

A summary of the full balance sheet of U.K. Banks is as follows:

**TABLE 10**  
**Banks in the United Kingdom: sterling liabilities and assets**

Position as at 10 December 1980

Liabilities	£ million	Assets	£ million
Deposits: UK private sector: sight	21,000	Reserve assets (excluding balances with Bank of England)	8,599
less 'Monetary base'		Other market loans and investments	35,349
Balance of notes and coins <sup>a</sup>	1,037	Advances	52,932
Balances with Bank of England	485	Other	9,090
Total 'monetary base'	<u>1,522</u>		

<i>equals</i> Commercial banking net contribution to money stock M <sub>1</sub>	19,478
Other Deposit accounts	35,066
Other accounts	51,426
	<u>105,970</u>

<sup>a</sup> Net amount, equal to £1,591 million notes and coin on the assets side less £554 million notes and coin on the liability side.

N.B. The amount by which the totals in Table 10 are less than those in Table 9, namely £2,076 million, is represented by the exclusion from both sides of all notes and coin (£1,591 million) and of balances with the Bank of England.

The form of this balance sheet has been slightly changed to show the commercial banking contribution to money stock (M<sub>1</sub> basis); this concept is explained in more detail in Appendix B. In monetary statistics, the amount of deposits with Banks is defined to be part of money stock. Here, from the total of UK private sight deposits has been deducted the 'monetary base' for commercial banks, as shown for 1919-80 annual averages in Table 8 (page 24); that is the amount from which the Bank of England and not the commercial banks derives benefit.

The money stock position analysed in this way is as follows: for 10 December 1980:

Notes and coin in circulation with the public	10,255	£ million
Notes and coin held by banks (net = 'till money')	1,037	
Notes and coin outside the Bank of England	<u>11,292</u>	
Bank balances with the Bank of England	485	
Notes issued, coin and deposits with the Bank of England	11,777	
Commercial banking net contribution to money stock (M <sub>1</sub> )	18,384 <sup>a</sup>	
Money stock (M <sub>1</sub> )	<u>30,161</u>	

<sup>a</sup> Equals the £19,478 million of Table 10 (page 26), less 60% of transit items (£1,322 million), plus an adjustment of £228 million.

Estimates of the amount of money stock (M<sub>1</sub>) accounted for by the commercial banks over the period 1945 to 1980 are shown in Table 11 (page 28); these figures are for year-ends and not for the December banking dates. For banks deposits with the Bank of England and for special deposits the figures of the Bank of England (Table 7, page 21) have been used as the best estimate available for the position at the year-end. For till money the average of the yearly figures shown in Table 8 (page 24) have been used.

TABLE 11

The commercial banking sector contribution to money stock (M<sub>1</sub>)

(amounts in £ million; end-year)

Year	Notes, coin and deposits of the Bank of England		Deposits with the Bank of England		Total <sup>a</sup>	Commercial banking contribution to money stock (M <sub>1</sub> ) <sup>b</sup>	Money stock (M <sub>1</sub> ) <sup>b</sup>
	Notes and coin	With public banks	With banks	Special			
1945	1,287*	156*	274*	-	1,717*	2,989*	4,706*
1946	1,366*	165*	279*	-	1,810*	3,563*	5,375*
1947	1,387*	175*	315*	-	1,877*	3,662*	5,539*
1948	1,263*	184*	314*	-	1,761*	3,861*	5,622*
1949	1,272*	195*	299*	-	1,766*	3,867*	5,633*
1950	1,268*	203*	313*	-	1,784*	3,951*	5,735*
1951	1,316*	213*	300*	-	1,829*	3,911*	5,740*
1952	1,396*	224*	303*	-	1,923*	3,860*	5,783*
1953	1,490*	234*	290*	-	2,014*	3,943*	5,957*
1954	1,580*	254*	276*	-	2,110*	4,114*	6,224*
1955	1,688*	274*	245*	-	2,207*	3,943*	6,150*
1956	1,799*	292*	204*	-	2,295*	3,892*	6,187*
1957	1,877*	309*	199*	-	2,385*	3,796*	6,181*
1958	1,941*	319*	215*	-	2,475*	3,872*	6,347*
1959	2,036*	331*	255*	-	2,592*	4,055*	6,647*
1960	2,101*	362*	226*	151*	2,840*	3,763*	6,603*
1961	2,192*	397*	216*	233*	3,038*	3,519*	6,557*
1962	2,202*	421*	222*	-	2,845*	3,948*	6,793*
1963	2,251	459*	228*	-	2,938*	4,323*	7,261*
1964	2,451	500*	230*	-	3,181*	4,313*	7,494*
1965	2,636	531*	261*	96*	3,524*	4,259*	7,783*
1966	2,695	554*	247*	198*	3,694*	4,085*	7,779*
1967	2,815	573*	259*	213*	3,860*	4,582*	8,442
1968	2,859	613*	278*	226*	3,976*	4,808*	8,784
1969	3,006	661*	221*	224*	4,112*	4,700*	8,812
1970	3,320	693*	167*	388*	4,568*	5,067*	9,635
1971	3,589	679*	181*	-	4,449*	6,639*	11,088
1972	4,079	678*	224*	119*	5,100*	7,557*	12,657
1973	4,377	733*	195*	1,439*	6,744*	6,559*	13,303
1974	5,085	777*	300*	928*	7,090*	7,649*	14,739
1975 <sup>c</sup>	5,904	787*	322*	989*	8,002*	9,481*	17,483
1976	6,714	798*	325*	1,806*	9,643*	9,824*	19,467
1977	7,699	830*	428*	1,185*	10,142*	13,517*	23,659
1978	8,904	881*	423*	1,099*	11,307*	16,228*	27,535
1979	9,701	930*	462*	806*	11,899*	18,147*	30,046
1980	10,411	960*	487*	-	11,858*	19,356*	31,214

Sources: Tables 3, 7 & 8; CSO, Financial Statistics; Bank of England,

Statistical Abstracts 1 & 2

Total 'monetary base'; see Bank of England, Quarterly Bulletin March 1981, pages 59-61. There have been a number of breaks in the series; a break from 1967 has been adjusted backwards here to 1965. Before 1965 estimates are especially approximate, and are partly based on deposits of London Clearing and other main banks. Figures from 1975 are not strictly comparable with those of years before.

