4	4.2	86.4
1972	9.4	6.6	83.9
1973	10.1	7.2	82.7
1974	10.1	7.0	82.9
1975	9.8	6.7	83.5
1976	10.5	6.9	82.6
1977	9.9	7.7	82.4

SOURCE: Foreign and Commonwealth Office (1979).

the corresponding figure in 1977 was in fact lower, at 9.9%.
In contrast over the same period, Japan's share more than tripled
(from 2.4% to 7.7%).

Table 7 looks at the long-term changes in the area pattern
of exports from the U.K. and shows the familiar story of the U.K.'s
exports being increasingly oriented towards its neighbours in
Western Europe and away from its former colonial markets in the
Third World. In 1977, only 13% o. U.K. manufactures went to the
developing countries compared with 25% in 1960; over the same period
EEC's share went up from 22% to 36%.

The traditional method of studying the effects of trade on
industrial employment relies on the following identity:

$$dE = \frac{1}{P_t} (dD + dX - dM - E_{t+1} \quad dP)^{(1)}$$

where E = Employment

D = home demand (volume)

X = Exports   (volume)

M = Imports   (volume)

P = Productivity per worker year

t, t+1 are the time periods being considered

and 'd' indicates the change between t and t+1.

In other words, given the level of productivity, the model ascribes changes
in employment between any two periods to the growth of home demand and to the
growth of exports and of imports; the last term indicates the effect of

(1) This identity is itself derived from the following two identities:
  O = D + x - M
and P = O/E where O is gross output and the other symbols are as above.
Strictly speaking the identity only for small, infintesimal rather than
discrete changes. See OECD (1979).

Table 7   Distribution of U.K. Manufactured Exports
           by Area   1 9 6 0 - 1 9 7 7

		1 9 6 0 (%)	1 9 7 7 (%)
Western Europe		34	53
of which			
EEC	22		36
Rest	12		17
North America		16	12
Other Developed Countries		15	6
Oil Exporting Countires		7	13
Other Developing Countries		25	13
Centrally Planned Economies		3	3
		100	100
of which			
Commonwealth		34	14

SOURCE: U.K. Treasury Economic Progress Report No. 107,
          February 1979; quoted in Pennant Rea (1980)

the change in productivity. It is thus a comparative static model in which the variables on the right hand side act independently and their effects on employment are additive.[1]

Cable (1977) applied the model to four U.K. industries where imports from the Third World were thought to be particularly important - footwear, clothing, cotton textile (fabrics) and textile yarns. His results are reported in table 8. The table shows that even in these particularly trade sensitive industries, the main cause of the loss of jobs during 1970 - 1975 was growth of productivity rather than trade - the former being twice as important as the latter. Further, trade with the less developed countries was not as significant a factor in reducing employment as that with the rest of the world. The job loss due to ldc trade was at its maximum in the clothing industry, but was still only 1.7% of the industry's labour force per annum. Table 8 reports only the direct effects of increased net import penetration; however even if indirect effects on other industries were included, this would not alter the essential picture outlined above.[2]

_____

(1) This simple model has been widely used in the literature. See UNIDO (1979).

(2) Cable estimated that the inclusion of indirect effects would raise
     the figures for jobs lost directly through falling output by
     a factor of 20% in the clothing industry, 25% in shoes and 15%
     in textiles.

Table 8   Estimates of direct causes of job loss in the UK in
         sensitive sectors, 1970 - 75.

		Footwear	Clothing	Cotton Textiles (Fabrics)	Textile Yarns
Employment	1970	97,100	364,000	61,200	83,000
mid-year	1975	75,300	320,500	47,400	57,500
Job change due to productivity change	1970-75	-8,100	-81,900	-4,700	-11,000
consumption change	1970-75	-5,700	+54,600	+300	-10,200
net import penetration	1970-75	-8,100	-30,800	-8,400	-7,100
of which ldcs	1970-75	-1,710[1]	-19,450	-2,225	-215
(unexplained residual)	1970-75	-100	+16,000	-1,000	+2,000
Average annual loss of Employment due to ldc trade		0.4%	1.7%	0.8%	0.05%

[1] 3,200 including Comecon

Sources: Footwear statistics obtained from Business Monitor Reports,
        HMSO and Footwear Industry Statistical Review, 1975.
        Clothing from NEDO Statistical Bulletin, March 1977. 1970
        import and export data based on trade statistics, corrected
        to conform to NEDO output and trade series. Employment, 1970/75,
        as calculated by NEDO from Census Returns includes temporarily
        stopped workers (56,000 in first quarter of 1974, reduced since
        due to Temporary Employment Subsidy).
        Textiles from NEDO Textile Trends 1966-75. For yarns, cotton
        and yarn production figures were combined. For fabrics, cotton
        and allied fabric production figures are used.

Adapted from Cable (1977).

More recently, the Foreign and Commonwealth Office (1979) have

used the Cable formula in a comprehensive study covering a much wider

range of industries. Their results analysing employment changes

between 1970 and 1975 in 24 industries where Third World countries

are significant exporters are reproduced in table 9. Conclusions

similar to those of Cable follow from the figures given in the table.

Overall, in all 24 industries together, reduction in employment due

to the growth of productivity was more than twice that due to foreign

TABLE 9: SOURCES OF EMPLOYMENT CHANGES IN CERTAIN UK INDUSTRIES COMPETING WITH LDCs, 1970-75

MLH	Industry group	Overall change in employment	Attributable to changes in:– Home demand	Productivity	External trade	(of which: trade with LDCs)	Exports	(of which: exports to LDCs)	Imports	(of which: imports from LDCs)
444	Men's shirts, overalls, underwear	+ 1,800	+29,282	-12,439	-15,043	(-12,429)	+ 4,666	(+1,046)	-19,709	(-13,475)
417	Hosiery and other knitted goods	-14,200	- 6,472	+ 2,187	- 9,915	(- 6,666)	- 1,503	(+ 776)	- 8,412	(- 7,442)
445	Dresses, lingerie, infants' wear etc	+ 3,900	+47,245	-36,259	- 7,086	(- 4,794)	+ 2,539	(+ 882)	- 9,625	(- 5,676)
442	Men's and boy's tailored outerwear	-12,900	+24,676	-22,862	-14,714	(- 4,377)	+ 4,210	(+ 750)	-18,924	(- 5,127)
413	Weaving of cotton and man-made fibres	-13,800	+15,430	-12,377	-16,853	(- 4,269)	+ 3,411	(+ 68)	-20,264	(- 4,337)
443	Women's and girls' tailored outerwear	- 3,100	+11,983	-10,898	- 4,185	(- 2,576)	+ 1,145	(+ 143)	- 5,330	(- 2,719)
494	Toys and sports equipment	+ 1,800	+14,055	- 9,332	- 2,923	(- 1,248)	+ 3,087	(+ 230)	- 6,010	(- 1,478)
441	Weatherproof outerwear	- 3,500	+ 4,246	- 4,452	- 3,294	(- 1,190)	- 159	(+ 40)	- 3,135	(- 1,230)
271	General Chemicals	- 3,600	+15,928	-26,418	+ 6,890	(+ 516)	+10,169	(+1,714)	- 3,279	(- 1,198)
352	Watches and clocks	+ 300	+ 3,781	- 985	- 2,496	(- 367)	+ 3,855	(+ 734)	- 6,351	(- 1,101)
432	Leather goods	+ 400	+ 5,270	- 2,668	- 2,202	(- 1,119)	0	(- 72)	- 2,202	(- 1,047)
367	Radio, radar and electronic capital goods	+14,000	+14,532	- 3,261	+ 2,729	(+ 2,024)	+ 9,779	(+2,706)	- 7,050	(- 682)
499	Misc. manufactures	- 1,500	+ 698	+ 288	- 2,486	(- 374)	+ 515	(+ 212)	- 3,001	(- 546)
392	Cutlery and tablewear	- 500	+ 3,267	- 1,555	- 2,212	(- 729)	- 1,081	(- 352)	- 1,131	(- 377)
419	Carpets	- 3,900	+ 5,327	-10,182	+ 955	(+ 313)	+ 3,141	(+ 625)	- 2,186	(- 312)
414	Woollen and worsted	-36,100	-22,846	- 5,925	- 7,329	(+ 975)	- 4,606	(+1,174)	- 2,723	(- 159)
422	Made up textiles	+ 2,100	+10,908	- 5,273	- 3,535	(+ 480)	+ 1,162	(+ 530)	- 4,697	(- 50)
431	Leather tanning	- 2,700	+ 3,151	- 5,089	- 762	(- 3)	+ 454	(0)	- 308	(- 3)
411	Man-made fibres	- 1,600	+10,445	- 9,234	- 2,811	(+ 671)	+ 694	(+ 649)	- 3,505	(- 23)
450	Footwear	- 8,300	+16,283	-18,277	- 6,306	(+ 314)	- 2,604	(- 188)	- 3,702	(+ 502)
493	Brushes and brooms	- 1,700	- 1,943	- 201	+ 444	(+ 999)	- 56	(- 112)	+ 500	(+ 1,111)
449	Dress industries n.e.s.	- 2,700	+ 6,577	- 8,412	- 865	(+ 1,417)	- 623	(+ 69)	- 242	(+ 1,348)
415	Jute	- 1,600	- 2,760	- 984	+ 2,144	(+ 1,956)	- 27	(- 27)	+ 2,171	(+ 1,983)
412	Cotton spinning and doubling	-26,300	-18,802	- 7,176	- 322	(+ 4,239)	+ 1,429	(+ 668)	- 1,751	(+ 3,571)
	Total of minuses	-138,000	-52,823	-214,259	-105,339	(-40,101)	-11,113	(- 751)	-133,537	(-46,359)
	Total of pluses	+ 24,300	+243,084	+ 2,475	+ 13,162	(+13,904)	+49,802	(+12,975)	+ 2,671	(+ 8,538)
	Net Total	-113,700	+190,261	-211,784	- 92,177	(-26,197)	+38,689	(+12,224)	-130,866	(-38,421)

(Industry groups arranged in descending order of labour displacement attributed to change in imports from LDCs).

SOURCE: Foreign and Commonwealth Office (1979)

trade. Of the net loss of 92,177 jobs due to trade, only 26,197

could be attributed to trade (taking into account both exports and

imports) with the less developed countries. Extending the analysis

to all manufacturing industries SITC (5-8), the Foreign and Commonwealth

Office estimate that between 1970-77, increase of imports of manufactures

from the 23 newly industrialising countries referred to earlier, is

'unlikely to have displaced more than 2 per cent of the 1970 labour

force of the industries concerned'. However, over the same period,

the increase of U.K. exports of manufactures to the less developed

countries, is thought to have led to an increase in employment of a

similar order of magnitude. Thus it is concluded: 'Any net displacement

(of labour, due to trade with the less developed countries) appears to

have been quite small' (p.25, parenthesis added).

§V.   The Impact of Third World Trade on a Balance-of-Payments
      Constrained Economy: An Alternative Analysis.

The conclusion of the U.K. studies reviewed in Section IV —
that relative to the growth of productivity and changes in home
demand, trade has a relatively small effect on reducing manufacturing
employment, and that the effect of trade with the less developed
countries on aggregate unemployment is negligible[1]—is broadly in
line with that of the investigations which have been carried out for
the other advanced economies.[2] This is not surprising since many such
analyses are based on the same type of model as outlined above. Yet there
are   serious   conceptual objections to this model, which
render any conclusions drawn from its application rather suspect.

First, as was noted in the last section, it is an additive model
which precludes any interaction amongst the independent variables.
Thus increases in productivity, in terms of the model, always lead to
a reduction in employment.   This is clearly unsatisfactory.
It is more reasonable   to envisage the growth of
productivity leading to a reduction in domestic prices and thereby
interacting with all the other variables — for example reducing the
level of imports from what it otherwise would have been, increasing
domestic demand, and on account of both these factors increasing domestic

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[1] Although there is little effect on aggregate unemployment, the
     incidence of job-loss as a result of the third world trade may
     be quite significant in particular regions or for specific groups
     of workers (e.g. women). See further UNIDO (1979).

[2] UNIDO (1979) provides the most recent and comprehensive survey of
     these studies. See also OECD (1979).

output and employment. Secondly, the model does not consider the
competitive effect of imports on the home country's export markets
in the third countries. (In terms of the model, this would again
imply interaction among the variables on the right hand side, i.e.
increased imports may also be reducing U.K.'s exports to other
markets.)

Thirdly, and most importantly, the traditional model is singularly
inappropriate for analysing the effects of trade in a balance of
payments-constrained economy such as that of the U.K., which is
characterised by a long-term structural disequilibrium in the manner
described in Section III. In such an economy, an increase in trade
imbalance has a multiple effect on the level of domestic demand and
output and hence on unemployment. These effects manifest themselves
on the level of the economy as a whole and not simply as indirect
microeconomic effects of the kind estimated in Cable's study (see
footnote 2, p. 26, above). Apart from the direct and indirect impact
at the microeconomic level, the deterioration of the trade balance in
a particular industry means that unless there is an equal improvement
of the balance in another industry, the government (through the fiscal
and monetary policies) is forced to run the economy at a lower level of
output and employment than it otherwise would. Macroeconometric models of
                            for the mid-1970's
the U.K. economy/indicate that other things being equal, a one pound
(£1) increase in imports in an industry   led   to approximately £3
                            demand and
reduction in domestic/output - i.e. the trade imbalance multiplier
was 3 and not 1 as implied in the traditional model.

