

CALENDAR OF ECONOMIC EVENTS: 1961

A calendar of economic events for the years 1955 to 1959 was published in the *National Institute Economic Review*, no. 8, March 1960 : and for 1960 in *Review* no. 14, March 1961. A set of tables was published in *Economic Review*, no. 10, July 1960 showing changes in Bank Rate, Public Works Loan Board rates, mortgage rates recommended by the Building Societies Association, tax rates, hire purchase controls, National Insurance contributions and benefits and family allowances. Wage claims and settlements made in 1958 were summarised in chart 3, page 7 in *Economic Review*, no. 12, November 1960 : those made in the years 1959 to 1961 are summarised in chart 3 on page 9. HMSO and other references are given where appropriate.

The calendar is subdivided as follows :

The Home Economy

The labour market
Other home affairs

The World Economy

The United Kingdom's relations with other countries
Other foreign affairs

THE HOME ECONOMY

The labour market

- Jan. 6** End of 2-day strike by ground engineers and maintenance men at 7 airports. Pay increases of up to 10s. a week were granted.
- 6** Engineering industry : wage increases of 4 per cent granted to 1 million staff workers.
- 12** Building industry : tea-breaks no longer paid for by employers (to offset extra cost of hours and wages agreement in December 1960).
- 16** Motor industry : Ford Motor Company put 16 thousand workers on 3-day week.
- 23** Civil Servants : 230 thousand granted extra London allowance.
- Feb. 8** Police sergeants granted 40 per cent pay increase.
- 20** Motor industry : Ford Motor Company resumed 5-day working (went back to 4-day working on 8 February).
- Mar. 12** End of unofficial strike by 55 thousand Yorkshire miners.
- 15** Motor industry : three-quarters of BMC labour force back on 5-day week.
- 15** Local authority employees : 450 thousand to get wage increases from the beginning of April 1961 costing £10 million a year.
- 27** Committee of inquiry published report on 16-day unofficial strike of 3 thousand workers at Dunlops (strike ended on 27 February).
- May 4** End of 10-day unofficial strike by 15 thousand London dockers.
- 8** Motor industry : end of 16-day strike by 1,500 maintenance and toolroom men at Pressed Steel, Swindon. 6,300 BMC car workers had been idle as a result.
- 8** End of 16-week strike in Merseyside ship repair yards.
- 11** Shipowners and National Union of Seamen agreed on a 44-hour week at sea.
- 18** Printing unions reached agreement with the employers. A 40-hour week and a 5½ per cent pay rise was granted (cause of strike in 1959). In return unions relaxed restrictions on entry to overcome shortage of skilled labour.
- June 2** Burnham Committee agreed to pay increase costing £47 million for 270 thousand teachers—average increase 15 per cent—to start from January 1962 ; 60 per cent to be paid by Government, rest by local authorities.
- 6** Joint working party set up by employers and unions to study ways of de-casualising dock labour.
- June 26** Motor industry : Ford's refused to negotiate on national wages claim unless unions took steps to end unofficial strikes ; 32 thousand men at Dagenham stopped work in protest but returned to work on 30 June.
- 28** Motor industry : end of 15-day unofficial strike at Smith's Accessories, Cricklewood (15 thousand workers had been idle in London and Coventry as a result).
- July 12** Committee recommended abolition of Truck Acts (*Ministry of Labour* 36-262).
- 20** Air transport : 2-week unofficial strike by one thousand BOAC maintenance men ended.
- 25** The pay 'pause' : brake on wages in the public sector.
- 27** The Minister of Education fixed a ceiling of £42 million on teachers' pay awards.
- Aug. 10** Chancellor of Exchequer told union leaders and civil servants he wanted pay pause to operate for seven months. Government would decide the operative date for any awards made by Civil Service Arbitration Tribunals or the Industrial Courts.
- 16** Government extended pay pause to 3½ million workers in private industry where minimum wages were fixed by Wages Councils.
- 25** Three main railway unions and busworkers (members of TGWU) put forward wages claims in spite of pay pause.
- Sept. 4** Trades Union Congress expelled Electrical Trades Union.
- 19** Minister of Education announced new teachers' pay rates—less than the Burnham award—which were to come into effect on 1 January 1962. National Union of Teachers announced 'strike and work' plan.
- 20** Twenty-six thousand members of National Association of Schoolmasters on 1-day strike (because union was not on Burnham Committee).
- 26** Government refused to implement an independent pay award made by an Industrial Court to 2,300 Admiralty employers.
- 27** Engineering industry : 3 million workers put forward wages and hours claim which was rejected by employers on 13 December.
- Oct. 2** Building industry : tea-break dispute ; strikes at some Lancashire building sites. Agreement reached on 11 October.
- 7** Air transport : BOAC published report of special committee studying causes of strike at London Airport.