\*Estimate

B. The amount of new credit

The amount of new credit created in the economy is shown in Table 12 (page 31); these are the changes in the amount of stock items as shown in Table 11 (page 28), with some minor adjustments. The change in the amount of cash shown in the table has already been considered in Section 1B, and the figures for changes shown here are similar to those shown in Table 4 (page 14).

The overall increase in Money Stock (based on M<sub>1</sub>) was about £25,300 million between end 1945 and end 1980; of this £9,900 million was the increase in cash (notes and coin) with the public and with banks, £200 million was the increase in Bankers' Deposits with the Bank of England, and £15,200 million the increase in credit created by the Commercial banks. The increase shown in Table 12 is not exactly the same as the difference between the level at end 1945 and end 1980, which from Table 11 is estimated at £16,367 million, due to the large number of breaks in the series. This gross increase was at little cost, although, if it had been issued instead as cash by the government, the cost of issue and management would have been about £900 million on the basis of the Bank of England figures mentioned above (section 1B), giving a net amount of finance foregone by the government of £14,300 million.

That is, the government has allowed, since the war, the Commercial banks to create a net amount of credit of about £14,300 million. Most of this happened in the 70s: for 1970-80 the net amount of credit which the government allowed banks to create was £13,500 million. Further, the above estimates are on a conservative basis; if the total money stock estimate of M<sub>3</sub> sterling is used, the amount of credit created has increased by about a further £36,000 million (a table of M<sub>1</sub> and M<sub>3</sub> is included in Appendix Table 19 (page 48)). The main difference between M<sub>1</sub> and M<sub>3</sub> is that

M<sub>1</sub> includes only 'sight' deposits, while M<sub>3</sub> includes also time deposits; time deposits overtook sight deposits in the mid 1960s, and have become especially important since 1972.

**TABLE 12**  
**New cash and credit created**  
(CHANGE in the amount of money stock for the year; £ million)

	Notes and coin		Deposits with the Bank of England		Bankers		Special		Commercial banking net contribution to M <sub>1</sub> (creation of credit)		Change in money stock (M <sub>1</sub> ) <sup>a</sup>
1946	88*	5*	5*	5*	5*	5*	-	5*	574*	667*	
1947	31*	36*	36*	36*	36*	36*	-	36*	99*	166*	
1948	-115*	-1*	-1*	-1*	-1*	-1*	-	-1*	199*	83*	
1949	20*	-15*	-15*	-15*	-15*	-15*	-	-15*	6*	11*	
1950	4*	14*	14*	14*	14*	14*	-	14*	84*	102*	
1951	58*	-13*	-13*	-13*	-13*	-13*	-	-13*	-40*	5*	
1952	91*	3*	3*	3*	3*	3*	-	3*	-51*	43*	
1953	104*	-13*	-13*	-13*	-13*	-13*	-	-13*	83*	174*	
1954	110*	-14*	-14*	-14*	-14*	-14*	-	-14*	171*	267*	
1955	128*	-31*	-31*	-31*	-31*	-31*	-	-31*	-171*	-74*	
1956	129*	-41*	-41*	-41*	-41*	-41*	-	-41*	-51*	37*	
1957	95*	-5*	-5*	-5*	-5*	-5*	-	-5*	-96*	-6*	
1958	74*	16*	16*	16*	16*	16*	-	16*	76*	166*	
1959	77*	40*	40*	40*	40*	40*	-	40*	183*	300*	
1960	126*	-29*	-29*	-29*	-29*	-29*	151*	122*	-292*	-44*	
1961	126*	-10*	-10*	-10*	-10*	-10*	82*	72*	-244*	-46*	
1962	34*	6*	6*	6*	6*	6*	-233*	-227*	429*	236*	
1963	87*	6*	6*	6*	6*	6*	-	6*	375*	468*	
1964	241*	2*	2*	2*	2*	2*	-	2*	-10*	233*	
1965	216*	31*	31*	31*	31*	31*	96*	127*	-54*	289*	
1966	82*	-14*	-14*	-14*	-14*	-14*	102*	88*	-174*	-4*	
1967	139*	12*	12*	12*	12*	12*	15*	27*	508*	674 <sup>a</sup>	
1968	84*	19*	19*	19*	19*	19*	13*	32*	233*	349 <sup>a</sup>	
1969	195*	-57*	-57*	-57*	-57*	-57*	-2*	-59*	-109*	27 <sup>a</sup>	
1970	346*	-54*	-54*	-54*	-54*	-54*	164*	110*	374*	830 <sup>a</sup>	
1971	255*	14*	14*	14*	14*	14*	-388*	-374*	1,174*	1,055 <sup>a</sup>	
1972	489*	43*	43*	43*	43*	43*	119*	162*	866*	1,517 <sup>a</sup>	
1973	353*	-29*	-29*	-29*	-29*	-29*	1,320*	1,291*	-991*	655 <sup>a</sup>	
1974	752*	105*	105*	105*	105*	105*	-511*	-406*	1,091*	1,437 <sup>a</sup>	
1975	829*	22*	22*	22*	22*	22*	61*	83*	1,106*	2,018 <sup>a</sup>	
1976	821*	3*	3*	3*	3*	3*	817*	820*	343*	1,984	
1977	1,017*	103*	103*	103*	103*	103*	-621*	-518*	3,693*	4,192	
1978	1,256*	-5*	-5*	-5*	-5*	-5*	86*	-91*	2,711*	3,876	
1979	846*	39*	39*	39*	39*	39*	-293*	-254*	1,919*	2,511	
1980 <sup>b</sup>	740*	25*	25*	25*	25*	25*	-806*	-781*	1,209*	1,168	
Total	9,928*	213*	213*	213*	213*	213*	-	213*	15,223*	25,364*	

Source: CSO, Financial Statistics (for changes in M<sub>1</sub>); Table 11. There have been a number of breaks in this series; the changes in money stock (M<sub>1</sub>) and commercial banking net contribution allow for the breaks, and where marked do not agree with the change over the year as shown in Table 11. <sup>b</sup>1946-80  
\*Estimate

C. Earnings from the credit issue

(i) The Bank of England, Banking Department

Just as the Issue Department has the benefit of the Note Issue to invest in securities, so the Banking Department has the amount of Bankers Deposits, and occasionally Special Deposits. The relevant amounts at end-year are as shown in Table 11 (page 28).

The 'standardised' amount of income which could be earned on these deposits, assuming that Bankers Deposits were invested at the average rate for government securities shown in Table 5 (page 18), and the Special Deposits at the average Treasury Bill rate also shown in that table, is shown in Table 13 (page 33).

