

CALENDAR OF ECONOMIC EVENTS: OCTOBER—DECEMBER 1974

Classifications for calendar items:

(A) **INDUSTRY**—including bids, mergers, commercial policy; (B) **LABOUR AND PRICES**—including strikes, claims, settlements; prices; (C) **OVERSEAS**—including policy developments overseas (Bank rate changes), strikes; (D) **INTERNATIONAL**—including IMF, monetary (exchange rates) and trade, EEC; (E) **UNITED KINGDOM GENERAL**—including domestic policy, *Cmnd* papers, Bank rate and other interest rate changes.

October

- (B) 1 Price Commission agrees to an increase of £1.96 a ton in UK price for compound feeding stuffs and concentrates.
- (E) 1 Mr Healey, Chancellor of the Exchequer, proposes scheme for large extension of IMF's arrangements for re-cycling oil surpluses with support of Common Market countries, Scandinavian group and others.
- (D) 2 EEC foreign and agriculture ministers agree to undertake fundamental review of Common Agricultural Policy.
- (E) 2 Further £9.5 million a year subsidy on bread announced by Department of Prices and Consumer Protection offsetting proposed increase of $\frac{1}{2}$ p on price of small loaves.
- (D) 3 Mr Peart, Minister for Agriculture, returns from EEC farm talks in Brussels to announce retrieval of all last month's farm prices package, a £9.2 million hill sheep subsidy rise and a £25 million hill and beef cow subsidies advance.
- (B) 3 National Union of Mineworkers executive rejects National Coal Board's productivity proposals offering most miners pay increases of up to £12.50 p.w.
- (B) 3 52,000 manual workers at Ford Motors offered 38.6 per cent 2-year pay deal.
- (B) 4 Hull dockers accept 18 per cent pay rise giving basic wage of £53 p.w.
- (B) 4 140,000 civil servants and 1,700 London ambulance men to receive increased London allowances.
- (A) 5 £50 million order placed by Pacific Norse Shipping with Scott Lithgow Group for two drill ships.
- (C) 7 1 per cent rise to 12 per cent in minimum lending rate of South Africa's two major commercial banks, Barclays and Standard.
- (B) 7 £12.29 p.w. increase offered by Ford management to striking press shop workers with warning of no further negotiations until normal working is resumed.
- (B) 7 Agreement reached on 'anomaly' wage rises of £1.30 p.w. for 15,000 miners from 1 October.
- (D) 7 United States imposes controls on grain exports.
- (C) 8 European-American Bank and Trust awarded winning bid for Franklin National Bank of New York after the latter declared insolvent by US authorities.
- (B) 8 Strikers at Ford's Dagenham press shop and body plant decide to return to work. Pay negotiations to resume on 9 October (see 7 October).
- (D) 9 International Credit Bank (BCI) formally announces application for payments moratorium.
- (C) 10 $\frac{1}{4}$ per cent fall to $11\frac{1}{2}$ per cent in prime rate of Southwest Bank of St Louis.
- (B) 13 British Airways cancels all domestic and European flights after 300 engineering supervisors vote to defy union instruction to return to normal working.

October

- (C) 13 Oil companies in Abu Dhabi agree to buy back further 40 per cent of country's crude oil output for final three months of 1974 at 93 per cent of posted price.
- (C) 14 Banque de Bruxelles discloses that 'irregular and unauthorised' foreign exchange dealings took place in its head office.
- (B) 14 19–23 per cent basic pay increases awarded to 4,500 UK Atomic Energy Authority manual workers.
- (A) 15 Jessel Securities asks Stock Exchange to suspend dealings in its shares.
- (B) 15 Engineering supervisors at British Airways resume normal working after agreement on pay restructuring claim (see 13 October).
- (C) 16 $\frac{1}{2}$ per cent fall to $11\frac{1}{2}$ per cent in Morgan Grenfell base lending rate.
- (A) 17 In major review of operations British Caledonian decides to make 827 workers redundant, suspend services on scheduled North Atlantic routes and make other substantial cuts.
- (B) 17 $7\frac{1}{2}$ –20 per cent rise in domestic air fares announced effective from 1 November.
- (E) 18 Retail Price Index for September rises to 212.9 triggering a 40p threshold for 10 million workers.
- (B) 18 Tobacco workers at W.D. and H.O. Wills and John Player Factories told by unions to go back to work on 21 October.
- (C) 21 $\frac{1}{4}$ per cent cut to $10\frac{3}{4}$ per cent in prime lending rate of Michigan National Bank of Detroit.
- (C) 21 Prime lending rates of First National City Bank, Chemical Bank, Manufacturers' Bank of Los Angeles and Crocker Bank all cut to $11\frac{1}{4}$ per cent.
- (D) 22 EEC Council of Agriculture Ministers agrees on Community sugar policy for next five years including commitment to meet any shortfall in Great Britain's requirements over next year with subsidised imports from world market.
- (B) 23 Vauxhall's £11 million interim pay offer accepted by shop stewards for Luton plant.
- (B) 25 Peace talks over unofficial strike by 8,000 Scottish lorry drivers fail. 30,000 expected to be laid off within a week.
- (C) 25 $\frac{1}{2}$ per cent. cut to $6\frac{1}{2}$ per cent in discount rate of Deutsche Bundesbank.
- (C) 28 1 per cent cut to 7 per cent in official discount rate of Netherlands Bank.
- (B) 28 Scottish lorry drivers 3-week strike settled at high cost to employers. Top basic pay rate £40 for 40-hour week estimated to raise haulage rates by 25 per cent (see 25 October).
- (C) 28 First National City Bank reduces prime rate to 11 per cent.
- (E) 28 Government to draw second \$250 million tranche of \$2,500 million Euromarket loan.