- Oct. 10** After several Wages Councils had refused to amend their awards in accordance with pay pause instructions by Government, wage increases were authorised for 250 thousand workers covered by 3 Councils.
- 11** Motor industry : strike averted at Ford's. Tea-break to be 5 minutes instead of 10.
- 16** Wage claims for 1½ million workers put forward. The most important was the demand for an extra £2 a week for electricity supply workers.
- 18** National Union of Teachers withdrew its threat of strike action and accepted Minister's offer of £42 million.
- 21** Civil Service Arbitration Tribunal awarded £5 million to Post Office engineers—but £1½ million to be held back for duration of pay pause.
- 27** Steel Company of Wales : labour dispute with a few fitters and maintenance men ended, following intervention of Minister of Labour. Abbey and Margam works had been closed for over six weeks.
- Nov. 1** Independent Television Authority : actors and variety artists went on strike.
- 16** Electricity Council broke pay pause by agreeing to grant pay rises to date from 1 January 1962 not 1 April 1962. Unions therefore withdrew strike threat. But on 21 November Prime Minister rebuked Electricity Council for an award not consistent with the pay pause.
- 19** Air transport : 12-day official strike of baggage handling staff at London Airport over. Half BEA flights had been cancelled.
- 22** Post Office : pay claim for 150 thousand employees rejected.
- 29** Motor industry : end of 12-week strike by 1 thousand men at Rootes, Acton—10 thousand men idle as a result. All strikers were dismissed but eventually only shop stewards were not reinstated.
- Dec. 7** Dockworkers submitted claim for 40-hour week and pay rise ; 400 thousand civil servants also put in pay claim.
- 15** Shipbuilding employers and unions set up a joint working party on industrial relations and competitiveness.
- 19** Pay pause : 17 white collar unions protested to Chancellor.
- 21** Electrical Trades Union : cost of living pay claim for 50 thousand members.
- Other home affairs**
- Jan. 5** White Paper on reorganisation of technical education published. (*Cmnd.* 1254)
- 10** Bank of England published its first Quarterly Bulletin.
- 19** Hire purchase restrictions eased. Three years to pay instead of two.
- Feb. 1** National Health Service : prescription charges increased from 1s. to 2s. from 1 March. Contributions were raised 1s. a week from beginning of July (10d. from employee and 2d. from employer).
- 14** Defence Estimates for 1961 and 1962 published (*Cmnd.* 1288 and *H.C.* 101).
- 15** A White Paper outlining housing policy changes was published (*Cmnd.* 1290).
- 28** Lord Shawcross appointed Chairman of Royal Commission on the Press.
- Mar. 1** *Daily Mirror* group took over control of Odhams Press.
- 6** Credit transfers start in British banking.
- 13** Vehicle testing extended to cars between 7 and 10 years old.
- Mar. 16** Restrictive Practices Court : Cement Makers' Federation price-fixing agreement not contrary to public interest. (Report published by Incorporated Council of Law Reporting for England and Wales.)
- 29** Ind Coope, Ansell and Tetley Walker announced merger to make biggest British brewery group.
- Apr. 1** Graduated state pension scheme came into operation. Employed persons earning over £9 a week were to contribute according to income with a maximum of 5s. 1d. per week for those earning £15 a week or more. Deductions were made from salary similar to PAYE. Pensions were to be 6d. for each £7 10s. contributed (£9 for women). This was in addition to existing old-age pensions and other welfare benefits. Firms having their own pension schemes, at least as good as the Government scheme, were allowed to contract out for their employees. In addition, normal welfare benefits—old-age and widows' pensions and industrial injuries pensions—were increased by up to 12s. 6d. a week. Employers' and employees' contributions were also increased by up to 1s. 5d. a week. (*Ministry of Pensions* 99-5-0-61.)
- 11** Nationalised industries : new rules for their finances announced. In future revenue surpluses were to cover deficits over a 5-year period. Reserves were to provide adequate allocations to general reserves for capital development (*Cmnd.* 1337)
- 17** Budget :

