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UNIVERSITY OF CAMBRIDGE

DEPARTMENT OF APPLIED ECONOMICS

Completed at Department, July 1975

M. Z. FORD (Chairman)

FIFTEENTH REPORT

ACTIVITIES IN THE PERIOD

OCTOBER 1974 TO SEPTEMBER 1975

Sidgwick Avenue Cambridge



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University of Cambridge

DEPARTMENT OF APPLIED ECONOMICS

DISCUSSION

IN A.E. COURSE

Committee of Management, July 1975

H.V. FISHER (Chairman)

FIFTEENTH REPORT

ACTIVITIES IN THE PERIOD

OCTOBER 1974 TO SEPTEMBER 1975

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I. RESEARCH ACTIVITIES

This section outlines the work done in 1974-75 on the research projects being conducted, and lists the new ones which started in the current academic year.

ECONOMICS AND ECONOMIC HISTORY

GROWTH AND FLUCTUATIONS IN THE BRITISH ECONOMY: PROJECTIONS FOR PLANNING

This project is under the direction of Professor Stone. The main results of the research have been published in the series A Programme for Growth (London, Chapman and Hall), in which twelve volumes have appeared. This series has now been replaced by a new series Cambridge Studies in Applied Econometrics, the first volume being Models and Projections of Demand in Post-War Britain by Angus Deaton.

The research staff working with Professor Stone during the period covered by this Report were as follows: Dr T.S. Barker, Dr A.S. Deaton, Mr M.A. King, Dr D.A. Livesey, Mr A.W.A. Peterson, Dr L.J. Slater, Mr L.A. Winters and Mr V.H. Woodward. Visitors to the project during the year included Professor P. Brain, Dr K. Iracki and Ms A. Montiel.

The main research of the project is the investigation and analysis of the present structure and future prospects of the British economy. The approach of the project has been to build a computable, disaggregated model of the economy and use it to demonstrate possibilities for the future. The model provides and maintains coherence and consistency between different proposals and policies. During the year the static version of the model

was re-estimated for 40 industries, with 1970 as the price base year and adopting the 1968 SIC. At the same time a dynamic version of the model was specified and estimated and work is continuing on programming solutions.

During the year research has been concentrated in five areas: industrial pricing, consumers' expenditure behaviour, financial behaviour in the company sector, investment and employment functions and the determinants of volumes and prices in foreign trade.

Members of the project collaborated in writing a book giving a definitive account of the static version of the model, together with discussion of the estimated equations and application of the model to problems of economic policy. The book, entitled Economic Structure and Policy, is due to be published in 1976 as Number 2 in Cambridge Studies in Applied Econometrics.

The project continues to work on the disaggregated statistics forming the data base of the model with the help of the Central Statistical Office.

Papers presented at conferences by members of the project were as follows:

ASEPELT Colloquium: 'Analyse Economique de la Consommation Privée et Collective', Geneva, December 1974.

A.S. Deaton, 'The measurement of income and price elasticities'.

Conference on Tax Policy, Bergen, Norway, December 1974

M.A. King, 'Current policy problems in business taxation'.

Meeting on Optimisation Problems in Engineering Economics, Naples, December 1974.

D.A. Livesey, '"Feasible directions" in short-term economic policy'.

Conference on Input-output and Dynamic Medium-term Forecasting Models, London, February 1975.

T.S. Barker, 'Making the Cambridge Growth Project model dynamic'.

Conference on International Comparisons of Profit Rates, London, March 1975.

M.A. King, 'Profits experience in the UK'.

New Scientist Conference: Towards a Self-sufficient Britain, London, March 1975

A.W.A. Peterson, 'The economics of self-sufficiency'.

McMaster University Symposium of Mathematical Land Uses Theory, April 1975.

D.A. Livesey, 'Optimum and market land rents in the CBD city'.

World Congress of the Econometric Society, Toronto, August 1975.

J.A. Beath, 'Estimation of a disaggregated model of price formation'.

M.A. King, 'Equilibrium concepts in stock market economics'.

40th Session of the International Statistical Institute, Warsaw, 1975.

J.R.N. Stone, 'The expanding frontiers of input-output analysis'.

J.R.N. Stone, 'Social statistics and social policy'.

The following books and articles by members of the project were published during the year.

Barker, T.S., 'Some experiments in projecting intermediate demand', pp 26-42 in Allen, R.I.G. and Gossling, W.F. (eds), Estimating and Projecting Input-Output Coefficients, Input-Output Publishing Company, London, 1975.

Barker, T.S., 'An analysis of the updated 1963 input-output transactions table', pp 57-67 in Allen, R.I.G. and Gossling, W.F. (eds), Estimating and Projecting Input-Output Coefficients, Input-Output Publishing Company, London, 1975.

Deaton, A.S., Models and Projections of Demand in Post-War Britain, Cambridge Studies in Applied Econometrics: Number 1, Chapman and Hall, London, 1975.

Deaton, A.S., 'The measurement of income and price elasticities', European Economic Review, Vol 6, pp 261-273, 1975.

Deaton, A.S., 'The structure of demand 1920-1970', Chapter 2, The Fontana Economic History of Europe, Volume V, Collins, London, 1975.