In view of the above, there is another set of data in the
Foreign and Commonwealth Office (1979) report which are more
appropriate for estimating the effects of third world trade on U.K.
employment than those given in table 9 (which is based on the traditional
model). These figures have been reproduced in table 10; they show
changes in U.K.'s trade balance in finished manufactures (SITC
categories 7 and 8) with the newly industrialising countries, with
Japan, and with the rest of the world since 1963. The table shows
that whereas there was a massive deterioration in U.K.'s
manufacturing trade balance with Japan, there was over time
an improvement in the balance with the newly industrialising countries.
In the case of the former, the trade balance moved from a small positive
figure of less than £10m in 1963-64 to an enormous negative figure of
over £600m in 1977; over the same period the balance with the NIC's
improved from + £275m or so to well over a thousand million pounds.
In terms of the argument outlined earlier, it will be right to conclude
that despite the fast pace of industrialisation in the NIC's and a
large increase in their manufactured exports to the U.K., U.K.'s trade
with the NIC's was leading to an increase in domestic output and
employment rather than a reduction. In $\overset{\text{contrast}}{\wedge}$ manufacturing trade with the
Japanese, by contributing to a further tightening of the balance of
payments constraint, was causing losses in jobs and production.

Unfortunately Table 10 does not analyse U.K.'s trade with
advanced countries other than Japan. It is also at a high level of
aggregation with respect to the newly industrialising countries, both
in terms of the products and countries covered. The following sections
present results on a disaggregated basis and also provide broad
quantitative estimates of the employment effects of the observed changes
in manufacturing trade.

Table 10   Evolution of UK trade balances in finished manufactures (STIC 7 and 8) with NICs, Japan and other countries, 1963-1977, selected years.

(at current prices - $ million, exports f.o.b., imports c.i.f.)

	1963	1964	1968	1969	1973	1974	1976	1977
Balance with:								
NICs								
Exports	360.0	353.7	478.4	552.8	971.7	1 254.0	1 913.3	2 387.4
Imports	73.5	85.6	134.1	152.7	465.7	560.0	925.6	1 129.4
Balance	+286.4	+268.1	+344.3	+400.1	+506.0	+694.0	+987.6	+1 258.0
Japan								
Exports	21.9	30.7	44.5	60.4	96.2	127.6	147.6	203.7
Imports	15.6	21.2	47.4	40.3	334.3	390.4	613.5	869.4
Balance	+6.3	+9.5	-2.9	+20.0	-238.2	-262.8	-465.9	-685.7
Others								
Exports	1 747.3	1 308.3	2 672.1	3 078.8	4 856.0	6 158.4	10 443.3	12 856.8
Imports	561.1	729.8	1 471.3	1 642.0	3 831.6	4 599.5	7 313.5	9 356.7
Balance	+1 186.8	+1 078.5	1 200.9	+1,436.8	+1 024.5	+1 559.0	+3 129.8	+3 300.2
World								
Exports	2 129.8	2 192.8	3 195.1	3 692.0	5 924.0	7 540.1	12 504.1	15 447.9
Imports	650.3	836.6	1 652.8	1 835.1	4 631.6	5 549.6	8 852.6	11 355.5
Balance	+1 479.5	+1 356.1	+1.542.2	+1 856.9	+1 292.3	+1 990.5	+3 651.5	+4 092.5

SOURCE :   Foreign and Commonwealth Office (1979)

§VI U.K.'s Trade with the Newly Industrialising and Advanced
     Industrial Countries: Trade Balances, Trade Ratios and Employment.

There are two major reservations concerning the analysis of
Section V. Firstly, it could be argued that the main conclusion that
the U.K. had an increasing trade balance with the newly industrialising
countries may arise simply from the inclusion of a single oil-producing
country (e.g. Iran) or a small group of countries. Secondly, it may
legitimately be objected that in the analysis of U.K.'s manufacturing
trade with NIC's, SITC categories 7 and 8 are too restricted.   In
particular, under SITC category 6, there are a number of industries
where the developing countries are known to have made striking inroads
into advanced country markets (e.g. textiles); it is conceivable that
the inclusion of such industries may change the results significantly.

These hypotheses are investigated here by means of information
presented in tables 11 to 14, charts I – IV, and in the tables in the
Appendix. In addition to SITC categories 7 and 8, statistics are
provided on the following sub-groups within SITC category 6 (manufactured
goods classified chiefly by material).

     62   Rubber manufactures

     65   Textiles

     66   Non-metallic mineral manufactures

     69   Metal manufactures

Table 11 shows changes in U.K.'s trade balance in finished manu-
factures (SITC 7 and 8), from 1964 to 1978, with the world as a whole,
with NIC's and different sub-groups of NIC's, as well as for purposes
of comparison with the advanced industrial countries. Average annual

Table 11: UK's Trade Balance in Finished Manufactures (SITC 7 and 8) with NIC's and Other Regions and Countries 1964-1978

	(£m, current prices)			(As % of world balance)		
	(1964-66)	(1970-72)	(1976-78)	(1964-66)	(1970-72)	(1976-78)
World	1501.4	2014.7	3525.2	100.0	100.0	100.0
EEC (original six)	78.6	-41.6	-1377.7	5.24	-2.06	-39.08
Japan	2.7	-55.0	-655.5	0.18	-2.73	-18.59
W. Germany	-46.9	-149.0	-1005.5	-3.12	17.40	-28.52
U.S.	2.7	-30.2	-412.8	0.18	-1.50	-11.71
NIC's	328.1	512.1	1159.6	21.85	25.42	32.89
NIC's-Iran	309.3	455.2	765.1	20.60	22.59	21.70
Med + Israel[1]	115.5	200.4	462.5	7.69	9.95	12.10
E. Europe[2]	14.4	35.4	57.9	0.96	1.76	1.64
India	106.0	78.2	149.4	7.06	3.88	4.24
E. Asia[3]	43.2	48.6	-101.9	2.88	2.41	-2.89
Latin America[4]	30.2	92.5	233.2	2.01	4.59	6.62
Iran	18.8	56.9	394.5	1.25	2.82	11.19

Sources: Overseas Trade Accounts; Overseas Trade Statistics of the UK; Annual Statement of Trade of the UK.

See also Appendix.

(1) Portugal, Spain, Malta, Yugoslavia, Greece, Turkey, Israel

(2) Poland, Hungary, Romania

(3) Thailand, Malaysia, Singapore, Hong Kong, Philipines, Taiwan, S. Korea

(4) Mexico, Brazil, Argentina

trade balance over three successive three-year periods is shown to
indicate long-term trends. The table shows that whereas the annual
balance with the world increased by approximately £500 million between
1946-66 and 1970-72, over the next six years, there was a much larger
increase of almost £1500 million. This is in striking contrast to
the picture with respect to the advanced industrial countries. For
example in the case of the original six members of the European Economic
Community (EEC), the trade balance in finished manufactures declined
by £100 million between 1964-66 and 1970-72, and at an accelerated
pace over the subsequent six years. The negative time trend in the
balance with certain individual industrial countries, such as Japan
and West Germany was greater still.

As far as the newly industrialising countries are concerned, the
pattern is similar to that for the world, i.e. a growing increase in
trade balance over time. Although during the 1970's there was a
particularly large increase in the balance with Iran, the broad picture
remains unaltered even if Iran is excluded from the NIC's. Various
sub-groups of NIC's identified in the table (Mediterranian and Israel,
Eastern Europe, Latin America)[1] also show approximately similar trends
except for East Asia (i.e. Korea, Hong Kong, Singapore, Malaysia). The
last three columns of table 11 indicate that inclusive of Iran, the
NIC's accounted on average for nearly 22 per cent of U.K.'s trade
balance in finished manufactures during 1964-66, and for about a third

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[1] The trade balances with the individual countries in each year are
given in tables in the Appendix.

in 1977-78; without Iran, the corresponding figures are 20.6 and 21.7 respectively. Parathetically, it should be noted that if U.K.'s trade balance is considered in relation to the third world rather than the NIC's, the picture will be even more favourable. The main reason for this is that the great bulk of third world imports of finished manufactures into the U.K. emanate from the developing country NIC's; further, as noted in Section I, many of the countries included amongst the NIC's here (e.g. Poland, Spain, etc.) are not generally regarded as developing third world nations.

. Table 12 presents corresponding information to that for table 11, but with a broader commodity coverage. In addition to products in SITC categories 7 and 8, it also includes those under SITC sub-groups 62, 65, 66 and 69.[1] The table shows that with the inclusion of additional commodities, U.K.'s trade balance with the world becomes much greater, over £8 billion on average during the years 1975-77 (the corresponding figure in table 11 being £3.5 billion). However, the data also indicate that as far as the time-trends in trade balance for the various groups of countries are concerned, they are broadly similar to those in table 11. Without Iran, the U.K.'s average annual trade balance with NIC's for this larger group of commodities increased by approximately £300 million between 1963-65 and 1969-71, and by about £575 million over the subsequent six years.

A quantitative estimate of the broad orders of magnitude involved of the impact on employment, or an increase in trade balance, in a balance of payments constrained economy may be obtained in the following

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[1] The U.K. statistical sources do not provide a consistant source going beyond 1970 for category 6. Table 12 and the corresponding individual country tables in the Appendix are therefore based on OECD figures expressed in dollars.

Table 12:   UK's Trade Balance in Manufactures (SITCCR) 62, 65, 66, 69, 78)

with NICS and Other Regions and Countries (1963-77)

	($m, current prices)			(As % of world balance)		
	(1963-65)	(1969-71)	(1975-77)	(1963-65)	(1969-71)	(1975-77)
World	4739.9	5764.4	8818.4	100.0	100.0	100.0
EEC(original six)276.5		295.7	-1188.9	5.83	5.13	-13.48
Japan	15.9	8.2	-887.3	0.34	0.14	-10.06
W. Germany	-19.6	-271.9	-1437.8	-2.10	-4.72	-16.30
USA	29.1	9.9	-332.6	0.61	0.17	-3.77
NIC	962.4	1340.3	2514.4	20.30	23.25	28.51
NIC-Iran	911.6	1223.3	1798.2	19.23	21.22	20.39
Med + Israel	400.8	601.6	1136.4	8.46	10.44	12.89
E. Europe	43.6	90.1	161.0	0.92	1.56	1.83
India	255.0	125.4	215.4	5.38	2.18	2.44
E. Asia	120.0	158.4	-155.4	2.53	2.75	-1.76
Latin America	92.3	247.7	440.7	1.95	4.30	5.00
Iran	50.8	117.0	716.2	1.07	2.03	8.12

Sources: OECD Statistics of Foreign Trade, Series C, Annual

See also Appendix

manner. Considering the second six-year period in table 12, i.e.
1969-71 to 1975-77, U.K.'s trade balance with the NIC's excluding
Iran was increasing at an average rate of approximately £95 million
per annum. As macroeconometric models of the U.K. economy during the
mid 1970's show the foreign trade multiplier to be about 3, [CEPG (1977,
1978)] this implies an annual increase in g.d.p. of £285 million in
current prices. The latter figure amounts to approximately 0.3 per
cent of the country's g.d.p. at current market prices in 1975.
Employment elasticity of output in the U.K. was estimated to be about
0.7 in the mid-1970's [CEPG, (1978)], i.e. a 1% increase in g.d.p.
led to an 0.7% increase in employment. Thus, other things being equal,
an increase in trade balance of £95 million in 1975 would lead to an
overall increase in employment of approximately 0.21%. As the total
employed labour in 1975 was 24.9 million, this implies that additional
employment due to trade in manufactures with NICs (excluding Iran) of
the kind considered in table 12, was over 50,000. If 1975 is considered
as typical of the middle 1970's, the total increase in employment due to
increasing trade balance with NICs (without Iran), over say a six-year
period 1972-78, was approximately 300,000 additional jobs. Statistics
in table 12 suggest that the inclusion of Iran in this exercise would
more than double the above estimate for increased employment due to
manufacturing trade with NICs. By the same token, a similar analysis
of the changes in trade balance with the advanced industrial countries
(e.g. EEC) would show it to be responsible for a large reduction in jobs.

The estimates given in the last paragraph are crude and are
intended merely to be illustrative. The impact on employment of the

observed changes in trade balance can be measured more precisely by
simulations on macroeconmetric models of the economy; however I would
not expect the figure to be much different from that outlined here.
It is worth noting that in such an analysis, the relevant data are
those for trade balance in current rather than constant prices. In
a balance-of-payments constrained economy, as far as the multiplier
and the overall balance of payments effects are concerned, what matters
is the absolute increase in trade balance even though it may be brought
about simply by a change in the terms of trade.

An important qualification to this method of analysis and the
estimates based on it arises from the fact that it does not take into
account the composition effects of the changes in output resulting from
changes in trade.   There is a large literature on the subject (OECD,1979)
which shows that because of these effects, a balanced increase in
manufacturing trade between industrial and developing countries has a
negative effect on employment in the former, since imported products
tend to be more labour-intensive than the exports from the industrial
countries. Unfortunately, there are no precise studies of the size of
this composition effect for the U.K., although it is thought to be
relatively small [Foreign and Commonwealth Office (1979)]. Research
for other industrial countries indicates that the ratio of jobs 'created'
by exports of manufactures to developing countries to jobs 'lost' through
imports from them varies from 0.96 in W. Germany, 0.93 in the Netherlands,
0.84 in Belgium and 0.65 in the U.S. [1]   Assuming the ratio for the U.K.
to be 0.85, on the basis of the observed changes in exports and imports

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[1] For a discussion of the methodology used in the calculation of these
ratios, see OECD (1979).

underlying the trade-balance statistics in table 12, the composition effect would reduce the earlier estimate, of the positive impact on employment of trade with the NIC's during the middle 1970's, from an annual figure of over a hundred thousand to about 95,000.

Finally it should be remembered that this analysis is applicable only when the economy is subject to a balance-of-payments constraint. If the economy is not so constrained, an increase in trade balance may well produce perverse results. For example, the U.K. is at present running a large current account surplus. At the existing low levels of output and employment (see Section I), the economy is not immediately constrained by balance-of-payments. Output and employment can be increased to a degree by the economy being run at a higher level of demand without risking a current account deficit. An exogenous increase in trade balance at this juncture may in fact lower output because of its likely positive effect on the exchange rate.