October

- (E) 29 Mr Shore, Secretary of State for Trade, announces forthcoming legislation to impose on the insurance industry compulsory rescue fund to repay policyholders of failed insurance companies.
- (B) 30 Midlands lorry drivers lodge claim for parity with Scotland (see 28 October).
- (B) 31 Cement manufacturers tell Price Commission of intention to raise prices by 5-9 per cent on 2 December.
- (E) 31 Mrs Williams, Secretary for Prices and Consumer Protection, announces increase in price of sugar of 4½-5½p on 2 lb bag.

November

- (B) 1 Britain's three largest bakery groups, Spillers-French, Rank Hovis McDougall and Allied Bakeries, refuse to sign wage agreement for Scottish workers because it would force more subsidies from Government.
- (C) 1 ½ per cent cut to 10½ per cent in prime lending rate of First National City Bank of New York.
- (B) 1 Union negotiators for 26,000 Vauxhall workers formally accept £5.20 p.w. offer designed to offset anticipated rises in cost of living between now and April when wage deal expires.
- (B) 4 24-hour rail stoppage by signalmen on Kent and South East London services from 2 p.m.
- (D) 4 Venezuela agrees to support coffee stockpiling by Central American countries.
- (B) 4 Delegates representing Great Britain's 57,000 firemen accept 12.8 per cent pay offer but warn of overtime ban in brigades which do not implement 48-hour week due to staff shortages.
- (B) 5 AUEW National Committee settles for 'substantial' demand for three million engineering workers, defeating militants' call for £18 p.w. increase, and insists it will not reopen current agreement before its expiry in March.
- (A) 5 Metropolitan Police issues one-year bonds for first time. £500,000 12½ per cent bonds at £100 per cent, redeemable at par on 12 November, 1975.
- (A) 5 United Air Lines makes second bid for control of Avis by offering to buy ITT's 52 per cent stake.
- (B) 5 Hoover's entire UK production halted after nine weeks of strike action over pay disputes at two factories.
- (B) 5 National Freight Corporation makes national pay offer to 12,000 lorry drivers employed by British Road Services, Pickfords and most other 60 companies under NFC umbrella (see 30 October).
- (A) 5 Consortium of banks led by Guinness Mahon asks for receiver to be appointed to Marc Gregory Ltd, one of S.E. England's biggest housebuilding companies.
- (E) 6 Freeze on council house rents to be extended to 31 March.
- (C) 6 ½ per cent cut to 10½ per cent in prime rate of Michigan National Bank of Detroit.
- (E) 7 Mr MacLennan, Prices and Consumer Protection Under-Secretary, announces in House of Commons that subsidy on cheese is to be raised from £105 a ton to £188 a ton, equivalent to about 12p per lb retail from 11 November.
- (B) 7 NUR National Executive accepts £40 p.w. minimum pay offer on behalf of 16,000 workers in Freightliners and National Carriers.
- (C) 9 30 per cent devaluation of Israeli pound to 6.00 to \$US. Six-month administrative ban imposed on import of 30 'luxury' items.
- (B) 9 Average 9.06 per cent price rise in primary aluminium products by British Aluminium Company.