*Estimated
full year
effect
(£mn.)*

Surtax changes :			
extra £2,000 earnings allowed	..		-37
earned income relief	..		-46
Profits tax increase	..		+70
Limitation of capital allowance on cars			+ 3
Increase of flat-rate allowance for National Insurance contributions	..		-15
Stamp duty changes	..		- 1½
Tax on petrol etc.	..		+50
Tax on TV advertising	..		+ 8½
Motor vehicle duties	..		+26
			+58
Net effect	..		+58

Surtax (changes to come into effect in 1962/3) : starting level to be £4,000 earned income instead of £2,000. Earned income allowance of two-ninths to apply up to £4,005 and one-ninth up to £9,945 (actual starting level was therefore £5,000 or more).

Profits tax : to be raised from 12½ per cent to 15 per cent.

Petrol, paraffin, etc. : extra 2d. tax per gallon.

Car licences : £15 a year instead of £12 10s.

Capital allowance on cars limited to £2 thousand.

Stamp duty : *ad valorem* duty on bills of exchange replaced by fixed duty of 2d.

TV advertising charges made by programme contractors : 10 per cent duty from 1 May.

Chancellor announced two new economic regulators which would be introduced if necessary :

 Pay-roll tax of up to 4s. per employee per week (value in a full year could be £2,000 million).

 To raise or reduce purchase tax and all main customs duties by up to 10 per cent (value could be £200 million more or less in a full year).

National Insurance contributions : flat-rate tax allowance raised from £15 to £18.

- 20** Shipbuilding Advisory Committee reported on industry's prospects (*Ministry of Transport* 55-391).