Trade Performance Ratios and Long-term Effects on Employment

Although during the 1960's and 1970's, the U.K. had an increasing trade balance in manufactures with the newly industrialising countries with a significant positive impact on domestic employment, the question still remains what are the long-run trends in U.K.'s trade performance with the NIC's? For, in general, it is entirely possible for a country's trade balance to improve for a period in absolute terms while its trade performance was deteriorating in the sense that its trend rate of growth of exports was lower than its trend rate of growth of imports.

A commonly used measure of trade performance is the trade ratio
which is defined as (exports-imports)/(exports plus imports), i.e. net
trade balance as a proportion of total trade. The ratio has a maximum
value of +1 indicating complete trade advantage and a minimum value of
-1 indicating complete disadvantage. [See further Balassa (1967)].
In conditions of reasonably free trade, when the ratios are consistently
positive in particular products or with particular countries, it suggests
that the U.K. has managed to build up certain advantages which enable it
to run persistent surpluses. Conversely, continuously negative trade
ratios imply that U.K. is suffering from disadvantages, for whatever
reason, in trade with those countries or in those products.   More
importantly, to the extent that the ratio changes over a period of time
from +1 to zero, the country would appear to be losing advantages which
it had previously enjoyed in foreign trade; a drop from 0 to -1 would
suggest that its trade disadvantages were increasing.   Changes in the
reverse direction would of course imply the opposite.

Chart I shows U.K.'s trade performance ratios in finished manufactures
(SITC 7 and 8) over the period 1964-78, with NIC's, EEC (the original six),
Japan and the World; trade ratios for various sub-groups of NIC's are
graphed in Chart II.   Charts III and IV provide corresponding information
with respect to the broader groups of manufactures (i.e. SITC 7, 8, 62,
65, 66 and 9).   The trade ratios for the individual countries and groups
of countries are given in the tables in the Appendix.

Chart I indicates that although U.K.'s trade ratios with the NIC's
and the world were positive throughout 1964-1978, they were subject to

Chart 1: UK's Trade Performance Ratio's in Finished Manufacturing (SITC 7 and 8) 1964-1978:

NIC's, EEC, Japan and the World
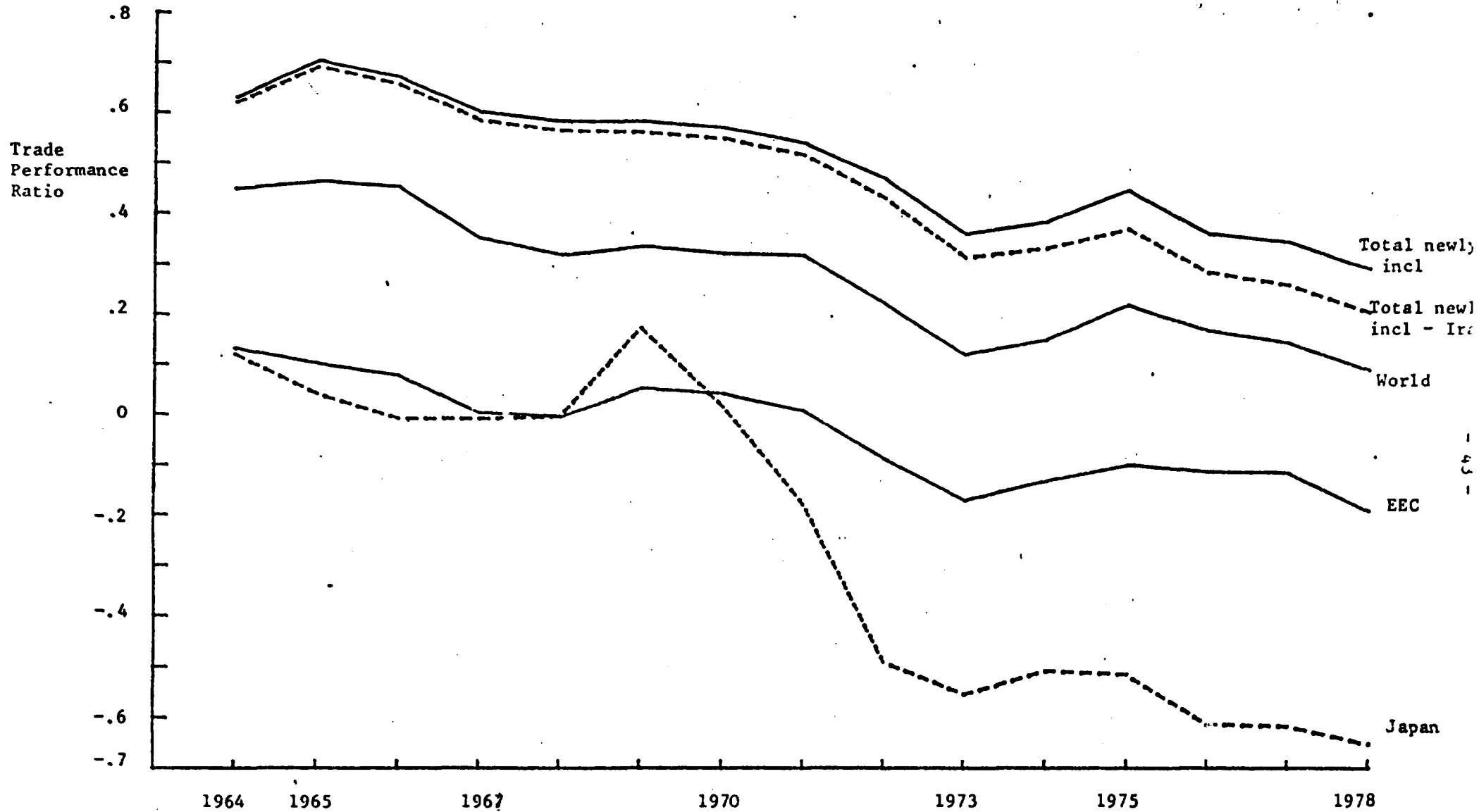
Source: See Appendix.

Chart II: UK's Trade Performance Ratios in Finished Manufactures (SITC 7 and 8) 1964-1978
Various Groups of NICS, India and Iran.
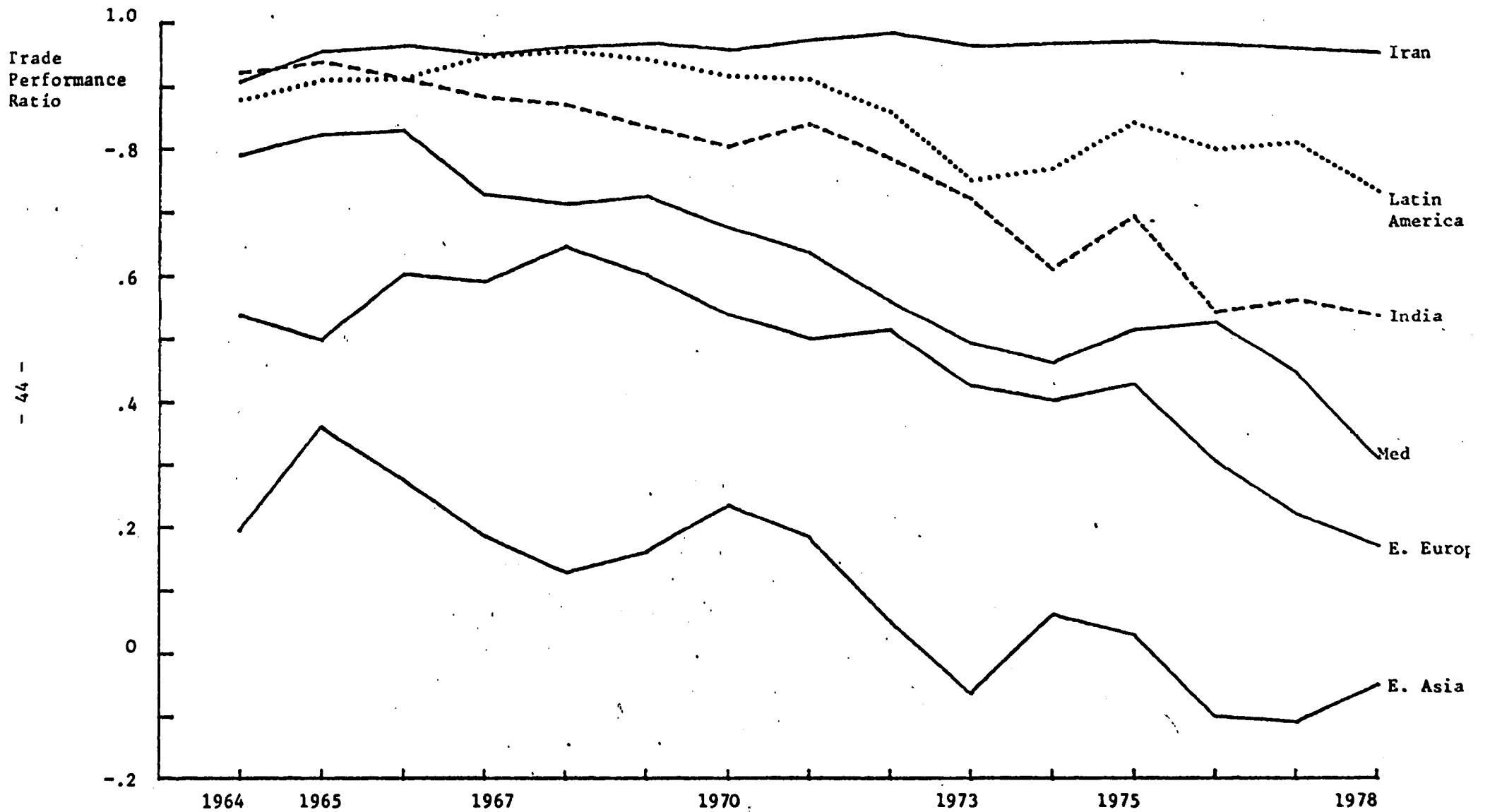
Source: See appendix.

negative long-run trends. Trade ratios with the EEC and Japan, which were a little above zero at the beginning of the period had become persistently negative throughout the 1970's, the negative values being particularly large in the case of Japan. Chart II shows that apart from Iran, U.K.'s trade ratios with the various individual and sub-groups of newly-industrialising, although still mostly positive, suffered a continuing decline throughout the period. Charts III and IV give a broadly similar picture for the wider groups of manufactures considered there.

In order to compare more precisely changes over time in U.K.'s trade ratios with the various groups of countries, table 13 (SITC 7 and 8) and table 14 (SITC 7, 8, 62, 65, and 69) give trend rates of change obtained by regression analysis.[1] The striking feature of these tables is not only that all the 'b' coefficients (except for Iran) are negative, but that the trend decline in the U.K.'s trade ratios with the newly industrialising countries (with or without Iran) was greater than that with the EEC and West Germany. Thus although during 1964-78, U.K.'s trade balance with the newly industrialising countries was increasing whilst that with the industrial countries was decreasing, trade performance with respect to the former was deteriorating faster than in relation to the latter. The apparently anomoly here is entirely

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[1] As the ratio $(X-M)/(X+M)$ assumes negative values, it is not possible to fit logarithmic time trend regression equations to this variable. Instead the equations fitted were:

$$\log (X/M) = a + bt + e$$

A negative value of 'b' indicates that the trend date of growth of imports was greater than that of exports.

Chart III   U.K.'s Trade Performance Ratios in Manufactures (SITC (R) 62, 65, 66, 69, 7 and 8) 1963–1977
             NICS, EEC, Japan and the World