Deaton, A.S., 'Long-term projections of consumer demand in the United Kingdom', pp 368-375 in Khachaturov, T.S. (ed), Methods of Long-Term Planning and Forecasting, Macmillan for the International Economic Association, London, 1976.

King, M.A., 'The United Kingdom profits crisis: myth or reality?', Economic Journal, Vol 85, pp 33-54, March 1975.

King, M.A., 'Taxation, corporate financial policy, and the cost of capital - A comment', Journal of Public Economics, Vol 4, pp 271-279, 1975.

King, M.A., Indexing for Inflation (edited with T. Liesner), Heinemann, London, 1975.

Peterson, A.W.A., 'The economics of self-sufficiency', New Scientist, Vol 65, No. 941, pp 708-710, 1975.

Stone, J.R.N., 'Direct and indirect constraints in the adjustment of observations', in Nasjonalregnskap, Modeller og Analyse (essays in honour of Odd Aukrust), Statistisk Sentralbyrå, Oslo, 1975.

Woodward, V.H., 'The need to avoid higher government employment', The Times, July 1975.

Woodward, V.H., 'Public expenditure and the balance of payments', Business Economist, Vol 7, No. 2, Summer 1975.

Woodward, V.H., 'A view of occupational employment in 1981', Department of Employment Gazette, July 1975.

EMPLOYMENT BALANCE IN THE BUDGET

The basic object of this project is to devise methods of estimating what fiscal balance of the public sector would be at any one point in time if the economy were operating at full employment, and thereby to explore the usefulness of the concept as a guide to fiscal policy.

Over the past year, a preliminary analysis has been made of changes in each major component of the tax system, as well as of other receipts, such as local authority income, national insurance contributions and the gross trading surplus of public corporations, with particular attention being paid to the period since 1960. From this analysis, estimates were calculated of the public sector financial deficit in 1974-75 and 1975-76, in the context of the Economic Policy Group's annual assessment of the economy, the details of which were published in the first issue of the Economic Policy Review in February 1975. As far as we know, this represented the first detailed attempt at such an exercise and correspondingly the first means of fully appraising in any satisfactory way the official estimates of the public sector balance subsequently published in the Financial Statement and Budget Report 1975-6.

Since then work has been concentrated on improving the procedure for estimating variations in income tax yield, indirect tax receipts and social security payments with respect to changes in real income, the rate of inflation and the level of activity. The latter area in particular is one which has been almost completely neglected and which will clearly be of great importance in the foreseeable future. In the case of income tax, a quasi-structural model is under construction which will attempt to allow for the non-uniformity of rises in income across income groups. As regards indirect taxes, a further analysis is being undertaken to take account of the recent introduction of a multi-rate system of VAT. In addition, estimates have been made of what the various components of domestic income would have been in past years had 'full employment' (taken as 2½% unemployment)

continuously prevailed. These estimates will form the basis of the calculation of the public sector financial balance at full employment for each year since 1960, the results of which, it is hoped, will be published in 1976.

As an offshoot of the study of local authority expenditure and finance, a paper was submitted in April to the Layfield Committee of Inquiry into Local Government Finance. This examined the present system of central government control over local spending and the way such spending is financed, and suggested a number of possible improvements. Oral evidence was given before the Committee in June. The paper will form an appendix to the Committee's Report when it is published.

GROWTH IN INDUSTRIALISED CAPITALIST ECONOMIES

The project was completed in September 1975 and a final report has been sent to the SSRC. The project as envisaged was clearly too ambitious. But it has been useful to work over a wide range of issues in the theory of growth in advanced countries, because the issues are themselves so closely interrelated. The results obtained generally confirm the importance of the growth of demand, the dependence of productivity growth on the expansion of demand, the links between past growth, strength of the balance of payments, and the possibility of continued expansion of demand which tend to make differences in growth rates between major industrial countries persistent and self-sustaining.

The final report contains a description of the content and conclusions of the various papers written during the project period. There are also appendices on the data used and on the statistical methods. There are considerable problems, frequently overlooked, in using international data sources and we made some recommendations for improvement on the basis of our experience. The statistical methodology employed during the course of the project included advanced econometrics and the development of some ad hoc methods; it became clear that standard methodology was frequently inadequate for the tasks and that it was important to develop carefully the appropriate methods.

In addition to papers already published, papers are also available in

mimeo on the growth of demand, the balance of payments as a constraint on growth, margins and productivity growth in distribution, the stability of commodity prices, growth and fluctuations in the world economy, and cumulative causation and growth of manufacturing industries; the latter has already created a lot of interest, particularly in HM Treasury. These papers are quite closely interrelated and it is hoped to publish them together in book form.

EFFECTS OF ECONOMIC POLICY

Work in this related group of projects, which was again mainly financed by the SSRC, continued throughout 1974-75 under the general direction of Mr W.A.H. Godley. Research staff working on the project (the Cambridge Economic Policy Group, CEPG) were as follows:

Mr P.E. Atkinson, Mr K.J. Coutts, Mr T.F. Cripps, Mr M.J. Fetherston, Mr B.C. Moore, Mr J. Rhodes, Mr R.J. Tarling, Mr T.S. Ward, Mr S.F. Wilkinson.

The general character of the work undertaken has been the same as was described in previous Reports. The objective has been to develop a model and a system of information which can be used to simulate the medium-term developments of the U.K. economy on alternative assumptions about macro-economic policy strategies.