November

- (E) 12 Chancellor of Exchequer announces Budget measures aimed at improving profitability and liquidity in company sector and shifting resources from consumption into investment and exports. Total financial benefits to companies estimated at about £1.5 billion in 1975 but measures to restrict consumption will result in a slight weakening of aggregate demand. However, growth of GDP, forecast at annual rate of 2-2½ per cent (second half 1974 to first half 1975) and unemployment will remain well below a million. Budget measures raise public sector borrowing requirement in 1974/75 by £0.8 billion but, at £6.3 billion, this is now £3.6 billion more than March Budget forecast (see Calendar, 26 March, NIER No. 68). Details of principal measures as follows:
- (1) Stock appreciation: Stock appreciation for corporation tax purposes for 1973/74 limited to 10 per cent of trading profits (before deduction of capital allowances). Total eventual cost £1,070 million and £775 million in 1974/75. Relief for 1974/75 to be determined in light of recommendations by Sandilands Committee on Inflation Accounting.
- (2) Price Code: Easing of price controls from December allowing companies to pass on up to 80 per cent of increase in labour costs and 17½ per cent of the cost of fixed capital formation. Estimated addition of £800 million to profits in 1975 and of about 1 per cent to RPI.
- (3) Finance for companies: Bank of England to recommend that all banks give priority to lending to industry. Total of £1.0 billion over period of two years to be made available through Finance for Industry as medium-term funds for investment.
- (4) Energy conservation: Comprehensive programme of measures to conserve energy to include phasing out of subsidies to nationalised industries. Immediate steps: (i) New VAT rate of 25 per cent to apply from 18 November to petrol (but not to derv or liquefied petroleum gas used as road fuel). Additional revenue yield of £200 million in full year; (ii) initial allowance for expenditure on the insulation of industrial buildings to be raised from 40 to 100 per cent. Further measures will include implementation of a new tax (the petroleum revenue tax) on oil profits from Continental Shelf.
- (5) Personal taxation: Starting-points for investment income surcharge to be reduced from £2,000 to £1,000 (to £1,500 for over-65's). Age exemption limits increase from £810 to £950 (single persons) and £1,170 to £1,425 (married couples) but relief to be tapered for incomes over £3,000. Blind allowances raised from £130 to £180. Net full year cost £246 million.
- (6) Family allowances: Rates increased to £1.50 weekly for second and subsequent children. Cost £205 million in 1975/76.
- (7) Pensions: Single and married weekly pension and long-term benefit rates to be increased by £1.60 and £2.50 to £11.60 and £18.50 respectively and short-term benefit rates by £1.20 and £2 to £9.80 and £15.90 respectively, from April 1975. Cost £925 million in 1975/76 but largely financed through buoyancy of National Insurance contributions. Further uprating proposed for December 1975.
- (8) Capital transfer tax: To apply to gifts and transfers *inter vivos* made from 26 March 1974 and to replace estate duty on terms and at rates set out in the White Paper (see Calendar, 8 August, NIER No. 70) but with some concessions to farmers and businesses. Exemption for transfers between husband and wife to operate immediately. A separate Bill will introduce the intended land development tax at an initial flat rate of 80 per cent.
- (9) Public expenditure: Growth in programmes to be limited to average of 2½ per cent over next

November

- four years but priority to be given to social needs, especially housing. To mitigate rate increases local authorities must limit expenditure increases 'to what is absolutely inescapable'.
(10) Sterling guarantees: these will not be continued after 31 December 1974.
- (B) 13 Workers at Chrysler's Linwood plant threaten to shut factory from 15 November unless company drops proposal temporarily to lay off part of work force because of depressed state of car market.
- (B) 14 Price Commission hold up petrol increases of 4-5p a gallon on a technicality. Gulf, Shell and Texaco to resubmit application almost immediately.
- (B) 15 2 per cent rise in October Retail Price Index triggers two final threshold payments.
- (D) 18 Mr Peart, Minister of Agriculture, asks EEC Council of Ministers for permission to introduce limited form of intervention buying.
- (C) 19 Five of Chrysler's six American car assembly plants to be closed for almost six weeks from 27 November.
- (E) 19 Government publishes Oil Taxation Bill designed to increase Government share of off-shore oil and gas revenues.
- (D) 19 Mr Peart, Minister of Agriculture, agrees in principle to EEC Council of Ministers deal which brings UK beef producers almost back into fold of Common Agricultural Policy.
- (B) 19 Unofficial 24-hour strike by British Rail signalmen halts several hundred trains on Southern Region.
- (B) 22 National Union of Public Employees leaders representing 220,000 hospital ancillary workers reject 13.5 per cent pay offer from Department of Health.
- (C) 22 Ford Motors US reveals that it will be closing 11 of 20 North American car and lorry assembly plants for periods of between three and six weeks over next 4½ months.
- (C) 22 First National City Bank cuts prime rate by ¼ per cent to 10 per cent.
- (B) 25 Members of Federation of Bakers turn down offer of £6.95 p.w. and threaten industrial action from 1 December.
- (D) 26 Hong Kong floats currency.
- (D) 27 Turkey devalues lira by 10 per cent.
- (A) 28 GEC wins £40 million order for 700MW of gas turbine electricity generating capacity from CEBG.
- (B) 28 Chrysler UK to make redundant one in ten of 7,700 white-collar staff and to cut car production at Coventry.
- (C) 29 First National City Bank of New York changes to more conservative prime rate formula enabling it to hold rate at 10 per cent.
- (B) 29 33,000 bakery workers take industrial action after breakdown of pay talks.