This is the amount of income which could be earned if all the deposits in the Banking Department were invested in government and other securities, in the same way as bankers deposits are. In fact, of course, the banking affairs of the Bank of England mix up the pure control side with other banking business, so that separate figures are not available to check whether these amounts are about right. However, Bank of England accounts do show that the rate of interest received on their government securities was about the same as that shown in Table 5 (page 18) over the period 1971 to 1980 (the only years for which figures are published). The following table shows the comparison for government securities:

Year	Calculated average	Accounts average <sup>a</sup>	Calculated average <sup>b</sup>	Accounts average
1971	7.9	7.5	13.4	12.5
1972	8.4	8.5	11.6	12.9
1973	10.6	9.7	12.0	13.5
1974	13.8	11.6	12.9	15.5
1975	13.0	12.3	13.8	15.0

<sup>a</sup> From Table 5  
<sup>b</sup> From Bank of England Reports, taking interest from government securities as a percentage of government securities held (average of beginning and end amounts), for years beginning March 1st.

TABLE 13

Income from issues of credit

(£ million)  
The Bank of England, Banking Department

Year	Bankers deposits		Special deposits		Interest Total	Commercial Banks credit issue	
	Average holding <sup>a</sup>	Interest <sup>b</sup>	Average holding <sup>a</sup>	Interest <sup>c</sup>		Average holding <sup>a</sup>	Interest <sup>b</sup>
1946	276*	7*	-	-	7*	3,276*	79*
1947	297*	7*	-	-	7*	3,612*	90*
1948	314*	8*	-	-	8*	3,761*	94*
1949	306*	9*	-	-	9*	3,864*	108*
1950	306*	9*	-	-	9*	3,909*	113*
1951	306*	9*	-	-	9*	3,931*	122*
1952	301*	12*	-	-	12*	3,885*	152*
1953	296*	11*	-	-	11*	3,901*	148*
1954	283*	10*	-	-	10*	4,028*	137*
1955	260*	11*	-	-	11*	4,028*	165*
1956	224*	11*	-	-	11*	3,917*	196*
1957	201*	10*	-	-	10*	3,844*	200*
1958	207*	11*	-	-	11*	3,834*	199*
1959	235*	12*	-	-	12*	3,963*	194*
1960	240*	14*	75*	4*	18*	3,909*	223*
1961	221*	14*	192*	10*	24*	3,641*	226*
1962	219*	12*	116*	5*	17*	3,733*	213*
1963	225*	11*	-	-	11*	4,135*	211*
1964	229*	13*	-	-	13*	4,318*	246*
1965	245*	16*	48*	3*	19*	4,286*	283*
1966	254*	18*	147*	9*	27*	4,172*	288*
1967	253*	17*	205*	12*	29*	4,333*	290*
1968	268*	20*	219*	15*	35*	4,695*	352*
1969	249*	22*	225*	17*	39*	4,754*	423*
1970	194*	17*	306*	21*	38*	4,883*	420*
1971	174*	14*	194*	11*	25*	5,853*	462*
1972	202*	17*	59*	3*	20*	7,098*	596*
1973	209*	22*	779*	72*	94*	7,058*	748*
1974	247*	34*	1,183*	135*	169*	7,104*	980*
1975	311*	40*	958*	98*	138*	8,565*	1,113*
1976	323*	43*	1,397*	156*	199*	9,652*	1,293*
1977	376*	44*	1,495*	114*	158*	11,670*	1,354*
1978	425*	51*	1,142*	97*	148*	14,872*	1,785*
1979	442*	57*	952*	124*	181*	17,187*	2,217*
1980	474*	65*	403*	61*	126*	18,751*	2,588*

Sources: Tables 5 and 11

<sup>a</sup> Average of beginning and end of year figures from Table 11 (page 28)

<sup>b</sup> Applying the British government securities yield from Table 5 (page 18) to the average holding.

<sup>c</sup> Applying the Treasury Bill rate from Table 5 (page 18) to the average holding.

\* Estimate

The total of the standardised amount of interest which could have been earned from these deposits, over the period 1946-80, was about £1,700 million. This is a comparatively small amount, partly due to the slow growth in bankers deposits as the cash ratio has gradually gone out of use.

(ii) *Commercial Banks*

Commercial banks earn interest by making loans and advances from the deposit money they have created; they have paid virtually no interest on the amount of private sector sight deposits included in  $M_1$ , and hence on the amount of credit created as shown in Table 12 (page 31). The pattern of investment in loans and advances, etc., is shown in Table 9 (page 25). This includes also investment of other deposits, which make up  $M_3$  sterling, and which in general have come from time deposits - that is, from deposits which cannot be drawn upon with a cheque.

In Table 13 (page 33) is shown as estimate of the amount which could have been earned from the credit created by the commercial banks if that credit, as shown in Table 11 (page 28), earned interest at the yield rate for government securities as shown in Table 5 (page 18). This is the amount the government would have earned in the Bank of England if that amount of credit had been issued by the Bank as an increase in the note issue. The total amount earned for 1946-80 would have been £18,300 million, say, £17,300 million after management expenses, which compares with an amount of about £9,800 million earned from the actual note issue, as calculated in Section C of Chapter I. That is, if the government had created all the credit making up  $M_1$  instead of only the cash and deposits with the Bank of England, the total interest earned (for sending back to the Treasury) would have been about £27,000 million instead of about £9,800 million in the thirty-six year period.

3. **The Government borrowing requirement**

A. *How it was*

Over the period 1970-80 the central government paid out £40,709 million in debt interest (mainly the national debt); this formed the main part of the central government borrowing requirement, which totalled £56,982 million over that period.

The amount the government had to borrow was obtained mainly by £7,815 million from the issue of notes and coin, and by £48,578 million from the issue of government securities. Detailed figures for the period 1946-80 are shown in Table 14 (page 36). The national debt in nominal terms increased from £33,079 million at March 1970 to £95,314 million at March 1980.

The position has been reached where the issue of government securities is necessary to cover the national debt interest, thereby perpetuating the cause of the rise in debt interest. This movement began mainly from 1972, and there is no indication that the government can control the situation which has continued to develop.