As in previous years, the CEPG deliberately intervened on a number of occasions in the public discussion on economic policy, sometimes in the form of newspaper articles, sometimes through oral evidence and memoranda supplied to the Select Committee on public expenditure and to the Layfield Committee on Local Authority Finance and, in the publication in February 1975 of the first number of Economic Policy Review. The Review turned out to have a relatively large circulation to a wide spectrum of readers, e.g. to the government, the city, industry, and professional economists. It was widely reported in the press and provoked some lively discussion.

As in previous years, more fundamental research, of a kind which it is hoped will make a significant contribution to knowledge, has underpinned these contributions to the public discussion and the research priorities have always been dictated by the requirement that these should be firmly grounded.

Bibliography

Economic Policy Review, No.1., February 1975, containing the following chapters:

Review of Britain's Economic Prospects	W.A.H. Godley
The Outlook for Retail Prices during 1975	K.J. Coutts
The Outlook for Wages in the Short Run	S.F. Wilkinson
An Economic Assessment of the North Sea	T.F. Cripps & R.J. Tarling
Finance for the Balance of Payments	P.E. Atkinson
Public Spending and Taxation	T.S. Ward & Prof. R. Neild
Profits & Stock Appreciation	W.A.H. Godley & Dr A. Wood
Statistical Appendix	M.J. Fetherston

Other papers:

- 'The real state of our economy', Sunday Times, October 1974, W.A.H. Godley.
- 'Money wage inflation in industrial countries', Review of Economic Studies, October 1975, R.J. Tarling, J. Eatwell, J. Llewellyn.
- 'Reflections on the November budget', Commentary prepared for Vickers da Costa Ltd., November 1974, W.A.H. Godley.
- 'Inflation in the U.K.', Brookings Institution Conference Paper, November 1974, W.A.H. Godley.
- 'The forecasts and financing of local authority expenditure', evidence submitted to the Layfield Committee, January 1974, T.S. Ward & Prof. R. Neild.
- 'Reflections on the control of local government expenditure and its finance', evidence submitted to the Layfield Committee, January 1974, W.A.H. Godley.
- 'Overlapping observations and lagged dependent variables in the analysis of wage and price changes', CEPG Discussion Paper No.2., March 1975, M.J. Fetherston.
- 'An analysis of public expenditure to 1978-79' (Cmd. 5879), memorandum to Commons Expenditure Committee 1974/75 (3rd Report), T.S. Ward.
- 'Further analysis of the availability of resources in the medium-term', note submitted to Commons Expenditure Committee, 1974/75 (3rd Report), T.S. Ward.
- 'Notes on the estimate of public expenditure for 1974/75', Commons Expenditure Committee, 1974/75 (3rd Report), T.S. Ward.
- 'Employment projections to 1981', R.J. Tarling (with V.H. Woodward, C. Allsopp and others), Department of Employment Gazette, May 1975.
- 'Further notes on local government finance', evidence submitted to the Layfield Committee, August 1975, W.A.H. Godley.
- 'Further reflections on local government finance', evidence submitted to the Layfield Committee, August 1975, W.A.H. Godley.

'Cumulative causation in the growth of manufacturing industries', June 1975, F. Cripps and R. Tarling.

'Regional policy and the economy of Wales', Welsh Office, 1975, J. Rhodes and B.C. Moore.

'A quantitative analysis of the effects of the Regional Employment Premium and other regional policy instruments', in The economics of industrial subsidies (ed. Alan Whiting), Department of Industry, 1976, J. Rhodes and B.C. Moore.

'Regional economic policy and the movement of manufacturing firms to Development Areas', paper given to conference of the Regional Studies Association, April 1975, J. Rhodes and B.C. Moore.

This bibliography excludes a large number of internal papers which will ultimately be published.

REGIONAL POLICY

Barry Moore and John Rhodes have continued work on evaluating the effectiveness of U.K. regional policies. The project, which is larger in scope than was originally intended, is now drawing to a close. The research itself is completed and a first draft of the final report has been prepared for publication in book form. The later stages of the work included the development of a cost-benefit framework for evaluating regional policies, and an attempt was made to determine the order of magnitude of the main costs and benefits involved. One major conclusion is that the benefits of such policies, when operating in conditions of full-employment nationally, are substantial in relation to the costs. The work includes an assessment of the effects of individual instruments and the cost-benefit framework is used to appraise the merits of these policy instruments.

Publications

B.C. Moore and J. Rhodes, 'The economic and exchequer implications of British regional economic policy', in Economic Sovereignty and Regional Policy, Ed. John Vaizey, Gill and Macmillan, 1975.

B.C. Moore and J. Rhodes, 'The effects of regional economic policy in the UK', in Regional Policy and Planning for Europe, ed. Morgan Sant, Saxon House, 1974.

SOME ECONOMIC AND SOCIAL IMPLICATIONS OF IMMIGRATION TO BRITAIN

Research on this project was started on a part-time basis in October 1972. It is being undertaken by Mr B.M. Deakin and Dr K. Prandy. Dr A.N.E. Jolley of the University of Melbourne is collaborating on some economic aspects of the project.