Source: See Appendix

Trade
Performance
Ratio

1.0

.8

.6

.4

.2

0

-.2

1963   1965   1967   1970   1973   1975   1977

Iran

Latin
Americ

Med

India

E. Eur

E. Asi
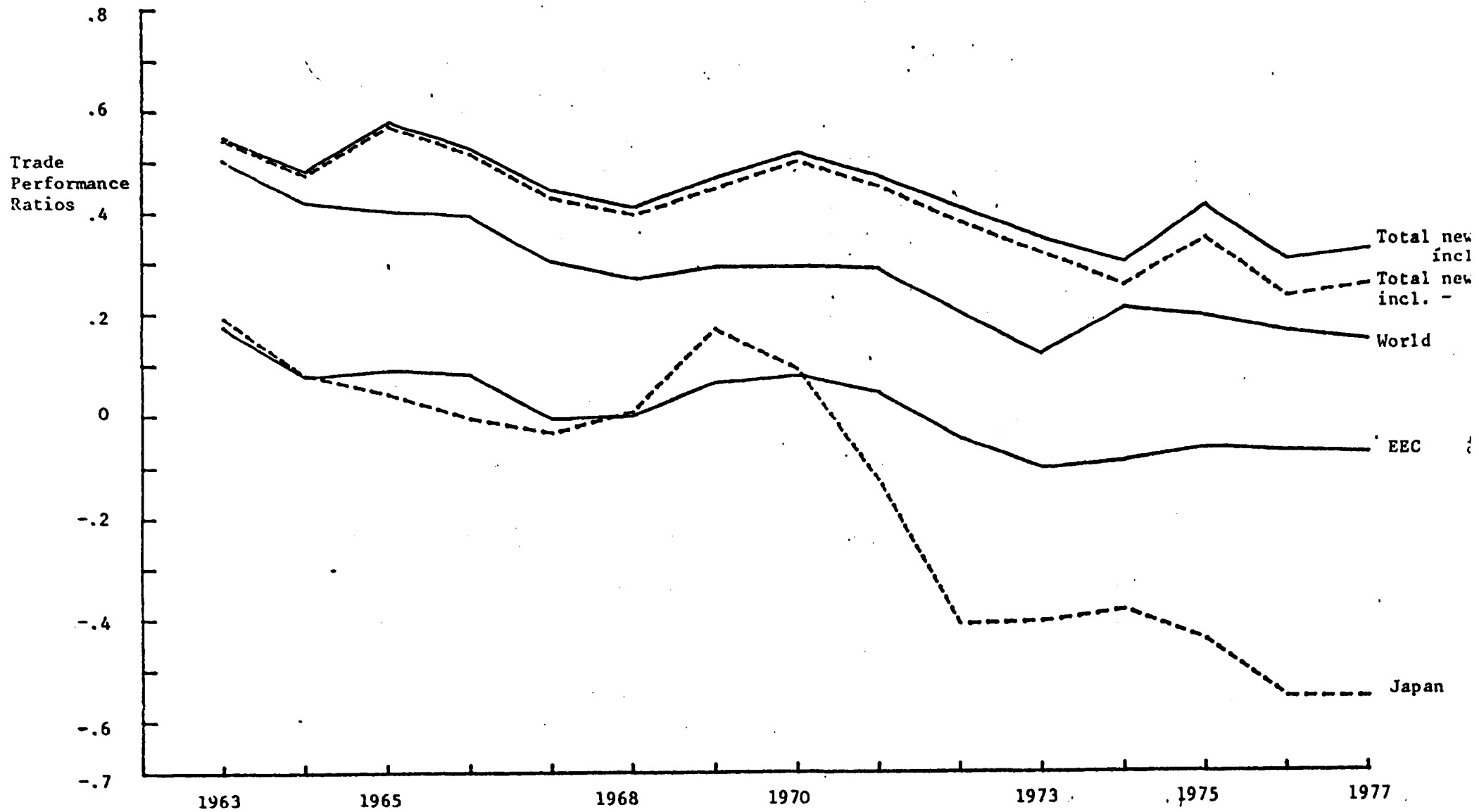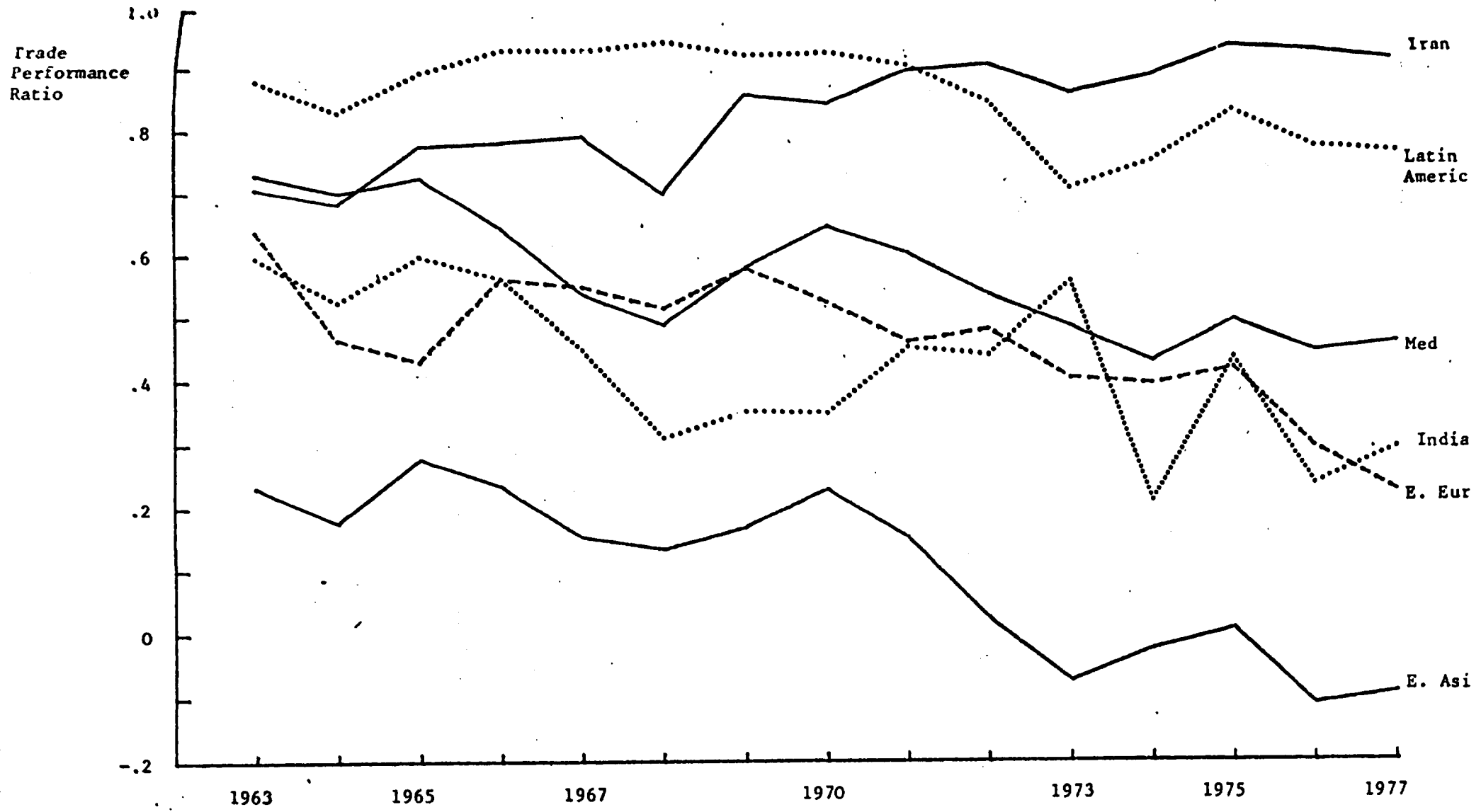
Source: See Appendix

Table 13:   U.K.'s Trade Performance Ratios in Finished Manufactures
(SITCCR) 7 and 8) with NICS and Other Regions and Countries
1964-1978: Trend Rates of Change.[1]

Region or Country	Trend Rates of Change 'b'		Standard error of b	R^2
World	−0.0578	**	0.0057	0.8887
USA	−0.0117		0.0076	0.1540
Japan	−0.1432	**	0.0175	0.8381
Germany	−0.0249		0.0063	0.5453
EEC	−0.0422	**	0.0052	0.8335
Med. & Israel	−0.1140	**	0.0095	0.9170
E. Europe	−0.0661	*	0.0118	0.7085
Iran	0.0246		0.0216	0.0909
India	−0.1635	**	0.0100	0.9536
E. Asia	−0.0576	**	0.0087	0.7704
Latin America	−0.1054	*	0.0258	0.5619
Total newly ind.	−0.0761	**	0.0068	0.9055
Total newly ind. − Iran	−0.0881	**	0.0066	0.9317

*   t-value > 4;

**   t-value > 6

(1) Given by the coefficient 'b' in the table, obtained by fitting
  the regression curve:

    $\log (E/I) = \log a + bt + \log e$

where E and I refer to values of exports and imports respectively

Table 14:   U.K.'s Trade Performance Ratios in Finished Manufactures
              (SITCCR) 62, 65, 68, 69, 7 and 8 with NICS and other Regions
              and Countries 1963-1977: Trend Rates of Change[1]

Region or Country	Trend Rates of Change 'b'		Standard error of b	R^2
World	-0.0516	**	0.0057	0.8628
EEC	-0.0319	**	0.0052	0.7435
W. Germany	-0.0272		0.0070	0.5370
USA	-0.0117		0.0086	0.1243
Japan	-0.1181	**	0.0159	0.8097
Med. & Israel	-0.0605	*	0.0105	0.7174
E. Europe	-0.0472	*	0.0107	0.6002
Iran	0.1185	**	0.0148	0.8306
India	-0.0475		0.0144	0.4555
E. Asia	-0.0529	**	0.0077	0.7842
Latin America	-0.0791		0.0290	0.3632
Total newly ind.	-0.0410	*	0.0075	0.6967
Total newly ind. - Iran	-0.0509	**	0.00⁻5	0.7795

*   t-value > 4;

**   t-value > 6.

(1) See note to table 13

due to the fact that the initial level of U.K.'s trade ratio with NIC's was much larger than that with the EEC countries. This analysis suggests that although up to now, the increasing trade balance with the NIC's has had a positive impact on domestic U.K. employment, if the deserved adverse trends in trade performance continue, the long-term effect will become negative (as has already happened with the EEC and other advanced countries).

§VII Issues of Economic Policy

Briefly, the following conclusions from this paper are particularly important for the discussion of economic policy.

(i) The analysis of 'de-industrialisation' in Sections II and III showed that U.K. manufacturing industry during the 1970's was in long-term structural disequilibrium which was becoming more acute over time. This disequilibrium was increasingly preventing the economy from working at its full potential.

(ii) On top of these adverse long-term trends, major changes in economic policy during the last two years have led to a severe contraction of output and employment outlined in Section I.

(iii) Up to now U.K.'s trade with the newly industrialising countries has had a positive impact on domestic employment. During the mid-1970's, increased trade balance in manufactures with these countries was estimated to lead to an overall growth in employment of the order of over 90,000 jobs annually (Section VI).

(vi) However, there was a long-term deterioration in U.K.'s trade performance in relation to the newly industrialising countries; the rate of deterioration was similar, if not greater than with respect to the advanced countries.

The last point is consistent with the information provided in table 10A in Appendix which shows that there has been a long-term decline in U.K.'s share of industrial countries exports in every region.

Turning to economic policy, as far as the short-term is concerned, reflation is the only means by which the contractionary process can be reversed and unemployment can be stopped from rising further. However, because of the long-term structural disequilibrium in U.K. industry which if anything has been worsened by the severe recession of the last two years, reflation can only yield strictly limited results. Despite North Sea oil and the rising price of oil, an expansion is likely to lead to. balance-of-payments difficulties before a sizeable reduction in the rate of unemployment has been achieved.

With respect to economic policy in the medium and long-term, there are two major inter-related issues: (i) the question of import controls; (ii) the question whether government should encourage and assist certain specific industries.

In relation to the first question, in a number of previous papers, my colleagues in Cambridge and I have shown that the structural disequilibrium of the U.K. economy is no so deepseated that a relatively long period of controls against manufactured imports are a <u>necessary</u> condition[1] for achieving faster industrial expansion. As agreed in Section III, a large trend increase in the rate of growth of industrial output is essential not only to increase output and employment, but also for reversing the process of de-industrialisation and for the eventual establishment of an efficient industrial economy. However, contrary to popular belief, and demands of sections of the trade union movement and many politicians, what is required is controls against imports from the EEC, Japan and other advanced countries rather than those from the third world. It has been the growing imbalance in trade with the industrial countries which up to now has been a major cause of loss of jobs in the U.K., and not its economic relationships with the third world countries. The so-called selective controls - which are simply a euphenism for controls against third world imports - will provide no solution to the problems of structural disequilibrium; on the contrary, they are likely to worsen the long-term situation by fostering an inappropriate industrial

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[1] They are by no means a sufficient condition; these issues are discussed more fully in Singh (1979).

structure given the level of U.K.'s development. Although at a broad

two-digit level of industrial classification, U.K.'s production and

export structure are similar to those of other advanced countries

(e.g. W. Germany) (see Section III), over time, important differences

at a more disaggregate level (4 and 5 digit) are beginning to appear.

Within the same industry groups, particularly in engineering and metal

manufactures, there is evidence that the U.K. is progressively producing

and exporting lower-valued, down-stream items compared with its industrial

competitors [NEDO (1977), Connell (1979)]. Such unfavourable structural

tendencies would be re-inforced by 'selective' import controls against

third world products. The breathing space which would be provided by

import controls should instead be used by U.K. industry to close the

technological gap with the advanced country products.

