Privatization and International Restructuring

Public services and state-owned industries are being restructured and privatized in many countries around the world. Social security, health, housing and education—the bedrock of most welfare states—are being cut back and privatized. Public sector wage cuts and job losses are commonplace. Privately run hospitals and schools are expanding, encouraged and subsidized by the state, to compete against deteriorating public services. Contracting out of central and local government services has intensified in Britain, Germany, USA, Canada, Japan and Australia. A diverse range of state-owned companies in Latin America and Europe are being sold off to the private sector. Postal and telecommunications services are being reorganized and privatized under pressure from business interests wanting to exploit technological innovation. State-owned liquor outlets in South Africa's black townships are being sold, mainly to white businesses and financiers; and in Bangladesh two state banks are being sold back to the families who controlled them before nationalization 12 years ago. Deregulation and liberalization to encourage private sector expansion is widespread. So too is the reorganization of state industries and services into business corporations.

Restructuring the economy

Whilst there are significant differences in the organization, range and quality of public services around the world, many services have been riddled with contractors and private agencies since their inception. Private health, education, housing and social services have often continued alongside public provision. Economic crises combined with a sharp swing to right-wing political control in market economies have been the foundation for a stream of privatization measures. Monetarist economic policies have been adopted by an increasing number of governments. Reducing budget deficits has become a prime but crude target in the belief that a small deficit will lead to low inflation and interest rates. Since the strategy also entails tax cuts and incentives to 'encourage economic growth', government borrowing can only be reduced effectively by cutting public spending, increasing rents and charges, and by transferring responsibility for some services to the individual and the family. Cuts have been very selective. Spending on defence and on law and order have usually increased whilst health, education, social services and state benefits have been cut. The International Monetary Fund (IMF) and the World Bank impose similar economic policies as a condition of loans or rescheduling of existing debt. Specific sales of state assets are often part of the austerity programmes agreed with the banks. Alternatively, similar policies have been used to try to attract foreign investment and to encourage foreign bankers to restructure foreign debt.

Restructuring public services

In a period of prolonged recession, capital seeks to regain control over the profitable parts of services and a greater share of the work supplying public services. But privatization is not simply about contracts. It is an integral part of restructuring the economy and public services in the interests of capital. Cuts in wages, benefits and working conditions as a result of transferring work from the public to the private sector increases productivity and profitability. Cuts in public spending and privatization means that more services have to be paid for out of wages rather than by the government, leading, at least in theory, to lower taxes and rates and so reducing other costs of production. Opening up services for greater private sector exploitation combined with stiff controls to stem competition from direct labour creates new potential markets for business. Services are often remoulded to meet the needs of industry and commerce. For example the provision and charges for telecommunications is geared primarily to business needs; so too are many educational and training courses. Finally, mass unemployment and the introduction of new technology leads capital to redefine its needs for a universally healthy, educated and well-housed workforce.

Creating the right ideology is crucial for privatization to continue, to ensure that changes are relatively permanent and to minimize counteraction by working-class people. The propaganda from centre-right and right-wing governments and parties is very similar: 'Roll back the frontiers of the state' to give more freedom and choice. The public sector, it is claimed, is wasteful, inefficient and overstaffed in contrast to the lean, competitive, responsive and cheaper private sector. The lowering of expectations about the level and quality of services and heightened conflicts between workers and users also hastens the demise of public services. Myths are fabricated to hide the real facts—increasing centralized state control, creeping welfare corporatism, increased exploitation of workers, costlier lower-quality services, mounting waste, inefficiency and failures by contractors, little change in competition as private monopolies replace public ones.

This propaganda is developed and transferred on an international scale through a range of New Right pressure groups like the Adam Smith Institute (based in London and Washington), the Fraser Institute in Canada, and the Heritage Foundation in the US. Ideas and experience are rapidly exchanged through conferences, reports and study visits. The Fraser Institute played a key role in formulating the privatization and anti-union proposals presented in 28 Bills to the British Columbia legislature. Sixty-five out of the top hundred Canadian companies are members or affiliates of the Institute. International organizations like the 24-nation OECD play an official role in exchanging ideas and examples by reporting on the economies of individual countries, meetings of ministers, research reports and bulletins on public/private sector partnerships.