- Apr. 23** The 1961 population census was taken.
- May 8** Steel Company of Wales applied for licence to import cheaper coal from USA. Permission was refused on 3 August.
- 17** Cuts in transatlantic air-freight rates were announced.
- 18** Ministry of Health allowed hospitals to buy drugs abroad if cheaper than British drugs.
- June 1** New British Railways Board came into operation to succeed British Transport Commission. (Chairman : Dr. Beeching.) (Annual Report of Commission : *H.C.* 213.)
- 3** Public Works Loan Board rates were increased (up to 15 years, $6\frac{3}{8}$ per cent ; 15-30 years, $6\frac{1}{2}$ per cent ; over 30 years, $6\frac{1}{4}$ per cent).
- 11** *Sunday Dispatch* merged with *Sunday Express*.
- 16** Rail and bus fares to be raised in London area on 30 July. Outside London, rail fares were to be increased from 1 September. (*Ministry of Transport* 88-829).
- 19** Jasper & Co. report : Neville Faulks, q.c., criticised banks and financial institutions for conniving at breaches of Section 54 of Companies Act. Steeper penalties were recommended (*Board of Trade* 51-358).
- 28** Ministry of Technical Co-operation set up (Minister : Mr. Dennis Vosper).
- July 1** Lord Cromer became Governor of the Bank of England in succession to Mr. Cobbold.
- 6** Monopolies Commission : report on United Kingdom tobacco and cigarette industry was published. Imperial Tobacco Co. not acting against public interest, but urged to sell 42½ per cent holding in Gallaher (*H.C.* 218). On 28 December Government decided Imperial Tobacco could keep Gallaher shares.
- 20** Plowden Report on Control of Public Expenditure published : short-term economy campaigns and economic stop-and-go were condemned (*Cmnd.* 1432).
- 24** Post Office raised charges—increasing telephone rentals and the cost of parcels—by £25 million a year.
- 25** ‘Little Budget’ :
 Bank Rate raised from 5 per cent to 7 per cent.
 Full 10 per cent surcharge on existing customs and excise duties and purchase tax imposed (would yield £210 million in full year).
 Government overseas expenditure was to be held in check.
 Real increase in supply expenditure during 1962/3 was to be kept within 2½ per cent.
 (These two aimed to reduce Government expenditure by £300 million in 1962/3).
 New private investments outside rest of sterling area to be controlled.
 United Kingdom firms operating overseas were to be encouraged to send home a higher proportion of their earnings.
 Further call for special deposits of 1 per cent of total gross deposits (½ per cent in Scotland).
 Banks asked to avoid increasing personal consumption debts.
 A brake was imposed on wages in the public sector—Government hoped that private sector would follow suit.
- 28** Restrictive Practices Court : agreement between Newspaper Proprietors’ Association and National Federation of Retail Newsagents, Booksellers and Stationers declared contrary to public interest. (Report published by Incorporated Council of Law Reporting for England and Wales.)
- July 31** Council on Prices, Productivity and Incomes (Chairman : Lord Heyworth) published fourth report : a long-term study on United Kingdom economic growth and a national policy on wages and profits were recommended.
- Aug. 2** White Paper on Civil Aerodrome and Air Navigational Services was published. A new authority was to be set up to manage the main State airports—Heathrow, Gatwick, Prestwick and Stansted, and any new airports or heliports—on a commercial basis. (*Cmnd.* 1457.)
- 2** £240 million to be spent on new roads in 5 years ending 1966/7.
- 3** Trustee Investments Act became law.
- 4** Finance Houses Association announced higher interest charges and increased down payments for car hire-purchase.
- 5** Public Works Loan Board rates were increased (up to 15 years, $7\frac{1}{2}$ per cent ; over 15 years, 7 per cent).
- 8** TUC and four national employers’ organisations received invitations from Chancellor to join a national economic planning council.
- 12** Government instructed local authorities to restrict new expenditure during following months.
- Sept. 1** Rail fares outside London were increased.
- 4** British productivity team—4 unions and 4 employers’ representatives—published report on shipbuilding in Sweden. They suggested a joint committee to investigate use of manpower in British shipbuilding industry.
- Oct. 5** Bank Rate reduced from 7 per cent to $6\frac{1}{2}$ per cent.
- 14** Some Public Works Loan Board rates were changed (up to 15 years down to $7\frac{1}{4}$ per cent ; over 15 years remained unchanged at 7 per cent).
- 19** Cunard postponed the building of a liner to replace the *Queen Mary*.
- 21** Chemists were to have net profits cut by £1¼ million as a result of revised Ministry of Health prescription rates. Scheme introduced in November 1961.
- 25** Covent Garden Market Authority set up to reorganise the market. (Chairman : Sir Ian Jacob.)
- 26** Report published by Messrs. Peat, Marwick, Mitchell and Co. giving reasons why British ships were being built in foreign yards. British high prices and slow deliveries were blamed. (*Ministry of Transport*, 55-396.)
- Nov. 2** Bank Rate reduced from $6\frac{1}{2}$ per cent to 6 per cent. Export Guarantees Bill published. United Kingdom loans to underdeveloped countries—especially within Commonwealth—were not to be cut. (*H.L.* 10.)
- 11** Public Works Loan Board rates were decreased (up to 15 years down to $6\frac{3}{8}$ per cent ; over 15 years down to $6\frac{1}{4}$ per cent).
- 20** TUC draft letter to Chancellor agreeing to join national economic planning body : but decision deferred on 22 November because of disagreement over pay pause policy.
- 22** Ministry of Aviation upheld appeal by BOAC against Cunard Eagle Airways who therefore lost licence to run transatlantic passenger and cargo services. But on 29 November, Cunard Eagle and British United Airways were granted licences to fly 22 new routes from 19 April 1966 in competition with BEA.