Turning to the second question above of the government's industrial

policy, the main issue is whether it is useful for the government to

encourage a concentration of resources on specific industries, and if

so how such industries should be chosen. Recently, in an unprecedented

move, the Confederation of British Industry (the main employment organisation)

has called for such an active interventionist industrial policy. In

response to such pressures, the National Economic Development Office (NEDO,

1981) have identified, largely from detailed work within individual industries,

potential growth areas and stable or declining areas in technologies

and markets in the light of anticipated influences at the macro and micro-

economic levels. These are shown in table 15. NEDO observes: 'The

potential growth areas are technologies and markets where concentrated

effort is required if industry as a whole is to grow in line with the

Table 15   POTENTIAL AREAS OF UK GROWTH AND OF STABILITY OR DECLINE

SIC Order		Potential growth areas	Stable or declining areas
I	AGRICULTURE		Agriculture, forestry, fishing
II	MINING & QUARRYING	Coal mining Oil & gas extraction and distribution	Non-metalliferous products
III	FOOD, DRINK & TOBACCO		Food & drink manufacture
V	CHEMICALS	Basic chemicals (including petrochemicals) Specialised organics Biotechnology Polymers & composites	
VI	METAL MANUFACTURE	Specialised metallurgical processes & products	Iron & steel

VII	MECHANICAL ENGINEERING	Waste-handling equipment
		Mining machinery
		Heating, ventilating, air-
		  conditioning and
		  refrigeration equipment
		Process plant
			Machine tools
			Metalworking equipment
			Pumps & valves
			Diesel engines
			Construction equipment
			Mechanical handling equipment
			Printing machinery
			Packaging machinery

VIII	INSTRUMENT ENGINEERING	Scientific instruments, control equipment	Photographic equipment

IX	ELECTRICAL ENGINEERING	Telecommunications
		Very large scale
		  integrated circuits
		Opto-electronics
		Information technology
		  for home & office
		Navigation systems
		Medical electronics
			Heavy electrical machinery
			Industrial electrical equip.
			Domestic electrical appliances
			Medical equipment

VII-IX	ENGINEERING (General)	Equipment for:
		  Energy conservation
		  Waste water treatment
		  Air pollution abatement
		  Materials handling
		  Solid fuel technology	

X	SHIPBUILDING		Shipbuilding
XI	VEHICLES		Motor vehicles (& components)
XIII	TEXTILES		All textile products
XV	CLOTHING & FOOTWEAR		Clothing Footwear
XVI	BRICKS, POTTERY, GLASS CEMENT	Pottery Glass	Building materials
XVIII	PAPER, PRINTING ETC		Paper & board Printing
XIX	OTHER MANUFACTURING		Tyres
XX	CONSTRUCTION	Energy saving buildings New building methods	Construction (General)
X.I	GAS, ELECTRICITY & WATER	More efficient energy- production systems	
XXII	TRANSPORT	Advanced passenger systems Advanced transport control systems	
	SERVICES	Banking & financial services	Distribution Public services

SOURCE: NEDO (1981)

more advanced economies. In the stable areas, our output and share of
world trade could be maintained if resources are used more effectively.
But certain sectors may continue to decline because of long-term
structural shifts in the world of U.K. economy'. (NEDO, 1981, p.4)

Instead of the government attempting to foster structural change
in industry along the lines indicated in table 15, an alternative view
would be that it should encourage attempts to raise the general
technological level in all the important industrial sectors. The latter
is not a non-interventionist view, i.e. leaving the evolution of the
industrial structure entirely to market forces; it also calls for an
active government industrial policy, but with a different emphasis. In
the past, I have been more in favour of an industrial policy of this
kind for the U.K. economy. The main reason for this preference is the
perception that being an old industrial country, the U.K. already
possesses a diversified industrial base which is increasingly becoming
technologically backward. Its problem is not, therefore, so much a
structural one in the usual sense (i.e. of creating specific new
industries which do not yet exist), as one of trying to improve the
technological level and the product structure of its extant industries
to match those of other advanced economies. However, the two types of
industrial policies may not differ much in practice since the latter
does not deny that priority might not be given to certain areas, such
as energy industries or capital goods, in this process of catching up.

APPENDIX

Contents

Appendix Table 1A

UK Trade with NICS in finished manufactures (SITC 7 and 8) Current prices, £ m., imports c.if., exports f.o.b.) 1964-1969

	1964			1965			1966			1967			1968			1969		
	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B
Portugal	2.1	16.3	14.2	1.5	20.5	19.0	2.7	24.7	22.0	7.5	24.9	17.4	11.4	30.8	19.3	13.3	43.3	30.0
Spain	4.0	37.7	33.8	4.4	44.4	40.0	4.1	48.4	44.3	5.5	43.0	37.6	8.5	43.7	35.2	10.4	52.1	41.6
Malta	0.6	4.2	3.6	0.8	4.4	3.5	0.9	4.6	3.6	1.2	5.8	4.6	1.7	7.6	5.9	2.2	9.8	7.6
Yugoslavia	3.0	12.4	9.4	2.0	13.4	11.4	1.8	15.3	13.5	2.2	12.9	10.7	2.7	18.5	15.8	2.9	18.3	15.4
Greece	1.2	15.0	13.8	1.4	15.4	14.0	1.7	18.3	16.5	1.6	16.3	14.7	1.6	21.9	20.3	1.2	36.5	35.3
Turkey	0.4	12.7	12.3	0.3	13.2	12.9	0.2	18.5	18.3	0.6	23.7	23.1	0.3	26.8	26.5	0.3	26.2	25.9
Poland	2.5	11.4	8.9	2.8	7.4	4.6	2.9	13.4	10.4	3.5	21.9	18.5	4.6	20.0	15.4	4.1	20.5	16.4
Hungary	2.4	3.1	0.8	1.8	3.3	1.6	2.1	5.8	3.7	3.0	8.0	5.0	3.1	6.4	3.3	2.8	6.0	3.2
Romania	0.8	4.4	3.6	0.8	5.4	4.6	1.4	6.6	5.2	2.4	4.6	2.3	3.1	23.6	20.4	3.9	16.9	13.0
Israel	2.1	16.0	13.9	2.2	18.2	16.0	1.8	12.2	10.3	2.7	8.7	6.0	3.4	26.4	22.9	3.9	28.1	24.2
Iran	0.7	14.5	13.7	0.5	21.5	21.0	0.4	22.0	21.6	0.6	23.0	22.4	0.6	30.8	30.2	0.7	41.3	40.7
Pakistan	1.3	28.2	26.9	1.0	35.0	33.9	1.7	39.4	37.7	1.5	37.0	35.5	1.5	31.8	30.2	2.1	38.4	36.4
India	3.3	84.5	81.2	2.6	78.6	76.0	3.2	65.4	62.2	3.9	49.6	45.6	3.8	44.5	40.7	4.7	37.1	32.4
Thailand	0.2	11.2	11.0	0.2	10.7	10.6	0.2	12.8	12.6	0.3	13.1	12.9	0.2	17.4	17.2	0.1	19.0	18.9
Malaysia)	2.4	44.9	42.5	1.9	50.3	48.4	0.7	26.4	25.7	0.6	23.6	23.0	0.8	25.1	24.3	0.7	25.0	24.3
Singapore							1.8	22.0	20.3	1.1	17.9	16.8	1.5	19.3	17.9	2.5	27.5	25.0
Taiwan	0.04	0.6	0.6	0.04	1.1	1.1	0.1	1.5	1.3	0.3	0.9	0.6	0.9	1.7	0.8	1.6	2.7	1.0
Hong Kong	57.9	25.5	-32.4	46.4	33.6	-12.8	55.6	29.9	-25.7	63.7	27.7	-36.0	83.4	31.2	-52.3	93.2	33.6	-59.7
South Korea	0.05	0.6	0.5	0.1	0.2	0.1	0.4	0.4	0.03	0.5	1.2	0.7	0.8	4.7	4.0	1.2	10.3	9.0
Philippines	0.02	7.4	7.3	0.03	7.7	7.6	0.06	10.9	10.8	0.09	12.8	12.7	0.2	14.4	14.2	0.6	20.2	19.7
Mexico	0.5	13.8	13.3	0.8	13.8	13.0	0.4	14.7	14.3	0.5	19.8	19.3	0.7	24.3	23.6	0.6	23.1	22.5
Brazil	0.8	7.8	7.0	0.2	5.8	5.6	0.8	9.3	8.5	0.2	10.5	10.4	0.5	28.7	28.2	1.1	28.2	27.1
Argentina	0.8	10.9	10.1	0.4	10.6	10.2	0.3	8.9	8.6	0.4	11.3	10.9	0.4	17.3	16.9	0.7	27.1	26.4

I = Imports

E = Exports

B = Balance

Figures may not sum, due to rounding

Source: Annual Statement of the Trade of the UK

Table 2A

UK trade with NICs in finished manufactures (SITC 7 and 8) 1970-79 (Current prices, £ m., exports f.o.b. imports c.i.f.)

	1970			1971			1972			1973			1974			1975			1976			1977			1978		
	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B
Portugal	17.8	45.8	28.0	25.7	57.7	32.0	34.4	66.5	32.1	54.4	76.0	21.6	64.1	92.4	28.3	56.3	84.1	27.7	57.0	110.0	52.9	64.8	157.1	92.3	13.5	157.8	74.
Spain	12.5	34.4	41.9	17.8	61.9	44.0	21.9	73.1	51.2	36.2	90.1	53.9	55.5	110.5	55.1	64.9	143.9	79.0	90.1	177.8	87.7	124.0	222.8	98.8	133.3	195.2	1.
Malta	3.4	10.6	7.3	4.5	9.2	4.7	5.9	6.6	0.8	7.4	8.5	1.1	10.2	10.4	0.2	12.9	13.3	0.4	19.8	16.2	-3.6	25.3	22.3	-2.9	27.0	25.4	-1.
Yugoslavia	4.5	28.0	23.5	3.9	39.7	35.8	9.5	27.7	18.2	9.7	32.7	23.0	10.8	50.2	39.4	12.8	56.0	43.1	15.5	80.4	72.9	20.2	118.7	98.5	21.0	109.5	88.
Greece	1.2	30.5	29.3	1.5	42.6	41.1	1.9	37.9	36.0	3.0	48.8	45.8	4.1	50.0	45.8	5.8	57.6	51.8	7.3	71.8	64.5	10.6	123.6	112.9	29.4	123.2	93.
Turkey	0.6	23.6	22.9	0.9	26.7	25.8	0.7	43.0	42.3	1.4	62.2	60.8	1.8	65.9	64.1	2.0	100.5	98.5	4.5	148.5	144.1	3.5	133.0	129.5	5.1	67.3	62.
Poland	4.9	22.7	17.8	6.4	23.5	17.0	7.8	32.8	24.9	11.6	51.1	39.5	17.3	64.1	46.8	27.7	103.3	75.6	29.0	83.5	54.5	57.6	93.6	36.0	83.1	113.4	30.
Hungary	2.8	6.0	3.1	3.2	8.0	4.8	4.1	8.8	4.7	6.2	8.2	1.9	8.7	10.6	1.9	10.9	14.3	3.4	13.2	17.1	3.8	19.0	24.1	5.1	20.9	23.9	3.
Romania	5.2	14.3	9.1	7.3	19.2	11.9	8.2	20.8	12.6	11.8	14.0	2.2	12.1	14.7	2.6	17.0	20.9	3.9	24.4	24.4	0.0	31.1	51.2	20.1	28.3	48.2	20.3
Israel	3.7	32.5	28.8	6.1	32.7	26.6	8.7	37.7	29.0	10.7	42.8	32.1	13.2	53.9	40.7	16.0	73.9	57.9	21.8	78.3	56.5	29.5	88.6	59.1	39.1	76.6	37.5
Iran	1.0	44.6	43.5	0.7	50.2	49.5	0.7	78.3	77.5	2.1	105.3	103.2	2.6	152.0	149.5	4.9	298.6	293.7	6.2	323.7	317.5	9.6	419.9	410.3	12	468.1	455.7
Pakistan	2.1	31.4	29.3	2.3	34.8	32.5	4.2	24.4	20.2	4.1	20.8	16.7	6.8	29.6	22.9	5.9	58.1	52.2	7.0	59.2	52.1	10.1	83.3	73.2	??	76.8	68.0
India	5.4	37.0	31.6	6.5	65.4	58.9	7.2	69.3	62.1	12.8	71.6	58.8	20.3	76.0	55.7	23.8	96.4	72.6	42.8	94.5	51.8	48.6	107.5	59.0	?.0	126.8	77.7
Bangladesh										0.2	12.1	11.9	0.3	7.1	6.8	0.1	8.6	8.5	0.2	14.2	14.0	0.4	18.8	18.4	?0.8	54.9	34.1
Thailand	0.1	19.4	19.2	0.6	19.8	19.2	0.5	16.9	16.4	0.5	20.7	20.1	1.6	29.0	27.5	1.6	37.0	35.4	4.4	34.8	30.4	6.0	44.6	38.?	7.3	42.4	35.0
Malaysia	0.7	36.5	35.8	0.9	41.8	41.0	1.8	41.7	40.0	3.8	50.4	46.6	8.0	68.8	60.9	10.5	73.7	63.2	16.1	75.8	59.6	28.0	94.1	64.1	25.3	117.6	92.3
Singapore	4.7	36.4	31.6	5.8	42.8	37.1	10.9	46.6	35.7	21.3	62.2	40.8	23.3	95.3	72.0	28.2	101.7	73.5	39.2	100.0	60.8	45.1	111.5	66.4	52.0	141.8	89.
Taiwan	2.4	4.4	2.0	7.2	6.9	-0.3	14.9	7.2	-7.7	32.3	17.6	-14.7	38.9	24.8	-14.1	51.4	23.0	-28.4	63.0	32.9	-30.1	96.9	33.5	-63.4	106.5	57.6	-49.0
Hong Kong	93.7	44.8	-48.9	122.8	52.3	-70.4	142.4	51.8	-90.6	207.9	64.9	-143.0	221.0	83.4	-137.5	241.5	84.6	-157.0	352.9	98.6	-254.3	372.1	125.4	-246.6	438.6	186.9	-253.
South Korea	1.5	8.9	7.4	1.6	18.3	16.7	4.0	17.5	13.5	15.4	14.8	-0.6	28.7	30.5	1.8	47.0	46.4	-0.6	79.2	55.3	23.8	96.9	58.4	38.5	133.2	93.2	40.0
Phillipines	0.7	17.1	16.4	0.3	20.0	19.8	0.7	12.9	12.2	1.0	18.3	17.3	1.9	34.4	32.6	2.2	38.6	36.4	10.6	65.2	54.6	11.9	60.1	48.2	26.8	78.5	51.
Mexico	0.6	26.7	26.1	1.2	21.4	20.2	1.8	29.2	27.4	2.6	27.8	25.2	3.1	42.6	39.5	2.3	74.7	72.4	2.7	95.9	93.2	3.1	56.3	53.3	3.7	82.6	78
Brazil	1.1	37.9	36.8	1.9	51.6	49.7	4.8	55.4	50.5	7.3	63.8	56.6	11.8	69.2	57.4	10.8	92.4	81.6	16.5	90.5	74.1	20.3	161.9	141.6	28.9	121.7	92.
Argentina	2.1	21.1	19.0	1.8	29.5	27.7	1.6	21.7	20.2	6.1	20.1	14.0	2.4	19.7	17.3	4.5	33.5	29.0	5.3	28.9	23.6	9.5	87.5	77.9	11.1	75.5	64.