Anti-union legislation to reduce the strength of the trade union movement is also an integral part of privatization and restructuring. Public services have expanded rapidly in industrialized countries since 1945 and public sector workers are now a powerful force in labour movements. The federal and provincial governments in Canada have introduced a spate of anti-union measures in the last three years including suspending the right to strike for certain groups of workers, fines and imprisonment for failing to return to work, wage controls and withdrawal of trade union rights. In Holland five out of six court cases ruled against the unions during the public-sector strike in 1983. Firms like the Hospital Corporation of America have a record of anti-union activities including hiring union-busting agencies.

Short-term political and financial considerations are often important factors in the current thrust behind privatization. In Britain the government's £2 billion annual asset sales have been criticized by some City financiers as simply ways of avoiding difficult spending and tax decisions. They are also concerned that asset sales may crowd out private industrial investment. But many countries are increasingly concerned about a threatened longer-term 'crisis of the welfare state' caused by changes in population growth and death rates. The elderly will form a larger percentage of the population particularly after the year 2000, thus requiring higher expenditure on pensions, health and social services at a time of low economic growth, slower-growing labour forces as women have fewer children, and lower tax revenues. Hence the right-wing emphasis on individual private care and responsibility.

Britain for sale

The attack on the state sector in Britain is more wide-ranging than in other European countries. Privatization has taken six different forms—contracting work out to private firms and increased use of voluntary labour; selling state-owned companies; selling public land and property; expanding private services; allowing firms to exploit public services; and hiving-off the future by ensuring that all profitable redevelopment and new products and services resulting from technological innovation are rooted in the private sector. Privatization escalated rapidly after the Tories came to power in 1979 and even the more ambitious 1983 election manifesto commitments on privatization were soon overtaken by plans to privatize electricity generation, the production and sale of gas and coal together with telecommunications, bus transport, and sewerage treatment and disposal. 'No state monopoly is sacrosanct,' announced John Moore, Financial Secretary to the Treasury, at a City stockbrokers' conference in November 1983. Leaked government reports revealed the ideological commitment to fundamental changes including proposals to privatize health care, eliminate council housing, and force the family to take over social service functions.

Contracting out continues to increase in local government, the Civil Service, the National Health Service (NHS) and nationalized industries. Manual work like cleaning, refuse collection, school meals, hospital support services, and building repair and maintenance are usually the first targets. However, white-collar jobs such as architectural work, valuation, surveying and accountancy are increasingly under scrutiny. By early 1984, 20 local authorities had privatized refuse collection, a relatively small percentage of a £500 million annual 'market'. But many more councils had used the threat of privatization, at a time of mass unemployment, to extract job losses, productivity deals and changes in working practices whilst retaining direct labour.

By 1984 the government had sold off a majority shareholding in British Aerospace, the telecommunications firm Cable & Wireless, Amersham International, Britoil, Associated British Ports and three further stakes in British Petroleum for a total of £2,000 million. Early in 1984 the government decided to sell its remaining shares. The combined value of the sold shares was £400 million higher in January 1984 than their selling price, substantiating claims that public assets had been deliberately undervalued. The Tories had also sold off the National Freight Corporation together with share stakes in a wide range of companies held by the British Technology Group, the old National Enterprise Board, a key element in the previous Labour Government's industrial strategy.

The sale of assets to date will be swamped by sales currently in the pipeline including British Telecom (£4,000 million), British Airways (£800 million), British Shipbuilders warship yards (£200 million), Enterprise Oil (£400 million), National Bus Company (£300 million), Royal Ordnance Factories (£300 million), and parts of British Leyland (£250 million). Stockbrokers have been vying to produce their sale-of-the-century estimates of just how far the state can be asset-stripped. The latest, by Grieveson Grant & Co., claims that sales could total £28,000 million if the government succeeded in selling off the gas, electricity and water authorities, and sections of British Rail, the Post Office and other public services.