On the economics side considerable delay was suffered during the year in obtaining delivery of corrected data in the form of special tabulations concerning immigrants to Britain. Some of these data, which had been ordered from the Office of Population Censuses and Surveys in May 1973, were delivered in June 1975, but the remainder, an important proportion of the whole, were outstanding at 30 September 1975.

All of the Salter-type analyses, which were referred to in the Fourteenth Report, were completed during the year and analyses of data on the immigrant population, their economic activity and employment were completed so far as permitted by the arrival of corrected data.

A publication on 'Some economic aspects of immigration to Britain' is planned for 1976.

In the sociology side, most of the analysis on the 1971 Census is now completed and the results are being written up, in the form of two articles. One article, using the 1966 census data, has been submitted for publication and a second, on patterns of residential segregation, is almost ready for submission.

AN INTERNATIONAL STUDY OF COMPANY PERFORMANCE

Work on this project, described in the Fourteenth Report, was continued. A report on the study, which was financed by the Esmée Fairbairn Trust, will be published in 1976.

This research was undertaken by Mr C.F. Pratten.

INTENSIVE ECONOMIC GROWTH IN USSR

The aim of this project was described in the Fourteenth Report. During this period the main focus of the work was on an examination of the origins of the extensive growth model, which involved an analysis of the Soviet national income accounts for 1928-32. This was only possible because the original

accounts for these years, compiled in 1932 by the official Soviet statistical office, became accessible to Western researchers while the project was under way. A paper was presented at Glasgow University on this topic, and the results published in an article by Dr Ellman, 'Did the agricultural surplus provide the resources for the increase in investment in the USSR during the First Five Year Plan?' in the Economic Journal, December 1975. The article used the newly available statistical data to revise substantially the received view of the relationship between the rural and urban sectors in the early stages of Soviet economic growth, a subject of both historical and contemporary interest.

DEVELOPMENT, INCOME DISTRIBUTION AND SOCIAL CHANGE IN EGYPT, 1952-70

The general purpose of this research project, which is being carried out by Dr M. Abdel-Fadil in association with Dr C.H. Feinstein, is to look into the complex interrelationship between employment, income distribution and social change in Egypt during the period 1952-70.

The main objectives of the research are threefold:

- (a) to depict both quantitatively and qualitatively the changes in income distribution in Egypt over the period in both urban and rural sectors;
- (b) to analyse and evaluate, as far as the available evidence permits, the relationship between income distributional shifts and changes in consumption patterns, saving behaviour, and the pattern of resource use at large;
- (c) to examine and evaluate on the basis of the factual evidence the effects of land reforms and industrialization and employment policies under Nasser in shaping income distribution between urban and rural sectors, as well as between different social strata within each sector, and to assess their impact on the pattern of development in Egypt.

In view of the wealth of the statistical material that we were able to collect, research has so far been divided into two parts - the core analysis and the main research results relating to the rural sector are now contained in a D A E Occasional Paper published in December 1975, and

a separate paper is planned for the urban sector.

The research on the rural sector yielded some interesting results about the process of the differentiation of the peasantry, the movement of real wages in rural Egypt, the shifts in the distribution of agricultural income between different socio-economic groups and changes in consumption patterns in rural areas. The research on the urban sector is now in progress, and it is hoped that the second Occasional Paper will be ready for publication in 1976.

DIFFERENTIATION AND STRUCTURAL CHANGE IN PEASANT AGRICULTURE

The project, whose objectives were outlined in earlier Reports, was completed and Michael Cowen submitted a report to the SSRC.

LABOUR PROBLEMS IN DEVELOPING COUNTRIES

This study, for which a good deal of research, including field studies in underdeveloped countries, has been conducted by Professor Turner and Mr D.A.S. Jackson, has figured in previous Reports.

The two reports of the Commission of Enquiry of the East African Community on Pay and Incomes Policies within the EAC, for which (as noted last year) Professor Turner acted as Chairman and Mr Jackson as ILO consultant, have apparently continued to cause internal controversy in the EAC administration and its Council of Finance Ministers; however, the latter have now agreed, pending final decisions as to the form of the publication, that the first and major of these reports ('Pay Structures, Employees Benefits and Incomes Policy Co-ordination in the East African Community'), plus its various statistical appendices, may be consulted or referred to through the International Labour Office, Geneva.

The paper by Mr Jackson in cooperation with Mr G. Macpherson referred to in the Fourteenth Report has now been published in the International Labour Review, April 1975, as 'Village Technology for Rural Development: Agricultural Innovation in Tanzania'. The considerable number of papers, articles and reports which have already been published in connection with this project are referred to in previous Reports.

INCOMES POLICIES

Various studies in this connection, by Professor Turner in collaboration with several members of the DAE staff and others, have been noted, together with various publications in previous Reports. The second edition of Do Trade Unions Cause Inflation?, by Dudley Jackson, H.A. Turner and Frank Wilkinson, has been published as previously forecast, in a new series, Cambridge Papers in Industrial Relations and Labour.

The review of incomes policy in Tanzania, which was referred to in the last Report as to be undertaken by Professor Turner on ILO nomination to the Tanzanian government, with Mr Jackson as research consultant, was submitted

to the Tanzanian government in 1974 in the form of an ILO Report and has been widely circulated among the Tanzanian administration in preparation for a review of the national policy on wages, prices and incomes in the Cabinet, TANU (National Party) Executive and National Assembly.