I = Imports

E = Exports

Table 3A: U.K.'s trade with various groups of NICS in finished manufactures (SITC Categories 7 and 8); 1964-1978

Column key: (1) = I, (2) = E, (3) = E−I, (4) = E+I, (5) = (E−I)/(E+I)

	1964					1965					1966					1967					1968				
	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)
Med. and Israel [1]	13.4	114.3	100.9	127.7	.790	12.6	129.5	116.9	142.1	.823	13.2	142.0	128.8	155.2	.830	21.3	135.3	114.0	156.6	.728	29.6	175.7	146.1	205.3	.712
E. Europe [2]	5.7	18.9	13.2	24.6	.537	5.4	16.1	10.7	21.5	.498	6.4	25.8	19.4	32.2	.602	8.9	34.5	25.6	43.4	.590	10.8	50.0	39.2	60.8	.645
Iran	0.7	14.5	13.8	15.2	.908	0.5	21.5	21.0	22.0	.955	0.4	22.0	21.6	22.4	.964	0.6	23.0	22.4	23.6	.949	0.6	30.8	30.2	31.4	.962
Indian Sub. [3]	4.6	112.7	108.1	117.3	.922	3.6	113.6	110.0	117.2	.939	4.9	104.8	99.9	109.7	.911	5.4	86.6	81.2	92.0	.883	5.3	76.3	71.0	81.6	.870
E. Asia [4]	60.6	90.2	29.6	150.8	.196	48.7	103.6	54.9	152.3	.360	58.9	103.9	45.0	162.8	.276	66.6	97.2	30.6	163.8	.187	87.8	113.8	26.0	201.6	.129
Latin America [5]	2.1	32.5	30.4	34.6	.879	1.4	30.2	28.8	31.6	.911	1.5	32.9	21.4	34.4	.913	1.1	41.6	40.5	42.7	.948	1.6	70.3	68.7	71.9	.955
Total	87.1	383.1	296.0	470.2	.630	72.2	414.5	342.3	486.7	.703	85.3	431.4	346.1	516.7	.670	103.9	418.2	314.3	522.1	.602	135.7	516.9	381.2	652.6	.584

	1969					1970					1971					1972					1973				
	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)
Med. and Israel	34.2	214.3	180.1	248.5	.725	43.7	225.4	181.7	269.1	.675	60.4	270.5	210.1	330.9	.635	83.0	292.5	209.5	375.5	.558	122.8	361.1	238.3	483.9	.492
E. Europe	10.8	43.4	32.6	54.2	.601	12.9	43.0	30.1	55.9	.538	16.9	50.7	33.2	67.6	.500	20.1	62.4	42.3	82.5	.513	29.6	73.3	43.7	102.9	.425
Iran	0.7	41.3	40.6	42.0	.967	1.0	44.6	43.6	45.6	.956	0.7	50.2	49.5	50.9	.972	0.7	78.3	77.6	79.0	.982	2.1	105.3	103.2	107.4	.961
Indian Sub.	6.8	75.5	68.7	82.3	.835	7.5	68.4	60.9	75.9	.802	8.8	100.2	91.5	109.0	.839	11.4	93.7	82.3	105.1	.783	17.1	104.5	87.4	121.6	.719
E. Asia	99.9	138.3	38.4	238.2	.161	103.9	167.5	63.7	271.3	.235	139.2	201.9	62.7	341.1	.184	175.2	194.6	19.4	369.8	.052	282.2	248.9	-33.3	531.1	-.063
Latin America	2.4	78.4	76.0	80.8	.941	3.8	85.7	81.9	89.5	.915	4.9	102.5	97.6	107.4	.909	8.2	106.3	98.1	114.5	.857	16.0	111.7	95.7	127.7	.749
Total	154.8	591.2	436.4	746.0	.585	172.7	634.6	461.9	807.3	.572	230.9	776.2	545.1	1006.9	.541	298.6	827.8	529.2	1126.4	.470	469.8	1004.8	535.0	1474.6	.363

	1974					1975					1976					1977					1978				
	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)
Med. and Israel	159.7	433.3	273.6	593.0	.461	170.7	529.3	358.6	700.0	.512	216.0	692.0	476.0	908.0	.524	277.9	724.7	444.8	1002.6	.446	398.4	755.0	356.6	1153.4	.309
E. Europe	38.1	89.4	51.3	127.5	.402	55.6	138.5	82.9	194.1	.427	66.6	125.0	58.4	191.6	.305	107.7	168.9	61.2	276.6	.221	132.3	186.5	54.2	318.8	.170
Iran	2.6	152.0	149.4	154.6	.966	4.9	298.6	293.7	303.5	.968	6.2	323.7	317.5	329.9	.962	9.6	419.9	410.3	429.5	.955	12.4	468.1	455.7	480.5	.948
Indian Sub.	27.4	112.7	85.3	140.1	.609	29.8	163.1	133.3	192.9	.691	50.0	167.9	117.9	217.9	.541	59.1	209.6	150.5	268.7	.560	78.6	258.5	179.9	337.1	.534
E. Asia	323.4	366.2	42.8	689.6	.062	382.4	405.0	22.6	787.4	.029	565.4	462.6	-102.5	1028.0	-.100	656.9	527.6	-129.3	1184.5	-.109	789.7	716.0	-73.7	1505.7	-.049
Latin America	17.3	131.5	114.2	148.8	.767	17.6	200.6	183.0	218.2	.839	24.5	215.3	190.8	239.2	.796	32.9	305.7	272.8	338.6	.806	43.7	279.8	236.1	323.5	.730
Total	568.5	1285.1	716.6	1853.6	.387	661.0	1735.1	1074.1	2386.1	.448	928.7	1986.5	1057.8	2915.2	.363	1144.1	2356.4	1212.3	3500.5	.346	1455.1	2663.9	1208.8	4119.0	.293

(1) Portugal, Spain Malta, Yugoslavia, Greece, Turkey, Israel
(2) Poland, Hungary, Romania
(3) Pakistan, India, Bangladesh
(4) Thailand, Malaysia, Singapore, Taiwan, Hong kong, S. Korea, Philippines.
(5) Mexico, Brazil, Argentina

Source: Annual Statement of Trade of the UK

Table 4A UK trade with NICs in manufacture (SITC(R) 62, 65, 66, 69, 7, 8) 1963-69
(current prices, $m, imports c.i.f., exps. f.o.b.)

	1963 (£1=$2.80)			1964 (£1=$2.80)			1965 (£1=$2.80)			1966 (£1=$2.80)			1967 (£1=$2.80)			1968 (£1=$2.40)			1969 (£1=$2.40)		
	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B
Portugal	19.1	51.1	32.0	18.7	59.4	40.7	52.5	124.3	71.7	69.0	84.5	15.5	89.7	84.7	−5.1	105.4	91.4	−14.0	111.7	123.2	11.6
Spain	16.2	112.6	96.4	20.1	125.6	105.5	20.2	294.6	274.4	18.4	171.4	153.0	29.6	148.4	118.9	41.6	136.0	94.3	35.1	160.3	125.2
Malta*	2.1	21.9	19.9	31.8	24.1	−20.3	5.0	23.1	18.0	5.0	23.1	18.1	5.9	26.7	20.9	7.7	30.6	22.8	8.4	33.0	24.6
Yugoslavia	7.7	30.2	22.5	10.9	40.9	30.0	7.0	41.3	34.2	6.1	49.4	43.3	7.7	40.6	32.9	7.9	30.2	22.2	8.7	49.1	40.4
Greece	2.9	49.5	46.6	4.0	50.2	46.2	4.5	53.1	48.6	5.5	60.9	55.3	5.1	53.8	48.7	4.6	62.3	57.7	3.4	98.9	95.5
Turkey	1.7	55.6	53.9	2.2	37.1	34.9	1.6	38.5	36.9	0.8	53.5	52.8	2.0	66.6	64.6	1.2	66.0	64.8	1.1	64.4	63.4
Poland	8.0	45.2	37.2	9.6	37.9	28.3	10.7	25.4	14.7	10.7	45.6	34.9	12.7	70.0	57.3	14.0	56.8	42.9	12.4	62.4	50.0
Hungary	7.5	9.9	2.3	8.8	15.9	7.1	7.2	11.4	4.2	8.2	18.3	10.2	11.3	24.5	13.2	10.4	18.5	8.1	9.4	17.5	8.0
Romania	2.2	24.8	22.6	2.6	3.7	1.1	3.3	16.5	13.2	4.9	20.7	15.8	7.7	14.0	6.3	18.6	58.9	40.3	11.0	42.7	31.8
Israel	6.8	39.0	32.3	8.3	48.5	40.1	19.6	116.8	97.2	15.7	114.6	98.9	18.1	104.1	86.0	30.6	161.3	130.8	23.1	189.5	166.3
Iran	9.2	53.3	44.1	9.9	52.1	42.2	9.5	75.5	66.1	9.1	74.3	65.2	9.2	79.0	69.8	16.5	93.2	76.8	9.1	118.1	108.9
Pakistan	17.7	90.1	72.4	15.8	88.5	72.7	16.4	106.0	89.6	22.9	117.5	94.6	25.4	107.0	81.6	27.8	82.1	54.3	33.1	99.2	66.1
India	73.1	267.4	194.3	92.7	259.4	166.7	71.1	240.3	169.2	67.6	204.9	137.4	72.3	149.9	77.6	77.5	118.1	40.6	62.5	100.2	37.7
Thailand	0.5	28.2	27.6	0.6	36.7	36.1	0.6	36.1	35.5	0.9	42.7	41.8	1.1	43.3	42.2	0.8	49.2	48.4	1.1	52.8	51.7
Malaysia**	2.3	73.5	71.2	12.5	151.1	138.6	9.6	148.8	139.2	3.6	88.9	85.3	3.5	76.2	72.7	3.8	73.3	69.5	4.3	77.8	73.6
Singapore	3.1	68.7	65.6							8.1	73.6	139.0	4.6	61.4	56.8	5.4	59.3	53.9	7.9	81.0	73.1
Taiwan	0.6	1.7	1.0	0.4	1.9	1.5	0.5	3.3	2.8	1.7	4.3	2.6	2.0	2.9	0.9	4.0	5.1	1.1	5.8	7.5	1.7
Hong Kong	182.3	102.3	−80.0	205.7	104.9	−100.8	183.2	132.0	−51.2	213.7	126.8	−86.9	235.6	115.9	−119.7	260.9	127.0	−133.9	288.3	143.8	−144.5
South Korea	0.2	3.9	3.7	4.7	1.6	−3.1	1.4	0.6	−0.8	2.1	1.4	−0.7	3.4	3.8	0.4	3.8	12.3	8.5	4.5	25.5	21.0
Philippines	0.1	25.1	25.0	0.02	23.6	23.6	0.08	24.3	24.3	0.2	33.0	32.8	0.2	37.4	37.2	0.5	38.9	38.4	1.4	52.0	50.6
Mexico	1.8	31.9	30.1	1.8	39.9	38.1	2.3	39.5	37.1	1.3	83.6	82.3	1.6	57.1	55.5	1.8	60.8	59.0	1.6	56.5	54.9
Brazil	2.3	36.3	33.9	4.6	22.2	17.6	1.6	17.7	16.1	2.8	27.4	24.6	1.6	30.8	29.2	2.3	72.3	70.1	4.6	71.2	66.6
Argentina	3.1	43.6	40.6	2.5	33.6	31.1	1.2	33.3	32.1	0.8	27.9	27.1	1.2	33.7	32.5	0.9	44.5	43.6	1.8	69.4	67.7

I = Imports

E = Exports

B = Balance

Figures may not sum, due to rounding

Source: OECD: Statistics of Foreign trade, Ser. C, annual

*Figures for 1963-68 include Gozo & Gibraltar as a

**1963: Malayan Federation

Figures underlined may be underestimates or overestimated gaps in the data source

Table 3A UK trade with NICs in manufactures (SITC(R) 65, 66, 69, 7, 8) 1970-1977 (current prices, $= imports, c.i.f., exports f.o.b.)