TABLE 14

Central government borrowing requirement

Year	Debt interest <sup>a</sup>		Total borrowing requirement	Funded by:		Issue of government securities	Other <sup>d</sup>
	Other net payments	payments		Notes and coin	government securities		
1946	484*	363*	847*	50*	34 <sup>e</sup>	763*	
1947	517*	-313*	204*	0*	-330	534*	
1948	507*	-352*	-322*	-120*	-322 <sup>e</sup>	90*	
1949	505*	-729*	-224*	30*	-41 <sup>e</sup>	157*	
1950	505*	-818*	-313*	30*	14 <sup>e</sup>	-357*	
1951	548	-295*	253*	80*	694 <sup>e</sup>	-521*	
1952	607	-1 <sup>e</sup>	606 <sup>e</sup>	100	125 <sup>e</sup>	381 <sup>e</sup>	
1953	637	-110 <sup>e</sup>	527 <sup>e</sup>	87	249	191 <sup>e</sup>	
1954	635	-432 <sup>e</sup>	203 <sup>e</sup>	126	-74	151 <sup>e</sup>	
1955	705	-259 <sup>e</sup>	446 <sup>e</sup>	136	-228	538 <sup>e</sup>	
1956	720	-669 <sup>e</sup>	51 <sup>e</sup>	124	14	-87 <sup>e</sup>	
1957	702	-531 <sup>e</sup>	171 <sup>e</sup>	126	-29	74 <sup>e</sup>	
1958	776	-696 <sup>e</sup>	80 <sup>e</sup>	42	132	-94 <sup>e</sup>	
1959	770	-614 <sup>e</sup>	156 <sup>e</sup>	85	-305	376 <sup>e</sup>	
1960	857	-550 <sup>e</sup>	307 <sup>e</sup>	123	148	36 <sup>e</sup>	
1961	893	-660 <sup>e</sup>	233 <sup>e</sup>	97	-218	354 <sup>e</sup>	
1962	874	-939 <sup>e</sup>	-65 <sup>e</sup>	6	599	-670 <sup>e</sup>	
1963	930	-777 <sup>e</sup>	153 <sup>e</sup>	154	-137	136 <sup>e</sup>	
1964	937	-503 <sup>e</sup>	434 <sup>e</sup>	157	-114	391 <sup>e</sup>	
1965	968	-358 <sup>e</sup>	610 <sup>e</sup>	193	222	195 <sup>e</sup>	
1966	1,036	-493 <sup>e</sup>	543 <sup>e</sup>	148	217	178 <sup>e</sup>	
1967	1,105	50 <sup>e</sup>	1,155 <sup>e</sup>	152	529	474 <sup>e</sup>	
1968	1,240	-477	763	186	-506	1,083	
1969	1,280	-2,173	-893	197	183	-1,273	
1970	1,298	-1,962	-664	231	-272	-623	
1971	1,384	-747	637	243	3,361	-2,967	
1972	1,596	4	1,600	578	-519	1,541	
1973	1,835	496	2,331	544	1,543	244	
1974	2,232	1,291	3,523	788	664	2,071	
1975	2,759	5,586	8,345	673	5,208	2,464	
1976	3,736	3,050	6,786	837	5,399	550	
1977	4,642	-173	4,469	1,044	7,293	-3,868	
1978	5,632	2,739	8,371	1,286	5,052	2,033	
1979	6,934	3,496	10,430	1,199	10,145	-914	
1980	8,661	2,493	11,154	392	10,704	58	

Sources: National Income & Expenditure ('Blue Books'); Bank of England Statistical Abstracts 1 & 2; CSO, Financial Statistics  
<sup>a</sup>Mainly national debt interest. Including service of Consolidated Fund (current expenditure), loans to local authorities etc. <sup>b</sup>From Table 4. (Including Treasury Bills, national savings, net overseas financing, etc.  
<sup>c</sup>Not strictly comparable with later figures.  
<sup>d</sup>Estimate

B. How it could have been

As shown above, by issuing credit, the banking sector deprived the Government of finance, over the period 1970-80, amounting to about £13,500 million. This is a conservative estimate as it is based on a very restricted definition of credit (page 29). There is a further potential £36,000 million arising from the increase in 'time' credit which forms the basis of the wide definition of money stock. If that could have been channelled to the use of the Government, a large part of the £48,600 million issue of government securities could have been avoided.

Further, the estimated amount of interest earned even on the restricted definition of credit would have been, over 1946-80, about £17,000 million after allowing for management expenses (page 34), and the Government could legitimately consider that it has been deprived of this revenue. For 1980 the estimated amount was about £2,500 million, and it could also be argued that at least that amount should be returned to the Government.

There is a case for taking the idea one stage further, and recommend that the Government should take into its own hands the issue of certain forms of credit in addition to the issue of notes which it already controls. This is not a new idea. Lack of monetary control in the depression of the early 1930s led Irving Fisher to propose that the US Government should take over the issue of credit, mainly for the purpose of obtaining better and direct control of any situation. In his book '100% Money' (New York, 1935) he proposed that the Government should require all 'checking' deposits (accounts on which it is possible to draw a cheque) to be backed by 100% in cash or deposits with the Federal Reserve Banks. This idea of 100% backing could be applied now to the United Kingdom.

For the United Kingdom, we suggest that the existing mechanisms could be used. That is, that the power to create

credit should be regulated by the Treasury, but that the executive power should rest with the Bank of England. Since the government takes responsibility for the proper conduct of the country's economic affairs, it is right that it should, through the Treasury, have direct control over the amount of credit to be created in the economy (whether such power in fact rests with the Treasury or with government ministers is another matter).

The procedure envisaged is that the Treasury should issue Treasury 'credits' to the Bank of England, which would then hold these against the issue of notes, which it would control as it does now, and also against the issue of credit, which would be controlled by the Treasury through the number of Treasury credits issued. The Treasury credits themselves could be in the form of actual notes or bearer bonds of, say, £1,000 million and £500 million. This procedure is analogous to the procedure adopted in the 1914-18 war whereby the Treasury issued its own notes, the main one of which was known as the 'Bradbury', although in that case the issue was to the public. Here, we have proposed that the Bank of England issues its own credits, using the Treasury credits as backing.

Concerning the timing of any change-over, this could be carried out best over-night. In round figures, the Treasury would issue £30,000 million in credits to the Bank of England. The first step is for the Bank of England to hand back to the Treasury the £10,000 million in securities it holds against the note issue, replacing this with credits. Instead of the Treasury paying interest to the Issue Department, and receiving it back later, the amounts are not paid in the first place, and therefore do not need to be refunded.