An article on the British Labour government's incomes and prices policy of late 1975, by Mr Wilkinson and Professor Turner, was published (as 'The Seventh Pay Policy') in New Society, 17 July 1975.

UNFAIR DISMISSAL

As well as the monograph under this title by Mr Jackson, which was reported last year as having been published in the new series, the following articles by Mr Jackson have appeared:

'The law of unfair dismissal - job security and personnel management', Business Economist, Spring 1975.

'Compensation for loss of pension rights in cases of unfair dismissal', Industrial Law Journal, March 1975.

NATIONAL JOB EVALUATION

This project, on which work was carried out last year by Mrs Christine Craig under Professor Turner's direction, was referred to in Fourteenth Report. Recent work included a postal survey of job evaluation techniques and their use by large firms, an interview programme with selected firms, and a visit by Mrs Craig to Holland to investigate the recent history of the Dutch national job evaluation scheme.

Previous publications in this connection are referred to in preceding Reports. A paper by Mrs Craig on her recent work, including some brief conclusions to be drawn from it, has been submitted for publication to the Industrial Relations Journal.

HUMAN PROSPECTS OF TROPICAL MINING AREAS

The aims and organisation of this project were described in the Thirteenth and Fourteenth Reports. During 1975 it has continued under the general supervision of Professor H.A. Turner, with Mr Philip Daniel as Research

Officer, financed by a grant from the Ministry of Overseas Development.

For most of the year, intensive fieldwork has been in progress: in Zambia from December 1974 to March 1975, in Papua New Guinea from July to November 1975 and in Malaysia in November/December 1975. In all cases, the project was greatly assisted by co-operation from national governments and mining companies.

In Zambia, Mr Daniel undertook preliminary enquiries in Lusaka, and then moved to Copperbelt Province to conduct a programme of interviews and to gather employment, incomes and manpower information in the mining communities. A substantial report was drafted on his return, which has been submitted to the Ministry of Overseas Development and the government of the Republic of Zambia; it has also been made available to a recent International Labour Office Employment Advisory Mission to Zambia. The report draws attention, in particular, to radical changes in the structure of the copper mining labour force following the introduction of Zambianisation programmes in 1964. These changes are related to developments in technology and productivity in the industry and to movements in mineworkers' wages (which are of major importance to the Zambian economy). A preliminary account is given of the impact upon employment, population and distribution of income in the Copperbelt. The Report is now being revised and expanded with a view to publication as a separate study in the context of the project, possibly in C.U.P.'s African Studies series.

A similar approach was adopted in Papua New Guinea, where Mr Daniel began work in the capital, Port Moresby, and then moved to Bougainville District for a study of the new development by Bougainville Copper Limited at Panguna on Bougainville Island. This development now forms the largest single enterprise in Papua New Guinea and contributes well over half the country's export earnings; it has resulted in the creation of two new towns, Panguna and Arawa. The investigation concentrated on manpower development, new employment patterns and the distribution of income, both regional and social. An especially urgent context for the study arose from Papua New Guinea's achievement of independence in September 1975, a unilateral declaration of independence by secessionists on Bougainville in the same month, and from national economic difficulties associated with dramatic wage increases and depressed conditions in the world copper market. Work on this report is in progress, for submission to the ODM and the Government of Papua New Guinea.

On the return journey from Papua New Guinea Mr Daniel made a month's survey for the project of the tin mining industry in Malaysia. Hiatuses in communication with the Malaysian authorities prevented the larger study originally projected, but permission was granted for a briefer visit during September 1975 with the sponsorship of the University of Malaya.

In the course of his fieldwork Mr Daniel gave an informal seminar on 'Wages and Employment in the Zambian Mining Industry' at the New Guinea Research Unit of the Australian National University, Port Moresby; a brief paper on 'Employment Problems and Mining Industries' was given at the Faculty of Economics and Administration, University of Malaya, Kuala Lumpur.

DEPRIVATION, WORK EXPERIENCE AND THE LEGITIMATION OF AUTHORITY

This project began on 1 January 1973 and is being carried out by Dr K. Prandy. It is primarily exploratory work to determine the feasibility of developing adequate measures and methods of analysis for the study of attitudes towards and beliefs about questions of authority and reward distribution. In particular, it involves a study of the relationships between these and the individual's work experience.

Work has continued along these lines during the past year, and much of it provides a useful basis for further work. An article describing some of the results is in preparation.

In April 1975 the project was amalgamated with 'Social Status in Great Britain', and work is continuing within the new project, 'Social Inequality'.

SOCIAL AND INDUSTRIAL DETERMINANTS OF WORKERS' ATTITUDES

The aims and methods of this project, which began in October 1968, were described in earlier Reports. The project is being carried out by Dr R.M. Blackburn and Dr J.M. Mann, Senior Lecturer in Sociology at the University of Essex. The findings are being prepared for publication.

For most of the year A. Stewart was on leave in Australia, where he gave several papers on the work of the project. On his return he presented a paper to the SSRC special conference on social stratification and social mobility and another to the SSRC Stratification seminar.

R.M. Blackburn also gave papers on several occasions, including an SSRC stratification seminar meeting.