	1970 (£1 = $240)			1971 (£1 = $2.434867)			1972 (£1 = $2.50)			1973 (£1 = $2.45 2)			1974 (£1 = $2.4301)			1975 (£1 = $2.20840)			1976 (£1 = $1.793564)			1977 (£1 = $1.746190)		
	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B	I	E	B
Portugal	74.6	136.2	61.6	111.4	174.2	62.8	154.7	202.4	47.7	240.4	236.1	-4.3	274.4	270.7	-4.5	249.4	234.6	-14.8	211.7	252.1	40.4	231.4	336.0	104.6
Spain	44.1	172.7	128.6	63.8	196.0	132.1	79.5	241.8	162.2	-121.6	305.4	183.8	179.4	340.2	160.8	203.6	389.6	186.0	217.4	396.6	169.2	286.5	472.8	186.3
Malta	12.0	36.6	24.6	14.8	32.5	17.7	19.6	26.4	6.7	24.0	44.5	20.5	31.3	40.2	9.0	34.8	182.9	148.0	41.2	43.6	2.3	16.3	57.7	41.3
Yugoslavia	12.3	76.0	63.3	12.0	108.8	96.9	26.6	76.8	50.1	27.8	90.7	2.8	30.9	130.4	99.5	32.8	136.8	104.0	32.9	170.7	137.7	39.8	229.3	189.6
Greece	3.6	98.7	95.2	4.5	121.4	116.9	6.0	111.3	105.3	10.0	124.9	114.9	21.2	143.9	122.6	19.4	150.2	130.7	24.2	146.0	121.8	34.1	246.2	212.2
Turkey	1.8	60.2	38.4	2.7	68.9	66.2	2.9	116.6	111.7	6.9	138.8	131.9	19.1	183.4	144.3	12.7	235.8	223.1	19.3	280.1	260.8	17.8	245.6	227.7
Poland	15.4	67.1	51.7	21.9	69.9	48.0	27.2	99.3	72.1	20.7	154.5	133.9	53.2	187.2	134.0	74.1	266.5	192.3	66.1	182.8	116.7	125.6	205.1	79.5
Hungary	9.3	20.5	11.1	10.9	27.1	16.2	14.2	31.2	16.9	20.3	31.4	11.2	29.7	37.2	7.5	32.1	47.4	15.3	33.0	44.4	11.4	43.5	59.9	16.4
Romania	15.0	39.3	24.5	21.4	50.3	28.9	24.3	57.2	32.9	55.5	41.3	-14.2	33.6	43.4	9.8	45.2	57.2	12.0	52.3	51.7	-0.5	64.1	104.0	39.9
Israel	13.8	123.3	139.6	18.8	232.9	194.1	26.3	272.4	246.1	32.8	375.2	342.4	37.9	393.8	355.9	42.9	429.0	386.1	79.2	354.8	275.7	96.6	372.9	276.3
Iran	10.4	121.0	110.6	7.6	139.1	131.6	9.6	196.2	186.6	19.6	260.8	241.3	22.5	375.7	353.2	24.2	745.8	721.6	24.5	667.7	643.2	36.7	820.5	783.8
Pakistan	35.3	83.0	47.7	40.9	95.3	54.4	33.6	82.3	48.8	34.0	59.0	25.0	53.5	78.4	24.9	49.6	136.8	87.2	44.6	117.4	72.6	53.8	155.5	104.7
Bangladesh										10.8	28.4	17.6	12.0	16.9	4.0	6.4	20.5	14.1	8.2	27.8	19.6	8.6	40.5	31.9
India	54.8	103.3	48.6	65.7	187.3	121.6	73.2	217.5	144.3	110.0	456.0	346.1	134.0	212.5	78.4	110.4	265.2	154.8	108.8	246.9	58.0	225.5	328.8	103.3
Thailand	1.0	53.3	52.2	3.4	52.0	48.6	2.7	47.0	44.3	9.7	58.8	49.1	6.9	77.9	70.9	12.4	91.7	79.2	18.0	49.2	31.1	23.8	87.7	63.9
Malaysia	4.8	107.1	102.4	4.0	123.7	119.7	6.5	121.6	115.1	11.8	133.3	121.5	24.8	192.3	167.4	34.1	203.5	169.4	42.2	154.7	112.3	57.6	183.6	126.0
Brunei																		0.6	18.0	18.6	0.8	21.6	20.8
Singapore	12.3	105.3	93.0	15.9	125.3	109.3	28.9	138.3	109.5	55.2	181.9	126.7	59.3	267.1	207.8	67.0	261.9	194.9	79.3	209.9	130.6	87.9	236.6	148.7
Taiwan	7.4	11.3	4.1	20.5	18.2	-2.3	62.2	18.5	-43.7	97.5	45.6	-51.9	123.5	61.7	-61.9	137.0	53.6	-84.2	137.6	67.2	-70.4	199.4	68.8	-130.6
Hong Kong	287.7	166.1	-121.6	389.7	179.6	-210.2	444.1	179.8	-264.3	822.1	221.7	-400.3	763.3	264.1	-499.2	654.1	247.2	-406.9	767.1	245.3	-521.7	768.1	308.8	-459.3
South Korea	5.0	22.3	17.3	6.3	42.5	41.0	16.8	51.5	34.7	51.6	42.4	-9.2	89.8	75.7	-14.1	128.7	107.9	-20.8	173.9	101.6	-72.3	210.8	109.8	-101.0
Philippines	1.8	44.4	42.6	0.7	52.3	51.7	1.8	33.3	31.5	2.6	46.6	46.0	4.6	81.1	76.5	5.1	87.7	82.6	18.7	124.3	105.6	21.3	118.8	97.6
Mexico	1.3	67.7	66.2	3.1	55.9	52.7	4.6	75.2	70.6	6.7	70.4	63.7	8.7	101.5	92.9	6.4	211.6	205.2	3.8	134.8	131.1	8.6	101.7	93.3
Brazil	4.5	168.5	164.0	6.8	150.7	143.9	25.9	249.7	223.8	26.4	157.6	133.2	34.1	190.5	156.5	32.0	237.3	205.3	38.0	181.4	143.4	44.5	285.2	240.7
Argentina	5.1	55.4	50.3	4.7	81.6	76.9	4.0	69.4	65.4	15.3	56.5	39.2	6.0	51.5	45.4	10.8	79.4	68.6	10.2	55.7	45.5	20.1	161.3	141.1

Source: O E C D: Statistics of foreign trade, Series C annual

I = Imports   Figures may not sum, due to rounding
E = Exports   Figures underlined may be under-estimate or over-estimate
B = Balance   due to gaps in data source.

Table 7A: U.K's trade performance ratios[1] with the individual NICS 1964-1978. Finished Manufactures (SIICCR) 7 and 8)

	1964	1965	1966	1967	1968	1969	1970	1971	1972
Portugal	0.772	0.864	0.803	0.537	0.460	0.530	0.440	0.384	0.318
Spain	0.808	0.820	0.844	0.773	0.674	0.667	0.626	0.553	0.539
Malta	0.750	0.692	0.673	0.657	0.634	0.663	0.514	0.343	0.056
Yugoslavia	0.610	0.740	0.789	0.709	0.745	0.726	0.723	0.821	0.489
Greece	0.852	0.833	0.830	0.821	0.864	0.936	0.924	0.932	0.905
Turkey	0.939	0.956	0.979	0.951	0.978	0.977	0.950	0.935	0.968
Israel	0.768	0.784	0.743	0.526	0.772	0.756	0.796	0.686	0.625
Poland	0.640	0.451	0.644	0.724	0.626	0.667	0.645	0.572	0.616
Hungary	0.127	0.294	0.468	0.455	0.347	0.364	0.364	0.429	0.364
Romania	0.692	0.742	0.650	0.314	0.768	0.625	0.467	0.449	0.434
Iran	0.908	0.955	0.964	0.949	0.962	0.967	0.956	0.972	0.982
Pakistan	0.912	0.944	0.917	0.922	0.910	0.896	0.875	0.876	0.706
India	0.925	0.936	0.907	0.854	0.843	0.775	0.745	0.819	0.812
Bangladesh	9999 98[2]	999 98	9999 98	1999 98	9999 98	9999 98	99999 98	9999 98	9999 98
Thailand	0.965	0.963	0.969	0.955	0.977	0.990	0.990	0.941	0.943
Malaysia	0.899	0.927	0.948	0.950	0.938	0.946	0.962	0.958	0.917
Singapore	999 98	999 98	0.849	0.884	0.856	0.833	0.771	0.761	0.621
Taiwan	0.875	0.930	0.875	0.500	0.308	0.256	0.294	-0.021	-0.348
Hong Kong	-0.388	-0.160	-0.301	-0.394	-0.455	-0.470	-0.353	-0.403	-0.467
S. Korea	0.846	0.333	0.000	0.412	0.709	0.791	0.712	0.839	0.628
Philippines	0.995	0.992	0.989	0.986	0.973	0.942	0.921	0.970	0.897
Mexico	0.930	0.890	0.947	0.951	0.944	0.949	0.956	0.894	0.884
Brazil	0.814	0.933	0.842	0.963	0.966	0.925	0.944	0.929	0.841
Argentina	0.863	0.927	0.935	0.932	0.955	0.950	0.819	0.885	0.863

Source: Annual Statement of Trade of the UK.   (1) Trade performance ratio = (E-I)/(E+I). (2) 9999 98 indicates not available

63

Table 7A (continued)

	1973	1974
Portugal	0.166	0.181
Spain	0.427	0.331
Malta	0.069	0.010
Yugoslavia	0.542	0.646
Greece	0.884	0.848
Turkey	0.956	0.947
Israel	0.600	0.607
Poland	0.630	0.575
Hungary	0.139	0.098
Romania	0.085	0.097
Iran	0.961	0.966
Pakistan	0.671	0.626
India	0.697	0.578
Bangladesh	0.967	0.919
Thailand	0.953	0.895
Malaysia	0.860	0.792
Singapore	0.490	0.607
Taiwan	-0.295	-0.221
Hong Kong	-0.524	-0.452
S. Korea	-0.020	0.030
Philippines	0.896	0.895
Mexico	0.829	0.864
Brazil	0.795	0.709
Argentina	0.534	0.783

1975	1976	1977	1978
0.198	0.317	0.610	0.308
0.378	0.327	0.285	0.005
0.015	-0.100	-0.063	-0.031
0.628	0.704	0.709	0.678
0.817	0.815	0.842	0.615
0.961	0.941	0.949	0.859
0.644	0.564	0.500	0.324
0.577	0.484	0.238	0.154
0.135	0.129	0.118	0.067
0.103	0.000	0.244	0.270
0.968	0.962	0.955	0.948
0.816	0.789	0.784	0.794
0.604	0.377	0.377	0.443
0.977	0.972	0.958	0.450
0.917	0.776	0.763	0.706
0.751	0.650	0.541	0.646
0.566	0.437	0.424	0.463
-0.382	-0.314	-0.486	-0.298
-0.481	-0.563	-0.496	-0.407
-0.006	-0.178	-0.248	-0.177
0.892	0.720	0.669	0.491
0.940	0.945	0.896	0.914
0.791	0.692	0.777	0.616
0.763	0.690	0.804	0.744

Table 8A: U.K.'s trade performance ratios[1] with individual NICS, 1963-1977, manufacturing (SITCCR) 62, 65, 66, 69, 7 and 8)

	1963	1964	1965	1966	1967	1968	1969	1970	1971
Portugal	0.456	0.521	0.406	0.101	-0.029	-0.071	0.049	0.292	0.220
Spain	0.748	0.724	0.872	0.806	0.667	0.532	0.641	0.593	0.509
Malta	0.825	0.728	0.644	0.644	0.638	0.598	0.594	0.506	0.374
Yugoslavia	0.594	0.579	0.710	0.780	0.681	0.585	0.699	0.718	0.801
Greece	0.889	0.852	0.844	0.834	0.827	0.862	0.934	0.930	0.929
Turkey	0.941	0.888	0.920	0.971	0.942	0.964	0.966	0.942	0.925
Israel	0.703	0.708	0.713	0.759	0.704	0.681	0.783	0.852	0.838
Poland	0.699	0.596	0.407	0.620	0.693	0.605	0.668	0.627	0.523
Hungary	0.138	0.287	0.226	0.381	0.369	0.280	0.301	0.376	0.426
Romania	0.837	0.175	0.667	0.617	0.290	0.520	0.590	0.450	0.403
Iran	0.706	0.681	0.776	0.782	0.791	0.699	0.857	0.842	0.896
Pakistan	0.672	0.697	0.732	-0.134	0.616	0.494	0.500	0.403	0.399
Bangladesh	9999 98[2]	9999 98	9999 98	99999 98	9999 98	99999 98	9999 98	9999 98	9999 98
India	0.571	0.473	0.543	0.504	0.349	0.208	0.232	0.308	0.481
Thailand	0.965	0.968	0.967	0.593	0.950	0.968	0.959	0.963	0.877
Malaysia	0.939	0.847	0.879	0.922	0.912	0.901	0.895	0.914	0.937
Singapore	0.914	9999 98	9999 98	0.802	0.861	0.833	0.822	0.791	0.775
Taiwan	0.478	0.652	0.737	0.433	0.184	0.121	0.128	0.217	-0.059
Hong Kong	-0.281	-0.325	-0.162	-0.255	-0.341	-0.345	-0.334	-0.268	-0.369
S. Korea	0.902	-0.492	-0.400	-0.200	0.056	0.528	0.700	0.636	0.759
Philippines	0.992	0.998	0.993	0.988	0.989	0.975	0.948	0.922	0.974
Mexico	0.893	0.914	0.890	0.969	0.945	0.942	0.945	0.957	0.895
Brazil	0.881	0.657	0.834	0.815	0.901	0.938	0.879	0.948	0.914
Argentina	0.867	0.861	0.930	0.944	0.931	0.960	0.949	0.831	0.891

Source: OECD: Statistics of Foreign Trade Series C.