December

- (C) 3 US Administration announces that it will start selling off part of its official gold reserves next year.
- (E) 3 Mr Mason, Secretary for Defence, announces plan to cut defence spending by £4.7 billion over next ten years with first cut of £300 million coming in 1975/76.
- (C) 6 Federal Reserve Banks of New York and Philadelphia lower discount rate ¼ per cent to 7½ per cent.
- (E) 6 Government publishes TUC's wage guidelines for Social Contract.
- (E) 6 Government announces intention to take equity stake in British Leyland in return for providing financial assistance.

December

- (A) 8 British Leyland's chairman, Lord Stokes, signs letter of intent in Cairo to start production of vehicle assembly plant in Egypt to produce 10,000 Land Rovers per annum.
- (E) 9 Mr Varley, Secretary for Energy, announces energy saving proposals including higher prices for petrol, restrictions on heating in offices, lower speed limits and restrictions on lighting for display and advertising.
- (C) 11 Aramco confirms that Saudi Arabia has asked for tax and royalty payments entirely in dollars.
- (B) 12 British Gas Corporation receives Price Commission approval for average 12 per cent rises in domestic gas prices from 1 January.
- (C) 13 OPEC countries decide to raise average oil price to about \$10.46 a barrel, and operate new unitary price from 1 January to end-September 1975.
- (B) 13 British Leyland increases car and truck prices by average 7½ per cent.
- (A) 15 Mr Hyams reduces shareholding in Oldham Estate Co. by selling about half to Co-op Insurance.
- (B) 16 Ford to raise prices by average 9 per cent.
- (A) 16 Penguin Books to cut new book programme by 20 per cent and full-time staff by 6 per cent next year.
- (B) 16 General Motors Holdens to make redundant 15 per cent of its 26,000 Australian workforce.
- (A) 16 Midland Aluminium agrees to a £5.4 million takeover by Tube Investments.
- (B) 16 Rolls-Royce (1971) offers pay deal to 3,500 white-collar workers in Scottish plants, which breaks Social Contract.
- (B) 17 24-hour strike on British Rail's Southern Region by signalmen.
- (B) 17 Petrol price to go up by average 10p per gallon from 20 December and other oil product costs by 1.5p and 3p per gallon from 18 December.
- (C) 18 Kuwait agrees to sell 800,000 barrels of oil a day to BP in first quarter of 1975 at \$10.15 a barrel.
- (E) 18 Government puts up £85 million to solve crisis of liquidity and reserves at Crown Agents.
- (B) 18 18.75 per cent pay rise exclusive of £4.40 p.w. threshold payments agreed for 36,000 manual workers in water supply industry.
- (C) 19 West German Bundesbank lowers discount and Lombard rates by ½ per cent to 6 and 8 per cent respectively.
- (E) 19 Government decides to end business rent controls on 1 February.
- (B) 19 60,000 workers in hosiery and knitwear industry awarded 8 per cent pay deal with on going threshold payments.
- (B) 20 Leaders of 11,000 NHS consultants call for industrial action from 2 January after rejecting final Government offer on new forms of contract.
- (B) 20 Vauxhall Motors announces 9 per cent price rises in force from end-December.
- (B) 20 British Steel Corporation agrees 1 per cent pay increases for each percentage rise in cost of living in 1975.
- (C) 21 Qatar calls for immediate negotiations for a 100 per cent takeover of all oil operations.
- (B) 23 24-hour strike by airport workers for London weighting claim halts flights at Gatwick.
- (C) 23 Portugal raises discount rate by 1 per cent to 7.5 per cent.
- (C) 23 Italy to reduce base discount rate from 9 to 8 per cent and relax credit restrictions on exporters from 27 December.

December

- (B) 26 Chrysler UK announces three-day week for 5,000 of its employees at Linwood for the last three weeks of January.
- (B) 27 Singer plans to put entire 5,500 Scottish workforce on four-day week early in 1975 and wants to make 200 of Clydebank employees redundant.
- (B) 27 British Rail announces average 12½ per cent. fare increases from 26 January.
- (B) 29 Aston Martin to go into liquidation making 500 redundant.

December

- (A) 30 Commercial Union Assurance and Sun Life Assurance Society to cut surrender values of their life policies from 1 January.
- (C) 31 Hungary revalues forint by 6 per cent against Western currencies.
- (A) 31 Government comes to rescue of Burmah Oil faced by critical short-term liquidity problem.
- (C) 31 U.S. citizens allowed to buy gold bullion.