A paper on 'The Stability of Structural Inequality' appeared in the Sociological Review, August 1975, and one on 'Women, Work and the Class Structure' was accepted for publication by New Society. Work on a monograph is now well advanced.

In April 1975 the project was amalgamated with 'Deprivation, Work Experience, and Legitimation of Authority' and work is continuing within the new project 'Social Inequality'.

SOCIAL INEQUALITY

The project integrates research formerly carried out by the investigators, R. M. Blackburn, K. Prandy and A. Stewart, under two separate projects: 'Social Status in Great Britain', and 'Deprivation, Work Experience and the Legitimation of Authority'. The research is concerned with the examination and measurement of certain aspects of social stratification. (For further details see descriptions of the original projects in this and earlier Reports.)

II. PUBLICATIONS

CURRENT ECONOMIC ASSESSMENTS

The London & Cambridge Economic Bulletin was founded in January 1923 by a small committee of distinguished economists, including John Maynard Keynes, to collect and distribute statistics and considered reports on the state of the economy. With the growth of well financed competitors the Bulletin became increasingly dependent upon external finance, provided by the Times Newspapers. In December 1974 the Times decided to withdraw the subsidies, enforcing the closure of the Bulletin.

The outstanding subscriptions were refunded, using the monies in the Bulletin's capital fund. The books for the Bulletin are due to be closed in October 1976, when all balances will be transferred to the Department of Applied Economics General Research Fund.

Mr M.L. Mackie was the Secretary and Statistician to the Service and Mr E. Bougourd was the Subscriptions Secretary.

ECONOMIC POLICY REVIEW

The first issue of the Review, which is to be an annual publication, was produced in February 1975. It contains a review of Britain's short-run economic prospects by the members of the Cambridge Economic Policy Group.

DAE MONOGRAPHS

This series contains reports of investigations conducted by members of the Department's staff and others working in collaboration with the Department. It is published by Cambridge University Press. There were no additions to the series during 1974-5, although the following title was in the press:

Paul Stoneman: Technological Diffusion and the Computer Revolution, (Monograph No. 25, published January 1976).

DAE OCCASIONAL PAPERS

This series, also published by Cambridge University Press, is designed for the rapid publication of research results. The following titles appeared

during the period covered by this Report:

- No. 33 Production Conditions in Indian Agriculture, by Krishna Bharadwaj (published November 1974).
- No. 39 Company Finance and the Capital Market, by E.W. Davis & K.A. Yeomans (published February 1975).
- No. 41 Exporting Workers: the Turkish Case, by Suzanne Paine (published November 1974).
- No. 42 The Steel Industry: International Comparisons of Industrial Structure & Performance, by A. Cockerill (published November 1974).
- No. 43 The Structure of Industry in the EEC, by Kenneth D. George & T.S. Ward (published July 1975).
- No. 44 Consumer Demand for Cars in the USA, by R.P. Smith (published June 1975).

Forthcoming titles include:

- No. 45 Development, Income Distribution and Social Change in Rural Egypt, by Mahmond Abdel-Fadil (published December 1975).
- No. 46 GEM, a General Econometric Matrix Program, by Lucy Joan Slater.
- No. 47 A Comparison of the Performance of Swedish & UK Companies, by C.F. Pratten.
- No. 48 Domestic Monetary Management in Britain 1919-1938, by Susan Howson (published November 1975).
- No. 49 The State and Economic Development: Peru since 1968, by E.V.K. Fitzgerald (published February 1976).
- No. 50 Labour Productivity Differentials within International Companies, by C.F. Pratten.

CAMBRIDGE STUDIES IN APPLIED ECONOMETRICS

This series, published for the Department by Chapman & Hall, has replaced A Programme for Growth as the outlet for the results of the research undertaken by the Cambridge Research Project. The first volume, Models and Projections of Demand in Post-War Britain, by Angus Deaton, was published in March 1975.

Number 2 in the series, Economic Structure and Policy, is due for publication in 1976.

DAE PAPERS IN INDUSTRIAL RELATIONS AND LABOUR

This new series is published for the Department by Cambridge University Press. Its purpose is to provide a medium for rapid publication of studies on the issues of industrial relations and labour policy which have in recent years become the subject of public concern.

The first titles, published in March 1975, are:

1. Unfair Dismissal, by Dudley Jackson.
2. Do Trade Unions Cause Inflation? by Dudley Jackson, H.A. Turner and Frank Wilkinson (second edition of a study originally published in 1972 as a DAE Occasional Paper).

CAMBRIDGE STUDIES IN SOCIOLOGY

Nothing was published in this series during the year.

CAMBRIDGE PAPERS IN SOCIOLOGY

This series, like the Cambridge Studies in Sociology, is published by Cambridge University Press under the auspices of the Department's Committee of Management. It is designed to provide rapid publication of works which are between journal articles and monographs in length, or important studies based on more limited data than the Studies. The following title appeared in the series during the year:

- No. 5 Fertility and Deprivation, by Janet Askham (published August 1975).

DAE REPRINT SERIES

This series is distributed by the Department free of charge to libraries and academic institutions, and contains reprints of articles published by members of the Department and others closely associated with it in journals and other publications. The following titles were added in 1974-5:

- No. 413 'Village technology for rural development', by George Macpherson

and Dudley Jackson, International Labour Review, February 1975.