Concerning the other £20,000 million, the Bank of England could issue this to Commercial Banks as payment for suitable investments and loans held by them, say, for the £5,000

million government stock and treasury bills, etc., held by the banks (see table 9, page 25), plus £15,000 million in market loans and bills and other suitable investments. Then the Bank of England could either immediately realise non-Government investments on behalf of the Treasury, or carry out a policy of gradually changing them into government securities as they become due for redemption. Either way the effect is that the Treasury could cancel the £8,500 million roughly of government securities held by the Bank of England (this affects the total in issue, but not the overall funding position), and another £21,500 million of government securities in due course.

What amount should the new issue be? The outline in the previous chapter has worked on the basis of money stock  $M_1$ , which includes only private sector sight deposits in addition to notes and coin. The amount of private sight deposits was about £21,000 million at end 1980, while the amount of private sector time deposits was £34,000 million. One of the features of banking since the war, and especially since the early 1970's, has been the growth in time deposits relative to sight deposits; from the Appendix Table 19 (page 48), it can be seen that time deposits of the private sector, at £18,018 million overtook total money stock  $M_1$ , at £13,303 million, in 1973. The precise definition of the 'current' accounts to be included 'above the line' in the Banking balance sheet, and therefore against which Treasury or Bank of England credits must be held as to 100%, can vary: Irving Fisher envisaged the definition as being of a 'checking' account - one on which it was possible to draw a cheque and therefore one which is used instead of cash. As there is now a grey area between a pure checking account and a 'deposit' account - which may or may not require notice of withdrawal - it would probably be best to fix a fairly wide definition; this could be any account on which withdrawal time is less than 1 month. It is not possible to know from published information to what level this would

raise the amount 'above the line', but it could perhaps be defined so as to increase this from the £20,000 million mentioned above to say £30,000 million; this would extend the saving and control accruing to the Treasury.

If such a system had been brought in for 10 December 1980, the general picture would be as outlined in the following balance sheets, using the restricted definition of money stock  $M_1$ :

<i>Treasury</i>	
<i>Liabilities</i>	<i>Assets</i>
£ million	£ million
Treasury credits	National assets (roads, land, etc, etc)
31,214 <sup>a</sup>	31,214

<sup>a</sup>Money stock  $M_1$

*Bank of England, Note and Credit Department*

<i>Liabilities</i>	<i>Assets</i>
£ million	£ million
Bank of England note issue	Treasury credits
10,625 <sup>a</sup>	31,214
Bank of England credits	31,214

<sup>a</sup>From Table 2

*UK Commercial Banks: Sterling balance sheet<sup>a</sup>*

<i>Liabilities</i>	<i>Assets</i>
£ million	£ million
UK private sector sight deposits	Bank of England notes and coin
21,626	1,037
	Bank of England credits
	20,589
	21,626
UK private sector time and public deposits	Money at call
35,066	4,896
Other accounts	Advances
51,354	52,932
	Other
	28,592
	108,046

<sup>a</sup>Amounts approximating to those existing; see Table 9 (page 25)

Where does this leave the banks? They are freed from the worry of deciding how much credit they should create, and perhaps from the fear of windfall tax and of nationalisation. They are able to carry on their main business of operating current accounts for the convenience of customers, although perhaps raising charges on these, and of taking deposits and making advances. This leads to the next stage of credit control: how should the total banking business be limited? In the past it has been usual to limit expansion by fixing a ratio of deposits to a base defined in terms of cash or reserves. This has been to look at the wrong side of the balance sheet. The problem is not one of 'money' or 'deposits', but one of 'credit' or 'advances'. It is the level of advances which should be fixed in terms of the amount 'above the line'. That is, in the balance sheet for Commercial banks shown on page 40, the level of advances, at £52,932 million is about 2½ times the level 'above the line' of £21,626 million. The Treasury could fix the level of advances at about 2½, or say 2 if the above the line definition was extended to increase the base amount to about £30,000 million.

The merit of this proposal is that there could be direct control of the base, and a direct and varying control, not on deposits, but on the point that really matters - the level of advances to business and to the personal sector. Banks must hold 'Credits' to be able to make advances, and they must operate current accounts to make it economical to hold Credits. The Treasury controls the level of Credits, and the ratio of Advances to total Credits and Cash held. If business needs more loans the Treasury can act directly to ease the position.

What would have happened if this system had been brought in after the 1939-45 war? A notional outline is included in Table 15 (page 43) of the reduction which would have resulted in the amount of debt interest payable because of the interest



saved on Treasury credits; this is the amount shown in Table 13 (page 33) to be a reasonable amount for the credit issue concerned. The amount of debt interest payable is then reduced over 1970-80 from the £40,709 million actual (Table 14, page 36) to £27,153 million estimated notional. Further, this saving reduces the borrowing requirement, and the new amounts are also shown in Table 15. Again, using the Treasury credit system, whereby such credits are the same as notes (and could in fact be issued as notes) an extra source of finance is obtained alongside the finance from notes and coin. These amounts are shown in Table 12 (page 31), and in Table 16 (page 44) the effect of using this form of finance is shown. There is a notable reduction in the need to issue government securities, from the actual, for 1970-80, of £48,578 million (Table 14), to £21,527 (from Table 16). The government debt becomes manageable again, even without tapping the potential source of additional Treasury credits provided by the possibility of requiring 100% backing for forms of deposit other than current accounts.

