

Prime Minister (2)

MR. SCHOLAR

A new interpretation of the
import figures we have been using.

IMPORTS

MUS 27/7

One feature that has not been noticed in the comment about the increase in the volume of imports is that the quantity of capital goods imported has increased more than twice as fast as the volume of finished consumer goods. In the January/May 1982 period imports of capital goods were 40% higher than in the first quarter of 1981. The corresponding figure for finished consumer goods was less than 20%. It is also noteworthy that intermediate manufactures, such as steel castings, and sub assemblies, have increased at about the same rate as capital imports.

This means that the import scenario is much less worrying than appears at first sight. Most of the capital imports will comprise British firms purchasing the best technology they can get hold of. And since we are a small part of the world market in manufactures, one would expect most of it would have to be imported. It confirms then that British industry is being re-equipped and with the most up-to-date imported technology.

ALAN WALTERS

27 July 1982