Land and property sales have also been substantial. Over 600,000 council houses (10 per cent of the stock) have been sold since May 1979. Sales receipts exceeding £3,000 million have masked a further massive decline in public spending on housing and a reversal in hcusing subsidies. For the first time net public expenditure on housing, £2,500 million in 1984/85, will be less than mortgage tax relief to private owners, £2,800 million in foregone tax in 1983/84. Private developers are now buying up whole council estates in Edinburgh, Liverpool, Salford and elsewhere for improvement and resale. Nationalized industries such as British Rail are trying to overcome spending constraints by disposing of large tracts of

Asset sales by central government in Britain: £ million at current prices

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87
Special sale of assets	999	356	(79)	550	1,250	1.900	2,000	2,000
Housing sales and repayments	468	587	984	1,555	1,342	1,465	1,300	1,300
Total	**1,467**	**943**	**905**	**2,105**	**2,592**	**3,365**	**3,300**	**3,300**
Total sales of assets & housing as % of total of public expenditure	**1.9%**	**1.0**	**0.9**	**1.9**	**2.2**			

Sources: Treasury and Civil Service Committee, *First Report 1983/84*, HMSO 1984; and *The Government's Expenditure Plans 1984/85 to 1986/87*, Cmnd 9143-1, HMSO 1984.

land and property. The countryside is also being asset-stripped—20,000 acres of woodland have been sold by the Forestry Commission.

The demand for private hospitals, nursing homes and residential homes for children, the elderly and handicapped people is expanding because of cuts and longer waiting lists in NHS hospitals.

Further cuts in public spending, increasing central government powers to determine each local authority's budget and spending, and carry out efficiency and value-for-money audits will create the conditions for further privatization. The planned abolition of the Greater London Council, London Transport and six metropolitan county councils in 1986 and the transfer of their functions to other local authorities and government-appointed joint boards is likely to lead to a large extension in contracting out of technical, legal, supplies and other services. There are even plans to privatize some of London's bus routes. Certain business leaders and right-wing organizations are calling for a new industrial policy based on privatization *and* competition. Liberalization and deregulation, direct encouragement of private services financed by public money, the break-up of services into franchises, and legislation to compel local authorities and other public bodies to put services out to tender are being discussed for the next phase of privatization. 'Whenever it is possible and sensible to do so, the government is seeking to transfer the provision of services into the market sector,' states the Green Paper, *The Next Ten Years: Public Expenditure and Taxation into the 1990s* published in March 1984.

Cuts across Europe

Cuts, consultants and contractors are now commonplace in the public sector throughout Europe as centre-right governments and business interests combine to 'roll back the frontiers of the state'. In the Netherlands, Switzerland, and Denmark special government committees have been examining the scope for privatization. Contracting out has increased in West Germany, Switzerland, Finland, Belgium and the Netherlands. Cleaning, refuse disposal, transport, hospital support services and building maintenance are the common targets. In some West German local authorities the private sector has taken over the running of health, social, cultural and training facilities such as parts of hospitals, old people's homes, sports centres, libraries and civic halls. The 1984 West German budget includes cuts in unemployment and other welfare benefits together with a public sector wage freeze.

In the Netherlands and Belgium, both the scene of major public sector strikes over wage cuts in late 1983, cuts and privatization are being implemented. The centre-right Dutch government is encouraging the privatization of local and central government services. Plans to impose charges for secondary education were dropped but the 3 per cent cut in wages and benefits, fewer teachers and hospital beds and higher prescription charges have all gone ahead. In Belgium numerous public bodies are affected by privatization particularly in the communications sector, and attempts have been made to privatize parts of the social security system. Volunteers are increasingly used to run facilities for children and old people in Denmark. Fees for creches and kindergartens have risen 20 per cent together with health care charges and public transport fares. The first private hospital was recently approved.

Public assets are also up for sale. West Germany's conservative government recently announced plans for a £200 million sale of shares in Veba (the electricity supply, oil and chemical giant) thus reducing the state shareholding to 30 per cent. A 20 per cent stake in Volkswagen may also be sold. The Swedish government is planning to sell 15 per cent of the state-owned bank, PK. Transnational sales are also developing. In early 1984 the ruling Social Democrats sold-off Luxor, a television and electronics firm, to the Finnish conglomerate Nokia, making it northern Europe's second largest electronics manufacturer. In Italy the privatization of parts of the health service, telephone and postal services is being considered. ENI and IRI, the state holding companies, are planning to sell profitable subsidiaries. Although the Mitterrand government in France nationalized six industrial groups and 36 private banks, and bought controlling stakes in three other major firms since 1982, asset sales have now started. St Gobain and the Compagnie Générale d'Electricité have both sold shares in subsidiaries and further sales of state assets are expected to reduce subsidies and losses.