**TABLE 15**  
Central government borrowing requirement: how it could have been

	Debt interest	Less interest saved <sup>a</sup>	Notional debt interest	Other net payments	Notional borrowing requirement
1946	484*	79*	405*	363*	768*
1947	517*	90*	427*	-513*	114*
1948	507*	94*	413*	-859*	-446*
1949	505*	108*	397*	-729*	-332*
1950	505*	113*	392*	-818*	-426*
1951	548	122*	426*	-295*	131*
1952	607	152*	455*	-1 <sup>c</sup>	454*
1953	637	148*	489*	-110 <sup>c</sup>	379*
1954	635	137*	498*	-432 <sup>c</sup>	66*
1955	705	165*	540*	-259 <sup>c</sup>	281*
1956	720	196*	524*	-669 <sup>c</sup>	-145*
1957	702	200*	502*	-531 <sup>c</sup>	-29*
1958	776	199*	577*	-696 <sup>c</sup>	-119*
1959	770	194*	576*	-614 <sup>c</sup>	-38*
1960	857	223*	634*	-550 <sup>c</sup>	84*
1961	893	226*	667*	-660 <sup>c</sup>	7*
1962	874	213*	661*	-939 <sup>c</sup>	-278*
1963	930	211*	719*	-777 <sup>c</sup>	-58*
1964	937	246*	691*	-503 <sup>c</sup>	188*
1965	968	283*	685*	-358 <sup>c</sup>	327*
1966	1,036	288*	748*	-433 <sup>c</sup>	255*
1967	1,105	290*	815*	-50 <sup>c</sup>	865*
1968	1,240	352*	888*	-477	411*
1969	1,280	423*	857*	-2,173	-1,316*
1970	1,298	420*	878*	-1,962	-1,084*
1971	1,384	462*	922*	-747	175*
1972	1,596	596*	1,000*	4	1,004*
1973	1,835	748*	1,087*	496	1,583*
1974	2,232	980*	1,252*	1,291	2,543*
1975	2,759	1,113*	1,646*	5,586	7,232*
1976	3,736	1,293*	2,443*	3,050	5,493*
1977	4,642	1,354*	3,288*	-173	3,115*
1978	5,632	1,785*	3,847*	2,739	6,586*
1979	6,934	2,217*	4,717*	3,496	8,213*
1980	8,661	2,588*	6,073*	2,493	8,566*

Sources: Tables 13 and 14.

<sup>a</sup>From issue of Treasury credits ('Commercial Banks credit issue'), Table 13.

<sup>b</sup>From Table 14. <sup>c</sup>Not strictly comparable with later figures.

\*Estimate.

APPENDIX A - ADDITIONAL TABLES  
TABLE 17

United Kingdom notes and coin outstanding  
(amounts in £ million for the average of December for each year<sup>a</sup>)

Notes and coin outstanding		Notes and coin outstanding		Notes and coin outstanding		Notes and coin outstanding			
Bank of England	Scottish banks <sup>b</sup>	Northern Ireland banks <sup>b</sup>	Coin <sup>c</sup>	Total	Bank of England	Scottish banks <sup>b</sup>	Northern Ireland banks <sup>b</sup>	Coin <sup>c</sup>	Total
1945	1,388	66	16	125	1,388	66	16	125	1,595
1946	1,438	71	16	133	1,438	71	16	133	1,657
1947	1,450	69	14	138	1,450	69	14	138	1,671
1948	1,310	67	12	159	1,310	67	12	159	1,548
1949	1,338	69	11	159	1,338	69	11	159	1,577
1950	1,369	71	10	152	1,369	71	10	152	1,602
1951	1,438	77	9	152	1,438	77	9	152	1,676
1952	1,550	86	9	151	1,550	86	9	151	1,796
1953	1,655	92	8	158	1,655	92	8	158	1,914
1954	1,735	98	8	161	1,735	98	8	161	2,023
1955	1,888	105	8	166	1,888	105	8	166	2,168
1956	2,013	114	10	173	2,013	114	10	173	2,311
1957	2,113	120	10	180	2,113	120	10	180	2,423
1958	2,170	121	9	182	2,170	121	9	182	2,483
1959	2,275	124	9	185	2,275	124	9	185	2,593
1960	2,388	128	9	191	2,388	128	9	191	2,716
1961 <sup>d</sup>	2,463	131	8	204	2,463	131	8	204	2,806
1962 <sup>d</sup>	2,469	127	8	213	2,469	127	8	213	2,816
1963	2,613	129	8	205	2,613	129	8	205	2,808
1964	2,770	131	7	206	2,770	131	7	206	2,955
1965	2,925	134	8	208	2,925	134	8	208	3,116
1966	3,063	135	9	212	3,063	135	9	212	3,279
1967	3,213	141	10	221	3,213	141	10	221	3,428
1968	3,338	146	13	225	3,338	146	13	225	3,589
1969	3,450	153	13	238	3,450	153	13	238	3,735
1970	3,670	160	13	334	3,670	160	13	334	3,950
1971	3,865	173	20	349	3,865	173	20	349	4,199
1972	4,380	189	25	345	4,380	189	25	345	4,408
1973	4,830	215	28	359	4,830	215	28	359	4,955
1974	5,631	248	30	383	5,631	248	30	383	5,458
1975	6,310	283	31	415	6,310	283	31	415	6,325
1976	7,075	310	35	450	7,075	310	35	450	7,078
1977	8,144	362	38	483	8,144	362	38	483	7,906
1978	9,300*	413*	43	509	9,300*	413*	43	509	9,058
1979	10,300*	448*	47*	560*	10,300*	448*	47*	560*	10,320*
1980	10,800*	499*	50*	600*	10,800*	499*	50*	600*	11,400*
			55*	650*			55*	650*	12,000*

Source: Bank of England, Statistical Abstracts 1 & 2, Quarterly Bulletins  
<sup>a</sup>Average of Wednesdays for Bank of England and London Clearing Banks;  
<sup>b</sup>Average of four weeks approximating to December for Scottish and Northern Ireland banks  
<sup>c</sup>All but a very small amount is backed by Bank of England notes included in their total  
<sup>d</sup>Allowing for coin lost or destroyed, dfrom 1962 there was a change in the method of estimating wastage of coin. Figures are shown both ways for 1962.  
\*Estimate

TABLE 16

Funding of the central government borrowing requirement: how it could have been

Notional borrowing requirement	Funded by:		Treasury credits <sup>a</sup> (excluding notes)	Other funding (excluding government securities)	Issue of government securities required
	Notes and coin	Notes and coin			
1946	768*	50*	574*	763*	-619*
1947	114*	0*	99*	534*	-519*
1948	446*	-120*	199*	90*	-615*
1949	532*	30*	6*	157*	-525*
1950	426*	30*	84*	-357*	-183*
1951	131*	80*	-40*	-521*	612*
1952	454*	100	-51*	381*	24*
1953	379*	87	83*	191*	18*
1954	66*	126	171*	151*	-382*
1955	281*	136	-171*	538*	-222*
1956	-145*	124	-51*	-87*	-131*
1957	-29*	126	-96*	74*	-133*
1958	-119*	42	76*	-94*	-143*
1959	-38*	85	183*	376*	-682*
1960	84*	123	-292*	36*	217*
1961	7*	97	-244*	354*	-200*
1962	-278*	6	429*	-670*	-43*
1963	-58*	154	375*	136*	-723*
1964	188*	157	-10*	391*	-350*
1965	327*	193	-54*	195*	-7*
1966	255*	148	-174*	178*	103*
1967	865*	152	508*	474*	-269*
1968	411*	186	233*	1,083	-1,091*
1969	-1,316*	197	-109*	-1,273	-131*
1970	-1,084*	231	374*	-623	-1,066*
1971	175*	243	1,174*	-2,967	1,725*
1972	1,004*	578	866*	1,541	-1,981*
1973	1,583*	544	-99*	244	1,786*
1974	2,543*	788	1,091*	2,071	-1,407*
1975	7,232*	673	1,106*	2,464	2,989*
1976	5,493*	837	343*	550	3,762*
1977	3,115*	1,044	3,693*	-3,868	2,246*
1978	6,586*	1,286	2,711*	2,033	556*
1979	8,213*	1,199	1,919*	-914	6,009*
1980	8,566*	392	1,209*	58	6,907*

Sources: Tables 12, 14 and 15.