- Nov. 22** 'Inquiry into the Scottish Economy' published by Scottish Council. (Chairman : Mr. J. N. Toothill.)
- 24** The 1961 Housing Act came into force.
- 28** Road haulage rates were to be increased by $7\frac{1}{2}$ per cent on 1 January 1962 because of increased labour costs.
- Dec. 18** Sir Robert Shone appointed Director-General of the National Council for Economic Development.
- 18** ICI made £180 million bid for Courtauld's.
- 19** Lord Halsbury named chairman of committee to consider how any change to decimal coinage should be carried out.
- 20** Zuckerman Committee report on Management and Control of Research and Development was published.

THE WORLD ECONOMY

The United Kingdom's relations with other countries

- Feb. 7** Ghana : government made take-over bids for 5 of the 7 United Kingdom controlled gold mines.
- 14** Tariff cuts of 10 per cent within EFTA to start on 1 July 1961 instead of 1 January 1962.
- 15** United Kingdom and 9 other European countries moved to convertibility as defined by Article 8 of the IMF agreement.
- Mar. 25** Bonn talks ended. Germany agreed to repay £67.5 million outstanding on post-war debt to United Kingdom.
- 28** British aid to underdeveloped countries to be increased from £150 million in 1960 to £180-£200 million in 1961 (*Cmnd.* 1308).
- Apr. 12** Export Credits Guarantee Dept. : scale of charges for medium-term insurance reduced on average by 25 per cent. Long-term finance to be helped directly under Section 3 of Export Guarantees Act and indirectly by insuring loans by British financed institutions to overseas buyers.
- 14** Lazard Bros. formed consortium of 28 insurance companies to provide £11.5 million of long-term export finance under new ECGD arrangements.
- May 19** British Trade Fair in Moscow opened.
- 19** Agreement signed with the USSR providing for co-operation on the peaceful uses of atomic energy.
- 31** South Africa left the Commonwealth and became a republic.
- June 21** Three Ministers to visit 11 Commonwealth countries to discuss implications of Britain joining Common Market.
- July 7** Soviet Trade Fair opened in London.
- 31** Whaling agreement reached after 3 years' negotiations (*Cmnd.* 1404).
- Aug. 4** The IMF made a credit of £714 million available to United Kingdom.
- 10** Britain applied for membership of the Common Market. Official negotiations began in Brussels on 8 November.
- 16** Treasury refused foreign exchange permission to companies wishing to expand outside sterling area, unless project was likely to benefit the balance of payments within 12-18 months. Metal Box application to build a £1 million factory in Italy turned down : but a revised scheme approved on 20 September.