No. 414 'Welfare economics', by Michael Ellman, Cambridge Review, November 1974.

No. 415 'Money wage inflation in industrial countries', by John Eatwell, John Llewellyn and Roger Tarling, Review of Economic Studies, October 1974.

No. 416 'The reorganisation of Soviet industry', by Michael Ellman, Osteuropa-Wirtschaft, 1974.

No. 417 'Builders' pay', by L.J. Handy, New Society, January 1975.

No. 418 'The size and growth of firms', by Ajit Singh and Geoffrey Whittington, Review of Economic Studies, January 1975.

No. 419 'The analysis of consumer demand in the United Kingdom, 1900-1970', by Angus S. Deaton, Econometrica, March 1974.

No. 420 'Regional policy and the Scottish economy', by Barry Moore and John Rhodes, Scottish Journal of Political Economy, November 1974.

No. 421 'Compensation for loss of pension rights in cases of unfair dismissal', by Dudley Jackson, Industrial Law Journal, March 1975.

No. 422 'Cycles, lags and causality', by John Llewellyn and Roger Tarling, Australian Economic Papers, December 1974.

No. 423 'Keynes on monetary policy 1910-1946', by D.E. Moggridge and Susan Howson, Oxford Economic Papers, July 1974.

III. OTHER ACTIVITIES

THE LIBRARY

The Department receives 147 periodicals; 23 are received in exchange for the Department's Reprint Series and 52 are gifts, the remainder being purchased. During the period October 1974 to September 1975 the library has acquired 82 books, 493 pamphlets and reprints, and 321 British government publications.

THE COMPUTING UNIT

This unit, under the direction of Dr L.J. Slater, continued to serve almost all the projects running in the Department, as well as providing advice on computing problems to many members of the Faculty of Economics outside the Department, and to many research students. Once again, the Growth Project was the main user of the unit's resources.

The manuscript of the Gem system (General Economic Matrix program) was finished, and sent for publication as DAE Occasional Paper No. 46. A start was made on writing a similar paper on the AR system, for autoregressive processes. M.H. Pesaran from the Bank of Iran and Brian Haigh from the University of Melbourne, Australia, both paid extended visits to the unit. Several large data sets on magnetic tapes were processed for other visitors.

The data processing staff, under Mrs Coe, continued to punch and verify several large data sets for the sociological group under Dr Blackburn. There were no changes in the staff during the year and no new equipment was purchased.

Dr Slater gave a lecture course on computing for economists, and the two assistant programmers, Michael Hughes and Roger Smith, continued to give support and help to many research students as well as to the rest of the staff.

TEACHING FOR THE UNIVERSITY AND FOR COLLEGES

During the year members of the DAE gave lectures for the Faculty of Economics on labour economics (Part I); planning in the Soviet Union (Preliminary to Part II); problems in applied economics, urban economics, public economics and labour problems in developing countries (Part II). They also supervised research students and gave papers at seminars for them.

Most members of the research staff of the Department undertook the supervision of undergraduates during the year, and provided for colleges seven directors of studies in Economics and three in Social and Political Sciences.

SEMINARS

A programme of joint seminars was held during the year. Members of the research staff of the DAE took part with teaching officers of the Faculty and with visitors. The papers given included the following:

Dr T.S. Barker (DAE); 'Neoclassical theories of international trade: irrelevant and inadequate paradigms?'

Dr R.P. Smith (Faculty of Economics); 'The market for cars'.

Dr S. Gomulka (Visitor from the LSE); 'Import-led growth - a strategy for the UK?'

Mr R.E. Rowthorn (Faculty of Economics); 'Inflation, stock appreciation and the measurement of the rate of profit'.

IV. FINANCE

The Department's annual expenditure, which is mainly covered by outside grants, rose from £204,427 in 1973-74 to £232,788 in 1974-75. Eighty-three per cent of the expenditure was on stipends and wages.

The annual grant which the University makes to the Department is not increased to take account of increased activities or higher costs generally. It is increased to allow for higher scales of stipends and wages but only to the extent of eleven-eightieths of the additional cost of a national establishment based on that which existed in 1956. Accordingly the University grant rose from £72,492 in 1973-74 to £80,773 in 1974-75, an increase of £8,281. Expenditure on the other hand rose by £28,361.

The following are the principal new or additional payments by outside bodies which have been accepted during the year, for payment over various periods.

	£
Social Science Research Council	17,600
Overseas Development Association	15,465
Institute for Fiscal Studies	4,000
Total	37,065

IV. STAFF

RESEARCH STAFF

The research staff employed during the year 1974-5 was as follows:

Director: W.A.H. Godley, M.A. (Cantab.), M.A. (Oxon.), Fellow of King's College

Assistant Director: B.M. Deakin, M.A. (Cantab.), M.A. (Oxon.), Fellow of Magdalene College

Special Appointment: Miss L.J. Slater, Sc.D., Ph.D. (Cantab.), D.Litt., Ph.D. (London), Head of Computing, Fellow of Lucy Cavendish College

Senior Research Officers: T.S. Barker, M.A., Ph.D. (Cantab.), M.A. (Edin.), Fellow of Downing College; R.M. Blackburn, M.A. (Cantab.), Ph.D. (Liverpool), Fellow of Clare College; K. Prandy, M.A. (Cantab.), Ph.D. (Liverpool), B.Sc. (Econ.) (London), Fellow of Fitzwilliam College; A. Stewart, M.A. (Cantab.), B.Sc. (Econ.) (London); M.P. Ward, M.A. (Cantab.), B.A. (Exeter), Fellow of Selwyn College; V.H. Woodward, M.A. (Cantab.), B.A. (Nottingham).