<sup>a</sup>Commercial banking creation of credit, Table 12 (page 31).

<sup>b</sup>Not strictly comparable with later figures.

\*Estimate

TABLE 18a  
Notes and coin outside the Bank of England (£ million)

Year	Annual averages <sup>a</sup>		Total outside the Bank of England	At end-year <sup>b</sup>	
	Held by banks (till money)	In circulation with the public <sup>c</sup>		In circulation with the public	In circulation with the public <sup>c</sup>
1919	116	414	530	1,263	1,416
1920	110	429	539	1,341	1,500
1921	115	401	516	1,361	1,533
1922	111	365	476	1,239	1,416
1923	107	353	460	1,248	1,439
1924	107	356	463	1,244	1,443
1925	107	350	457	1,291	1,497
1926	106	346	452	1,370	1,590
1927	108	343	451	1,462	1,690
1928	108	341	449	1,551	1,791
1929 <sup>a</sup>	107	332	439	1,657	1,925
1930	106	328	434	1,765	2,046
1931	99	331	430	1,842	2,145
1932	95	337	432	1,905	2,220
1933	101	343	444	1,969	2,293
1934	102	350	452	2,062	2,401
1935	106	362	468	2,151	2,509
1936	112	394	506	2,119	2,504
1937	117	440	557	2,172	2,539
1938	121	446	567	2,286	2,605
1939	132	459	591	2,426	2,941
1940	141	525	666	2,563	3,111
1941	142	608	750	2,633	3,194
1942	147	769	916	2,766	3,352
1943	149	933	1,082	2,871	3,511
1944	155	1,105	1,260	3,067	3,749
1945				3,332	4,037
1946				3,644	4,297
1947				4,091	4,794
1948				4,591	5,355
1949				5,341	6,132
1950				6,106	6,890
1951				6,832	7,644
1952				7,943	8,792
1953				9,051	9,945
1954				9,763	10,708
1955					
1956					
1957					
1958					
1959					
1960					
1961 <sup>a</sup>					
1962					
1963					
1964					
1965					
1966					
1967					
1968					
1969					
1970					
1971					
1972					
1973					
1974					
1975					
1976					
1977					
1978					
1979					
1980					

Sources: Bank of England Quarterly Bulletin, March 1981; Annual Abstract of Statistics; Bank of England Statistical Abstract Number 2, 1975.  
<sup>a</sup>Average of weekly figures 1945-61; average of monthly figures 1961-80. Figures are shown both ways for 1961. Estimated before 1963 on the basis of annual averages increased by 1.9% (the actual difference for 1963).  
<sup>b</sup>These amounts form the basic quantity for 'money stock'.<sup>c</sup>Excludes Bank of England notes held as backing for issues of Scottish and Northern Ireland notes in excess of their fiduciary issue.  
<sup>e</sup>Estimate

TABLE 18  
Notes and coin outside the Bank of England (£ million), 1919-44  
Annual averages (average of weekly figures)

Year	Annual averages (average of weekly figures)		Total outside the Bank of England
	Held by banks (till money)	In circulation with the public	
1919	116	414	530
1920	110	429	539
1921	115	401	516
1922	111	365	476
1923	107	353	460
1924	107	356	463
1925	107	350	457
1926	106	346	452
1927	108	343	451
1928	108	341	449
1929 <sup>a</sup>	107	332	439
1930	106	328	434
1931	99	331	430
1932	95	337	432
1933	101	343	444
1934	102	350	452
1935	106	362	468
1936	112	394	506
1937	117	440	557
1938	121	446	567
1939	132	459	591
1940	141	525	666
1941	142	608	750
1942	147	769	916
1943	149	933	1,082
1944	155	1,105	1,260

Source: Bank of England Quarterly Bulletin, March 1981.  
<sup>a</sup>The figure for circulation with the public and for till money is affected by a change in geographical coverage following the issue of notes by banks in the Irish Free State (Republic of Ireland); figures before 1929 are not strictly comparable with those from 1929.

TABLE 19

Money stock,  $M_1$  and  $M_3$  sterling  
(amounts in £ million; end-year)

	Notes and coin with the public	Private sector sight deposits <sup>a</sup>	Money stock $M_1$	Other deposits with banks <sup>b</sup>		Money stock $M_3$ sterling <sup>c</sup>
				Total <sup>c</sup> of which, private sector time deposits	na	
1945	1,287*	3,419*	4,706*	1,970*	na	6,676*
1946	1,366*	4,007*	5,373*	2,296*	na	7,669*
1947	1,387*	4,152*	5,539*	2,433*	na	7,972*
1948	1,263*	4,359*	5,622*	2,534*	na	8,156*
1949	1,272*	4,361*	5,633*	2,530*	na	8,163*
1950	1,268*	4,467*	5,735*	2,605*	na	8,340*
1951	1,316*	4,424*	5,740*	2,603*	na	8,343*
1952	1,396*	4,587*	5,983*	2,799*	na	8,582*
1953	1,490*	4,467*	5,957*	2,896*	na	8,853*
1954	1,580*	4,644*	6,224*	2,902*	na	9,126*
1955	1,688*	4,462*	6,150*	2,724*	na	8,874*
1956	1,799*	4,388*	6,187*	2,769*	na	8,956*
1957	1,877*	4,304*	6,181*	3,007*	na	9,188*
1958	1,941*	4,406*	6,347*	3,119*	na	9,466*
1959	2,006*	4,641*	6,647*	3,406*	na	10,053*
1960	2,101*	4,502*	6,603*	3,635*	na	10,238*
1961	2,192*	4,365*	6,557*	3,947*	na	10,504*
1962	2,202*	6,793*	6,991*	3,991*	na	10,784*
1963	2,251	5,010*	7,261*	4,224*	3,877*	11,485*
1964	2,451	5,043*	7,494*	4,634*	4,276*	12,128*
1965	2,636	5,147*	7,783*	5,268*	4,871*	13,051*
1966	2,695	5,084*	7,779*	5,714*	5,304*	13,493*
1967	2,815	5,627	8,442	6,306	5,883	14,748
1968	2,859	5,925	8,784	6,973	6,583	15,757
1969	3,006	5,806	8,812	7,320	6,863	16,132
1970	3,320	6,315	9,635	8,031	7,530	17,666
1971	3,589	7,499	11,088	9,023	8,479	20,111
1972	4,079	8,578	12,657	12,786	12,161	25,443
1973	4,577	8,926	13,503	18,743	18,018	32,046
1974	5,085	9,654	14,739	20,561	19,905	35,300
1975 <sup>d</sup>	5,904	11,579	17,483	20,112	19,188	37,595
1976	6,714	12,753	19,467	21,693	20,772	41,160
1977	7,699	15,960	23,659	21,631	20,353	45,290
1978	8,904	18,631	27,535	24,527	23,215	52,062
1979	9,701	20,345	30,046	28,631	27,374	58,677
1980	10,411	20,803	31,214	38,361	36,786	69,575