The US is no exception

In the US, the large number of small local government units and separate boards has provided a haven for contractors. Recent local tax cut campaigns and budget cuts have increased contracting out of architectural and engineering services, refuse collection, legal services, highway and building repair, ambulance and mental health services. Consultants have been heavily involved in the increasing use of computers in public administration. Private nursing homes are big business —80 per cent of nearly 20,000 homes are run commercially. Many cities are encouraging neighbourhood groups to run their own recreation, arts and some social services programmes using volunteer labour or local non-profit business corporations.

Federal budget cuts in 1982 and 1983 respectively have slashed social and welfare services. Reagan's ideological campaign for 'less government' has led to a further large increase in contracting out. There are now nearly 40 per cent more workers employed by federally appointed contractors than there are federal employees.

Deregulation has also been a major theme. American Telegraph and Telephone (AT&T), which provided about eighty per cent of all US telephones, has been broken up and seven new regional companies set up in the biggest corporate divestiture in history. AT&T will now focus on long distance, international and satellite telecommunications and data exchange.

Privatizing the sky and the sea

The £700 million government-owned Landsat network of remote sensing satellites and ground equipment is up for sale. The satellites take photographs of the earth, providing valuable

information for mining companies, farmers and geologists. Seven bids have so far been received from firms ranging from small high-technology companies to a new joint venture by the Hughes Aircraft Corporation and the Radio Corporation of America. Reagan originally included weather satellites in the deal at the behest of Comsat, a major communications firm, but Congress insisted on their withdrawal. The National Aeronautics and Space Administration (NASA) is encouraging private firms to jointly finance the planned staffed space station in the late 1980s. In the meantime NASA is offering free space shuttle rides to firms wanting to explore the possibility of space industries.

Two US companies are seeking permission to launch the first privately owned transatlantic telecommunications satellite. International Satellite, 51 per cent owned by US food giant United Brands, and Orion Satellite Corporation would sell the service to companies and governments. Space shuttle flights would launch the satellites. In Britain at least one consortium of private telecommunications companies and City financiers have been pressing the government to embark on an 'open skies' policy for satellites. Deregulation of telecommunications in the US since the mid 1970s has led to IBM, Aetna Insurance and Comsat grabbing a significant share of business communications.

Not content with turning the sky into a marketplace, a recent report from Britain's right-wing Institute for Economic Affairs (IEA) called for privatization of the world's seabeds and their natural resources. Rejecting the UN's proposed International Seabed Authority as 'unworkable' and 'the biggest monopoly on earth', the IEA argue that private companies should own the seabed.

Canada

Privatization has expanded rapidly in the past decade in Canada's public services. Between 1973 and 1978 alone, the value of federal contracts increased 79 per cent compared to a 17.5 per cent growth in public services. A 1976 government report, *The Way*

Ahead, launched a new wave of privatization of cleaning, catering, waste disposal and maintenance services in local authorities, school boards and hospitals. Commercialization of the Post Office is under way—offices in eight cities have been turned into mail order showrooms.

In 1983 the first public hospital was turned over to American Medical International (AMI), the world's second largest hospital corporation. AMI claims to be negotiating management contracts with another ten Canadian hospitals. Another company, Extendicare Ltd, which already owns a chain of nursing homes, is planning similar deals. The introduction of hospital user fees, extra charges by doctors, increases in health care premiums and severe cutbacks in Medicare services for children and the elderly have been implemented in many provinces.

In July 1983 the right-wing Social Credit Party introduced 28 new Bills into the British Columbia (BC) legislature. Not only do they represent a blueprint for the privatization of health and social services, but also give sweeping centralized powers over budgets, education and employment. Seven thousand public sector jobs will disappear and trade union and tenants rights will be curbed. 'The privatization of human rights,' claimed the Labour Minister in announcing the elimination of the BC Human Rights Commission.

Latin America

Three hundred state-owned companies account for 40 per cent of Argentina's GDP. A special government committee has been established to examine how these companies can be privatized with the exception of transport, communications and energy resources. Trade unions are calling for the return of the public postal monopoly to eliminate private firms operating the most profitable services. With foreign debt of $43,600 million, the World Bank and the IMF are insisting on implementation of current economic policy as a condition for negotiations on rescheduling or future loans.

Following the flight of private capital from Mexico in the last days of President Portillo, the government has decided to sell shares in 400 industrial companies to try to boost domestic and foreign investors' confidence. The shares came into state control when the banks were nationalized in September 1982. Fifteen of the 53 banks have a controlling interest in 88 industrial and insurance firms. In 1983 the Peru government announced plans to sell 46 state-owned companies for similar reasons.