(1) Trade performance ration: (E-I)/(E+I)   (2)   9999 98 indicates data not available

Table 8A (continued)

	1972	1973
Portugal	0.134	-0.009
Spain	0.505	0.430
Malta	0.148	0.299
Yugoslavia	0.485	0.531
Greece	0.898	0.852
Turkey	0.951	0.917
Israel	0.824	0.839
Poland	0.570	0.764
Hungary	0.374	0.215
Romania	0.404	-0.147
Iran	0.907	0.860
Pakistan	0.272	0.269
Bangladesh	9999 98	0.449
India	0.496	0.611
Thailand	0.891	0.717
Malaysia	0.899	0.837
Singapore	0.654	0.534
tAiwan	-0.523	-0.363
Hong Kong	-0.424	-0.475
S. Korea	0.508	-0.098
Philippines	0.892	0.898
Mexico	0.885	0.826
Brazil	0.808	0.713
Argentina	0.891	0.562

1974	1975	1976	1977
0.008	-0.031	0.087	0.184
0.309	0.314	0.280	0.245
0.124	0.680	0.028	0.559
0.617	0.613	0.677	0.704
0.743	0.771	0.716	0.757
0.791	0.898	0.871	0.865
0.824	0.818	0.635	0.588
0.557	0.565	0.469	0.240
0.112	0.192	0.147	0.159
0.127	0.117	-0.006	0.237
0.887	0.937	0.929	0.914
0.189	0.468	0.449	0.493
0.134	0.524	0.544	0.650
0.227	0.412	0.133	0.186
0.837	0.762	0.587	0.573
0.772	0.713	0.605	0.557
0.637	0.593	0.452	0.458
-0.334	-0.440	-0.344	-0.487
-0.486	-0.451	-0.515	-0.427
-0.085	-0.088	-0.262	-0.315
0.893	0.890	0.738	0.697
0.842	8.941	0.939	0.847
0.696	0.762	0.654	0.730
0.791	0.761	0.690	0.778

Table 9A Employment shares in manufacturing by industry group, 1963-1977, Advanced Industrial Countries

		Australia[a]	Belgium[b]	Canada	Denmark	Finland	France[c]	Germany[d]		Italy[e][f]	Japan	Norway[g]	Switzerland[h]	United Kingdom	United States
Food and Drink	1963	13.2	11.5	15.0	14.6	13.0	9.5	(8.7)		9.5	7.7	14.9	6.8	10.0	10.8
	1970	13.7	11.1	13.9	16.9	12.7	9.2	(7.6)		8.2	8.1	14.6	7.0	9.5	9.6
	1973	15.4	10.1	13.3	17.4	12.2	8.8	(7.7)	8.1	8.0	7.3	13.8	7.2	9.7	9.0
	1976	16.1	10.3	13.5	17.8	12.1	8.9		8.5	7.8	8.6	12.3	7.6	9.9	9.4
	1977	16.5	10.3	n.a.	n.a.	12.2	n.a.		8.8	7.7	9.1	13.5	n.a.	9.9	9.2
Textiles, clothing, leather	1963	14.0	24.5	15.4	14.3	17.1	20.3	(14.8)		25.2	15.5	13.4	16.4	16.4	14.8
	1970	13.0	20.6	13.6	11.5	15.6	16.6	(12.3)		25.5	12.6	9.8	14.4	13.8	13.8
	1973	12.4	18.5	13.6	10.6	14.5	15.4	(11.6)	11.5	23.9	11.9	7.8	13.1	13.7	13.6
	1976	11.0	16.5	12.8	9.6	13.5	14.0		10.2	22.8	11.4	8.3	12.4	12.8	13.4
	1977	10.3	15.6	n.a.	n.a.	12.5	n.a.		10.0	22.5	10.7	7.6	n.a.	13.8	13.0
Wood and furniture	1963	6.1	4.2	8.0	6.6	12.5	4.3	(9.6)		6.5	4.0	7.6	5.1	3.2	5.8
	1970	5.8	4.6	7.4	6.4	11.7	4.2	(8.8)		7.0	4.1	8.2	4.8	3.0	5.3
	1973	6.1	4.7	8.4	5.9	11.4	4.3	(9.2)	5.6	7.0	4.1	9.2	4.9	3.2	5.9
	1976	6.4	4.7	8.2	5.9	10.0	4.2		5.6	6.8	3.8	9.5	4.1	3.4	5.8
	1977	6.4	4.8	n.a.	n.a.	10.2	n.a.		5.7	6.9	3.7	10.2	n.a.	3.3	5.9
Paper, printing and publishing	1963	7.8	5.4	12.4	9.2	17.1	6.4	(1.4)		2.0	7.0	14.6	8.0	7.1	9.1
	1970	8.1	6.1	12.4	9.6	16.0	7.0	(1.6)		4.7	5.9	13.2	8.3	7.5	9.3
	1973	8.1	6.0	11.7	9.4	15.7	6.9	(1.4)	6.0	4.9	6.1	11.4	8.6	7.4	9.0
	1976	8.1	5.7	12.6	9.3	15.9	6.4		5.4	4.6	6.4	13.8	8.6	7.5	9.3
	1977	8.4	6.6	n.a.	n.a.	16.2	n.a.		5.4	4.8	6.5	13.2	n.a.	7.4	9.2
Chemicals	1963	7.7	7.3	7.8	8.7	6.0	9.0	(8.7)		9.1	10.1	6.7	7.7	8.6	8.7
	1970	8.1	7.8	8.5	8.6	6.7	10.5	(9.9)		9.3	9.1	6.1	9.2	9.2	9.4
	1973	5.1	9.5	8.4	8.9	7.3	10.8	(10.0)	10.9	9.9	9.2	10.0	10.1	9.6	9.5
	1976	5.2	10.4	8.9	9.3	7.4	11.1		11.7	10.0	9.2	8.8	11.3	10.1	9.8
	1977	5.4	10.7	n.a.	n.a.	7.4	n.a.		11.2	10.1	9.1	8.9	n.a.	10.2	9.9
Non metallic mineral products	1963	4.5	6.8	3.2	5.9	4.4	4.1	(4.9)		7.3	4.7	3.5	3.4	3.9	3.5
	1970	4.1	6.3	3.1	6.2	4.3	4.6	(4.0)		8.2	4.7	3.7	3.2	3.8	3.3
	1973	4.0	6.0	3.2	6.6	4.3	4.6	(4.5)	3.8	7.7	4.6	4.6	3.3	3.8	3.4
	1976	4.1	5.9	3.2	6.4	4.1	4.6		3.5	7.6	4.5	4.0	2.8	3.6	3.3
	1977	4.1	5.9	n.a.	n.a.	4.1	n.a.		3.5	7.6	4.6	3.6	n.a.	3.6	3.3
Basic metals[i]	1963	*	*	7.2	*	2.3	6.5	(11.2)		4.9	8.7	6.7	*	6.7	6.9
	1970	7.1	*	7.7	1.9	3.0	5.6	(11.3)		*	8.0	7.1	*	7.1	6.8
	1973	7.2	9.9	7.4	1.9	3.3	5.5	(11.3)	6.6	*	7.8	8.4	*	6.6	6.6
	1976	7.5	10.5	7.3	2.1	4.0	5.8		5.8	5.7	8.0	6.5	*	6.5	6.3
	1977	7.7	10.5	n.a.	n.a.	4.2	n.a.		7.5	5.8	7.9	5.3	n.a.	6.5	6.2
Machinery and equipment	1963	42.8	37.6	27.6	38.9	26.8	38.1	(23.1)		31.1	38.5	30.6	51.8	42.7	38.1
	1970	37.7	40.3	30.3	37.2	28.9	40.5	(26.0)		35.9	43.5	34.7	52.4	44.4	40.2
	1973	36.1	31.0	30.7	37.6	30.1	41.8	(26.9)	46.7	37.4	45.3	33.7	52.0	43.8	40.8
	1976	35.9	32.3	30.2	38.0	32.1	43.1		48.6	33.6	44.4	35.6	52.6	44.8	40.6
	1977	35.6	32.8	n.a.	n.a.	31.6	n.a.		47.2	32.5	44.6	36.4	n.a.	44.9	41.2
Other manufacturing	1963	3.9	2.7	3.4	1.8	0.8	1.8	(17.7)		4.4	3.8	2.0	0.7	1.3	2.3
	1970	2.4	3.2	3.2	1.7	1.1	1.8	(18.6)		1.3	4.1	2.6	0.7	1.6	2.2
	1973	5.6	4.3	3.3	1.7	1.0	1.9	(17.4)	0.9	1.3	3.7	1.1	0.7	1.6	2.2
	1976	5.6	3.9	3.3	1.6	0.9	1.8		0.8	2.1	3.6	1.0	0.6	1.5	2.2
	1977	5.6	4.0	n.a.	n.a.	1.0	n.a.		0.8	2.1	3.7	1.0	n.a.	1.3	2.1
Total manufacturing		100.0	100.0	100.0	100.0	100.0	100.0	100.0		100.0	100.0	100.0	100.0	100.0	100.0

a) Figures for chemicals and other manufacturing in 1973 and 1976 are affected by a classification change which renders them non-comparable with earlier years.
b) New series from 1970. Figures not strictly comparable with 1963 data.
c) From 1970 figures not strictly comparable with 1963 data.
d) In 1973 there was a change in methodology in converting data from the German national classification to the ISIC. Figures in parentheses are on the old classification.
e) Revised series since 1970. Figures not strictly comparable with 1963 data.
f) In 1963 figures for paper and printing are included in other manufacturing.
g) New series from 1973. Figures not strictly comparable with earlier years.
h) Initial data refer to 1966.
i) Figures for basic metals are included with machinery and equipment.
Source OECD Labour force Statistics.

Reproduced from OECD (1979).

Table 10A U.K. share of industrial countries' exports by region[a] per cent

| Market	1962	1963	1964	1965	1966	1967	1968[b]	1969	1970	1971	1972	1973	1974	1975	1976
World	12.7	12.9	11.9	11.6	11.2	10.5	9.8	9.7	9.3	9.6	8.8	8.1	7.7	8.2	7.8
Industrial countries	9.2	9.5	8.9	8.6	8.6	8.1	7.6	7.4	7.2	7.2	7.0	6.8	6.7	7.0	6.7
Other European countries	21.4	20.8	20.3	19.3	19.1	18.5	19.2	18.8	17.9	20.0	17.2	15.3	13.8	14.2	14.4
Australia, New Zealand and South Africa	42.6	42.3	37.7	36.5	36.5	32.2	29.9	29.7	27.6	29.0	27.1	22.5	20.1	22.9	18.5
Oil exporting countries	18.5	18.4	15.9	15.3	15.7	13.8	13.8	14.5	13.3	14.1	13.1	11.7	9.7	10.7	10.4
Other less developed countries	15.0	14.9	13.8	13.6	12.3	11.4	10.2	11.1	10.4	11.4	10.3	8.5	7.4	8.1	7.5
Sino-Soviet block	14.4	14.4	9.8	11.3	11.4	12.0	11.8	11.8	10.7	9.4	7.6	6.4	5.5	5.2	4.8

a Based on exports of all commodities by the following countries:
US, Canada, Japan, Austria, Belgium, Denmark, France, West Germany, Italy, Netherlands, Norway, Sweden, Switzerland, U.K.

b Slight changes in the market definitions used mean that there are discontinuities in the series between 1968 and 1969.

SOURCE: Connell (1979)

Chart 1A

Employment in Industry, 1960 to 77, various Countries
(as percentage of civilian employment)
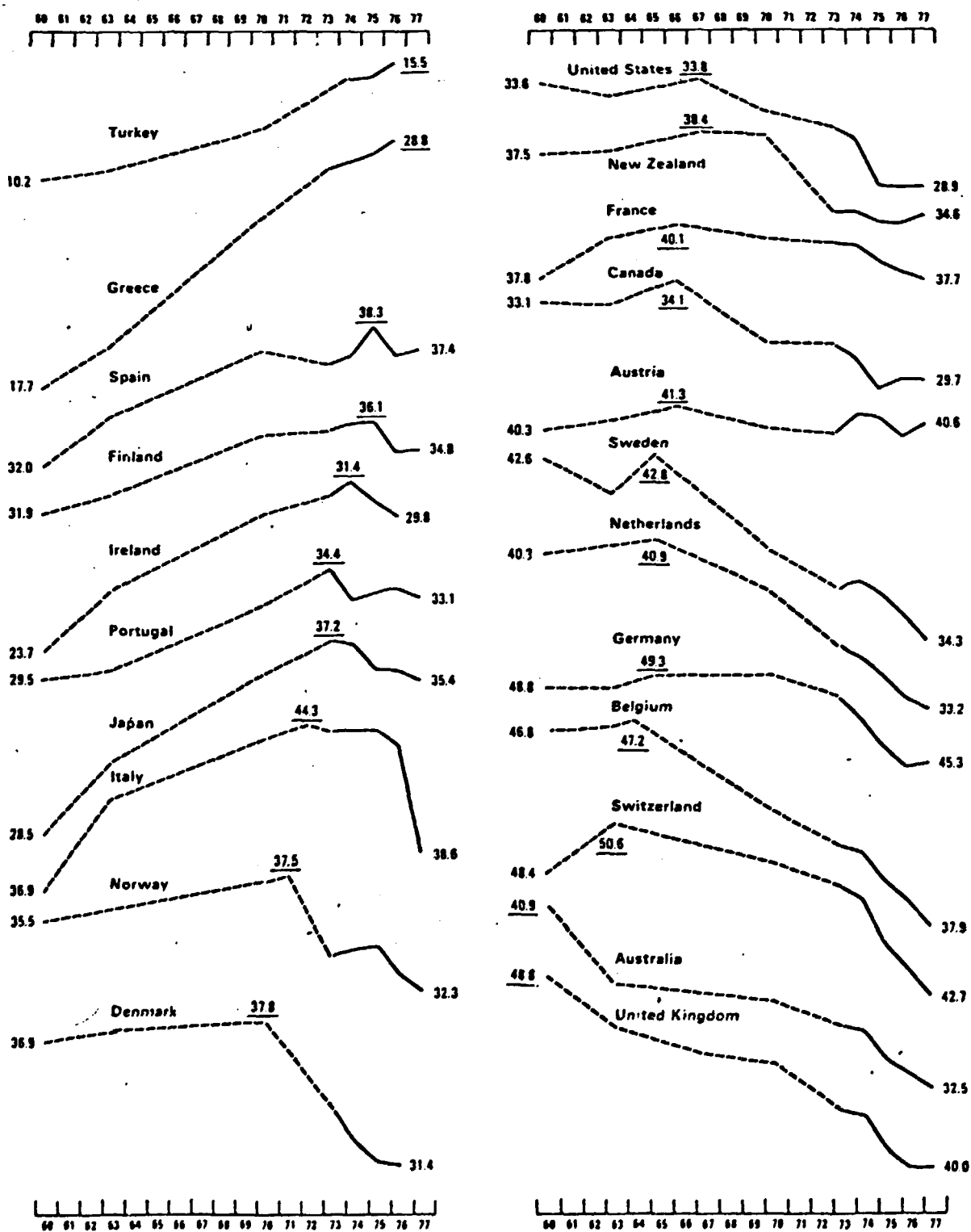
Note: Figures underlined represent peaks.

Source: OECD (1979)

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