Sources: Table 11; CSO, Financial Statistics; Bank of England, Statistical

Abstracts 1 & 2

<sup>a</sup>From Table 11, 'net contribution' plus cash with banks and bank deposits.  
<sup>b</sup>Other than private sector time deposits shown, the main item is public sector deposits. <sup>c</sup>There have been a number of breaks in the series; a break from 1967 has been adjusted backwards here to 1963. Before 1963 estimates are especially approximate. <sup>d</sup>Figures from 1975 are not strictly comparable with those of years before.

\*Estimate. na = not available

APPENDIX B - NOTE ON ADVANCES AND DEPOSITS

In Table 10 the Commercial banking net contribution to money stock  $M_1$  is measured by subtracting notes, coins and balances with the Bank of England from UK private sector sight deposits, and in the fifth column of Table 12 the Commercial banking net contribution to  $M_1$  is called 'creation of credit'. To many people it may seem strange that the amount of new credit created by the banks is measured in terms of an increase in deposits rather than an increase in advances. In everyday language 'deposits' means 'real' money which has been deposited with the bank by a customer. He thinks of advances as credit and deposits as real money already existing.

For a long time the banks pretended that they did not actually create new money. It was Reginald McKenna, one time Chancellor of the Exchequer and Chairman of the Midland Bank, who first openly admitted the fact by saying in 1920 that 'every loan creates a deposit'. This expresses a simple fact of double entry book-keeping. When a bank agrees to make a loan to a customer it debits the amount of the loan to him, and to balance the books it has to credit this amount to him as a deposit. The loan is thus an asset in the bank's books and the deposit is a balancing liability. When the customer spends the amount of the loan the bank has to pay out the equivalent cash, and to balance the reduction in its assets it cancels the customer's deposit, which has now been used. The recipient of the cash will pay it into his own bank, which may either be the same bank or another, and they will credit it to him as a deposit. From then onwards that money is indistinguishable from the rest of the money in the banking system. But when the original customer repays his loan the equivalent amount of money is destroyed.

This is of course an over-simplified account of what actually happens. Thousands of such transactions take place every day

and are balanced against one another in the bank clearing system. It does make the point however that the amount by which the 'deposits' in the banking system exceed the notes, coin and balances with the Bank of England, on the assets side of the balance sheet, represents the total amount of credit which has been created by the banks. This comprises all the other items on the assets side of the balance sheet in Table 9, and includes credit which the banks have created to buy Treasury Bills, Government Stock and other assets.

The 'deception' is still maintained when the control of the money supply is referred to in terms of the banks limiting their deposits, though in fact what is meant is limiting their advances, as pointed out on page 41.

## LIST OF PUBLICATIONS

"Can We Afford Politicians?" by <i>Patrick de Laszlo</i> .....	15p
Inflation and the Function of Monetary Policy in Britain by <i>Edward Holloway</i> .....	40p
A Built-in-Basic-Economy Stabilizer by <i>L. St. Clare Grondona</i> .....	£1.10p
Inflation by <i>Enoch Powell, MBE, MP</i> .....	25p
Producer Cartels by <i>Susan Hart</i> .....	50p
A Critical look at the Constitutional Structure of Britain by <i>Sir James Goldsmith</i> .....	45p
Honest Money: The Case for a Currency Commission by <i>Edward Holloway</i> .....	25p
— published by Aims for Freedom and Enterprise	
The Balance of Payments or Are import restrictions necessary? by <i>Dr. Colin Clark, with a foreword by Sir Alec Cairncross</i> .....	50p

## Research Studies:

No. 1 — The Great Turnaround in Britain's Financial Affairs 1964-70 .....	25p
No. 2 — Export Credit and Government External Monetary Debt by <i>P. de Laszlo</i> .....	50p
No. 3 — Excessive Taxes lead to "Stag-Flation" ( <i>Research by Frederick Tooby</i> ) .....	50p
No. 4 — Japan and the Crisis in International Finance by <i>G. C. Allen</i> .....	50p
No. 5 — Unemployment and Inflation by <i>Jim Bourlet and Adrian Hell</i> (out of print) .....	40p
No. 6 — Excessive Taxes lead to Inflation and Unemployment ( <i>Research by M. C. Macdonald</i> ) .....	75p
No. 7 — Abolishing unemployment by <i>R. S. Musgrave</i> .....	£1.50p
No. 8 — Energy Conservation by <i>Jim Platts</i> .....	£1.00p
No. 9 — Government Debt and Credit Creation .....	£1.00p

## A Programme for National Recovery Research Papers:

No. 1 — Inflation (out of print)	
No. 2 — Expansion without Inflation .....	40p
No. 3 — Balance of Payments and Invisible Earnings .....	40p
No. 4 — Taxation: The Financing of Public Expenditure .....	40p
No. 5 — The Use of Resources in Britain .....	40p

**Britain and Overseas** — a quarterly digest of news and views on Britain's economy and our role in overseas trade.  
Subscription per annum .....

£2.00p

Apply to: Economic Research Council, 55 Park Lane, London W1Y 3DH.