But the main thrust of privatization has been in Chile where the monetarist Pinochet regime has wreaked havoc. In September 1973 there were 464 state-owned firms but by June 1977 only 70 remained and most of these were sold by 1980. Large financial/industrial firms acquired most of these assets, financed almost entirely by debt. This only exacerbated Chile's mounting problems of declining output and investment, mass unemployment and soaring foreign debt. A 1980 decree abolished the postal monopoly and allowed private firms to deliver mail. The telephone system has also been largely privatized. Two years later the military regime invited British companies to run public utilities, promising firms the freedom to sell electricity to the national grid if they built a power station. They also wanted more firms to join the privately owned Antofagasta and Bolivian Railway Company in water supply. In February 1984 a new mining code was introduced to try to attract foreign investment by extending licensees' rights to potential mineral reserves. Privatization has been extensive in education where the junta is committed to making all education financially self-sufficient but with strong state control over course content.

Australia and New Zealand

The Australian Labor government launched a Medicare health service early in 1984 providing for 85 per cent of medical costs. Health insurance will continue for specialist treatment. The right-wing Queensland state government refuses to take part and is currently trying to close 25 hospital laundries with the loss of 1,400 jobs and to contract out the work. Catering and cleaning work is also threatened. In New South Wales and Victoria, rail unions have been resisting the rundown of passenger and freight services. Passenger services would be replaced by private bus companies and multinational transport firms like Brambles (its Cleanaway subsidiary has over 20 Australian refuse contracts and another subsidiary in Britain has similar work). Public housing has also been sold and a new First Home Owners Scheme started in October 1983 in which first time buyers receive grants and subsidies of up to A$7,000.

Contracting out has increased in New Zealand where Housing Corporation construction workers have been sacked, plus over 1,000 redundancies at the Ministry of Works and Development. Contractors have also gained printing, land survey, cleaning and hospital support services work. The State Insurance Office parts-recovery division was dismantled and sold off.

Middle East

Privatization is to play a central role in Saudi Arabia's Fourth Development Plan for 1985–90. The plan identifies government priorities and aims to reduce dependency on oil revenues by expanding the role of the private sector. Companies will be allowed to operate, manage and maintain many of the utilities now operated by the government. The majority of shares in the two largest industrial concerns, Saudi Basic Industries Corporation and Petromin, will be sold. The government's large hospital building programme relies heavily on private companies to manage and supply services. The Middle East has proved very profitable for US health care firms such as American Medical International and National Medical Enterprises. Privately owned hospitals are also booming—ten new licences have recently been issued in the capital, Riyadh, alone. Local services such as street cleaning, refuse collection, repair and maintenance are often done by contractors.

Rapid expansion by transnational corporations

Privatization is creating new opportunities for transnational corporations to gain large sections of public sector work and to acquire public assets cheaply. Their political and economic power give them the opportunity to put in loss-leader bids, to expand rapidly into new markets by takeovers and mergers, and to diversify their activities. Their ideas and experience of privatization and deregulation in different countries is quickly assimilated through centralized corporate control and demands developed for more extensive privatization. These firms are capturing an ever-larger share of increasing markets and their global strategies can greatly influence the role of the private sector in public services in Third World countries. Private health care in America and Britain is increasingly dominated by three transnational corporations. The largest, the Hospital Corporation of America, operates 380 hospitals in North and South America, Asia, Europe and the Middle East and markets itself as a 'world health care corporation'. Even in smaller scale services large companies dominate. By 1990 it is estimated that half of all nursing home beds in America will be operated by fewer than ten companies.

A good example of the firms profiting from privatization is the £300 million turnover, British-based Pritchard Services Group. It has been the major NHS cleaning contractor for many years, is now the second largest supplier of hospital services in America and recently acquired two US catering firms. There are 75 Pritchard companies operating in 20 countries, including hospital contracts in New Zealand and Australia. The Danish-based International Servisystem is similar in size and range of activities and now has health, school and airport cleaning contracts in Britain as well as in Europe and North America.

Grand Metropolitan (Grandmet), Britain's eighth largest company and a food, drink and hotels conglomerate is a good example of diversification. It recently bought a 55 per cent stake in Children's World Inc., a chain of 100 nurseries in America. It is building a new private hospital in Britain and its experience of mass production industrial and airline catering is enabling it to seek school meals and hospital catering contracts. Grandmet is seeking more local authority refuse contracts and has been interested in taking over certain public housing management functions in Liverpool and London.