Research Officers: M. Abdel-Fadil, B.Com. (Cairo), D.E.S., Ph.D. (Sorbonne); J.A. Beath, M.A. (St. Andrews), M.Phil. (London), M.A. (Penn.); Mrs J.C. Craig, M.A. (Cantab.), B.Sc. (London); T.F. Cripps, B.A. (Cantab.); P.J. Daniel, M.A. (Cantab.), M.A. (L. Anglia); A.S. Deaton, M.A., Ph.D. (Cantab.), Fellow of Fitzwilliam College; M.J. Ellman, M.A., Ph.D. (Cantab.), M.Sc. (Econ.) (London), Fellow of Fitzwilliam College; L.J. Handy, M.A. (Cantab.), B.A. (Leeds); D.A.S. Jackson, M.A. (Cantab.), M.A., B.Phil. (Oxon.), Fellow of St. Catharine's College; M.A. King, M.A. (Cantab.), Fellow of St. John's College; D.A. Livesey, M.A., Ph.D. (Cantab.), B.Sc. (Engineering) (London), Fellow of Emmanuel College; G.E.J. Llewellyn, M.A. (Cantab.), D.Phil. (Oxon), B.A. (Hons.) (Victoria University of Wellington), Fellow of St. John's College; B.C. Moore, M.A. (Cantab.), M.Sc. (Econ.) (London); C.F. Pratten, M.A. (Cantab.), B.A. (Bristol), Fellow of Trinity Hall; J. Rhodes, M.A. (Cantab.), B.A. (Liverpool); P.H. Stanworth, M.A. (Leicester); R.J. Tarling, M.A. (Cantab.); T.S. Ward, M.A. (Cantab.), M.A. (Econ.) (Manchester), B.A. (Wales); S.F. Wilkinson, M.A. (Cantab.).

Junior Research Officers: P.E. Atkinson, B.A. (Cantab.); K.J. Coutts, B.A. (Cantab.); M.J. Fetherston, B.A. (Cantab.); A.W.A. Peterson, M.A. (Cantab.), M.A. (Essex); L.A. Winters, B.Sc. (Bristol).

The following, although not formally holding University posts in the Department, were closely associated with the Department's research activities during the period under review:

M.P. Cowen, B.Sc. (London)
C.H. Feinstein, B.Com. (Rand), Ph.D. (Cantab.), C.A. (S.A.), Fellow of Clare College, University Lecturer in Economics
A. Giddens, M.A. (Cantab.), Fellow of King's College, University Lecturer in Sociology
B. Haigh, University of Melbourne

A.N.E. Jolley, Ph.D., Lecturer in Economics, University of Melbourne
The Lord Kaldor, M.A. (Cantab.), B.Sc. (Econ.) (London), F.B.A., Fellow of King's College, Professor of Economics
M.L. Mackie, M.A. (Econ.) (Liverpool)
J.M. Mann, B.A., D.Phil. (Oxon.), Senior Lecturer in Sociology, University of Essex
R.R. Neild, M.A. (Cantab.), Fellow of Trinity College, Professor of Economics
D.M.G. Newbery, M.A. (Cantab.), F.B.A., Fellow of Churchill College, University Lecturer in Economics
W.D. Nordhaus, Professor of Economics, Yale University, U.S.A.
M.H. Pesaran, Ph.D. (Cantab.), B.A. (Salford)
W.B. Reddaway, C.B.E., M.A. (Cantab.), F.B.A., Fellow of Clare College, Professor of Political Economy
J.R.N. Stone, C.B.E., Sc.D., M.A. (Cantab.), F.B.A., Fellow of King's College, P.D. Leake Professor of Finance and Accounting
H.A. Turner, Ph.D. (Manchester), M.A. (Cantab.), B.Sc. (Econ.) (London), Fellow of Churchill College, Montague Burton Professor of Industrial Relations
K.J. Wigley, M.A., Ph.D. (Cantab.), Fellow of Corpus Christi College, University Lecturer in Engineering
A.J.B. Wood, Ph.D., Assistant Lecturer in Economics, Fellow of King's College
J.P. Moyle, B.Sc. (Manchester)

ASSISTANT STAFF

The following is a list of the assistant staff employed during the year 1974-75:

Mrs M.J. Barnett; Mrs P. Bentley; E.D. Bougourd; Miss O.M. Bye; Miss M.V. Clark; Mrs R.Coe; Miss S.L. Dawson; Miss D.M. Day; Miss T.C. Gurner; Miss V. Herman; Miss C.A. Hudson; Miss B.E. Hughes; M.J. Hughes; Mrs M.R. Hughes; Mrs J.M. Leverett; Mrs A.L. Mills; Mrs O.E. Peppercorn; Miss S.D. Seal; Mrs S. Sibson-Turnbull; Mrs L.E. Silk; R.M. Smith; Mrs T.J. Sparkes; Miss A.C. Twyman; Mrs G.E. Wallman.