- Sept. 24** Hong Kong Cotton Advisory Board accepted 11-month extension of Hong Kong-Lancashire pact to December 1962. There was to be a supplementary quota of 10 million square yards for the remaining 6 months of the current quota period, and an enlarged quota on a sliding scale for the 11-month extension.
- 30** Organisation for European Economic Co-operation became Organisation for Economic Co-operation and Development with United States and Canada as full members.
- Oct. 11** Negotiations between Iraq and Iraq Petroleum Company were broken off.
- 31** £100 million repaid to IMF in United States dollars.
- 31** NATO allies accepted United Kingdom appeal for aid in meeting troop costs.
- Nov. 2** Government's bill to limit the number of Commonwealth immigrants was published (*H.C.3*).
- 17** OECD members agreed on a target of a 50 per cent rate of growth of real output between 1960 and 1970.
- 22** Five EFTA countries, United Kingdom, Denmark, Sweden, Portugal and Switzerland, brought forward 10 per cent tariff cuts to 1 March 1962. Austria and Norway were to bring cuts into operation on 1 September 1962 at latest.
- 30** A further £50 million was repaid to IMF.
- Dec. 8** Cross Channel power link with France inaugurated.
- 13** The 'Lenders Club' : United Kingdom, United States, Canada, France, West Germany, Belgium, Holland, Italy, Sweden and Japan, agreed to lending commitments of \$6,000 million to be drawn upon only by members of the club through IMF.
- 14** West Germany agreed to buy more arms from Britain to help her cover some of the cost of troops in Germany.
- 22** Anglo-Japanese trade agreement signed. Complete end of restriction on imports of photographic equipment, mopeds and canned oranges etc.

Other foreign affairs

- Jan. 1** Russian rouble re-valued.
- Common Market tariff cuts came into force : tariffs between member countries were cut 10-30 per cent below levels of 1 January 1957. Russia and West Germany signed trade agreement for 1961-1963. Decimal coinage introduced in Pakistan.
- 15** American citizens forbidden by United States Treasury to hold gold overseas after mid-1961.
- 19** West Germany : Bank rate reduced from 4 per cent to $3\frac{1}{2}$ per cent.
- 20** United States : President Kennedy took office.
- 21** Belgium : end of 4-week nation-wide strike.
- Feb. 14** Decimal coinage was introduced in South Africa.
- 15** Yugoslav dinar devalued.
- Mar. 5** Deutschmark revalued from \$1 = DM 4.20 to \$1 = DM 4.00.
- 5** \$30 million oil prospecting pact signed by USSR and Pakistan.
- 7** Dutch guilder revalued in line with Deutschmark.
- 8** Australia announced tax concessions for exporters.
- 23** New Zealand : discount rates were raised from 6 per cent to 7 per cent.
- Apr. 1** France : 5 per cent cuts in duties on some imports from other Common Market countries.
- May 3** Canada to sell \$362 million worth of wheat and barley to China over next $2\frac{1}{2}$ years.

- May** 4 West Germany : Bank rate reduced from $3\frac{1}{2}$ per cent to 3 per cent.
 5 South Africa : Bank rate raised from $4\frac{1}{2}$ per cent to 5 per cent.
 12 Canadian Government announced subsidies for shipbuilding.
 23 Denmark : discount rate raised from $5\frac{1}{2}$ per cent to $6\frac{1}{2}$ per cent.
- June** 2 India : international aid of \$225 million arranged to help 5-year plan.
 7 Pakistan : international aid of \$550 million arranged.
 16 South Africa : new controls imposed to restrict outflow of capital and stop leakages of foreign exchange.
 20 Canada : Government to assist in reduction of exchange value of Canadian dollar.
- July** 5 South Africa : IMF to lend £26.8 million during following year.
- July** 14 Mr. Coyne, Governor of Bank of Canada, resigned.
 27 Bank of Ceylon nationalised.
- Aug.** 1 Eire decided to apply to join Common Market.
 7 India : final details of third 5-year plan announced.
 10 Denmark applied for membership of the Common Market.
 13 Border between East and West Berlin was closed.
- Oct.** 18 Russia : new 20-year economic plan—5-fold increase in output—presented to 22nd congress of Soviet Communist Party.
 29 France proposed political union for 6 Common Market members.
- Nov.** 28 United States : Treasury suspended official sales of silver.
- Dec.** 6 South Africa : Bank rate reduced from 5 per cent to $4\frac{1}{2}$ per cent.
 27 Belgium : Bank rate reduced from $4\frac{1}{2}$ per cent to $4\frac{1}{2}$ per cent.