Captive markets
Kinder-Care is the largest private chain of day care centres in North America. Turnover in 1983 was $128 million. Expansion into Canada was partly financed by a $40 million deal with Great West Life Assurance Co. of Winnipeg for 100 new centres. Kinder-Care already sells toys, T-shirts, bags and children's photographs to its captive market. A subsidiary, Kinder Life Insurance Co., has been offering life insurance for children enrolled at the centres. The US Consumers Union estimates that putting the same amount of money into a savings account would generate four times as much money as the insurance policy. Kinder-Care President Perry Mendel aims 'to bring child care out of antiquity, as McDonalds did with the hamburger and Holiday Inns did with the motel'.

Joint ventures
Joint ventures between transnational corporations are also increasing. In 1977 the Saudi Arabian capital Riyadh awarded the first large five-year refuse and cleaning contract to Arabian Cleaning Enterprises (ACE), a joint venture owned 55 per cent by the Chicago-based Waste Management Inc., 25 per cent by a Saudi prince, and 20 per cent by Pritchard Services Group. Four years later ACE won an even larger contract in Jidda but lost the Riyadh contract to Browning-Ferris Industries (BFI) of Houston. Both BFI and Waste Management successfully penetrated the Canadian local authority waste disposal market in the late 1970s. Brengreen Holdings, which has won the majority of council refuse contracts in Britain, also has a joint venture in Saudi Arabia to clean Dammam, Dhahran and Al-Khobar. These Middle East contracts recruit thousands of foreign workers: ACE employs more than 4,000 Indians and Sri Lankans, Browning-Ferris 3,700. The contracts can be highly profitable. Brengreen's Middle East activities, which also include hospital cleaning, had profits of £492,000 (a 29 per cent return) on £2.7 million turnover in 1983. Brengreen is now expanding into hospital support contracts in Britain and is a partner with Rothschild Bank in a scheme to privatize British Rail's London-Southend line.

Labour movement internationalism
The increasing international scale of privatization opening up new opportunities for multinational companies has major implications for labour movements around the world. Despite important differences in the provision and structure of public services there are many common elements. The same services are threatened. The same or similar multinationals win the main contracts. The right-wing ideological attack is similar. The contradictions of public services in capitalist states are also the same.

An international perspective is essential to understand the common forces that are leading to privatization and restructuring in different countries. Industrialization of the Third World, the relocation of capital and new divisions of labour have a major impact on welfare states and public services. The emergence of new forms of trade unionism and struggle in other countries must also be supported and adopted where appropriate. A programme of action must transcend the present foreign travel perks for a handful of union officers and delegates. This will not be easy or achieved quickly when, at least in Britain, the Trades Union Congress and some public sector unions have yet to commit themselves to an effective national campaign against privatization. Clearly the existing activities and resources of international trade union federations like Public Services International are woefully inadequate. An immediate programme of international action and co-operation should include research and investigation of services privatized and the companies involved, draw on the lessons and experience of many similar struggles and tactics, and start to build local, national and international public service alliances.

Clearly privatization and restructuring of public services are not simply domestic issues. Nor are the alternative policies and strategies needed to transform public services under workers' and users' control.

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Multinationals: The Concentration Intensifies

National capitalism is fast being replaced by international corporatism, for the world economy is emerging from the economic recession of the early 1980s more integrated and interdependent than ever before. All major nation states are increasingly exposed to the vicissitudes of international capital flows, mostly directed by the world's 10,000 multinational enterprises or their 82,000 foreign affiliates.

The increased intertwining of national economies within a world system is shown by table 1. In the four major European countries the proportion of national output dependent on exports has risen over the last decade from 13–18 per cent to 18–26 per cent. All but the UK have also suffered a still more dramatic surge of imports penetrating domestic markets. The UK has in fact suffered probably the worst rise in import penetration in manufactured goods, but this is disguised in the aggregate figures of table 1 by a huge surplus on its oil account.

Even the giant and once almost self-sufficient US economy has doubled its dependency on international trade over the last ten years, again with imports rising faster than exports to almost 10 per cent of gross national product (GNP).

Japan has so far been more successful at restricting imports, but it too is now