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**THE DECIMALIZATION OF  
MALTESE CURRENCY**

by

**SALVINO BUSUTTIL**

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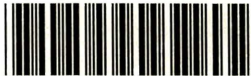
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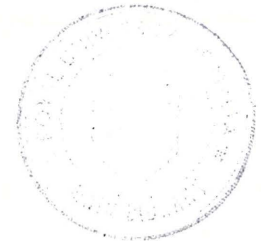
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SALVINO BUSUTTIL

MALTA  
1968



## ACKNOWLEDGEMENTS

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In my work I have been helped by the advice and assistance of Mr. L. Baron and Mr. M. Brincat Lisano to both of whom I extend my gratitude.

SALVINO BUSUTTIL.

## THE DECIMALIZATION OF MALTESE CURRENCY

### A Study of the Implications

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## INTRODUCTION

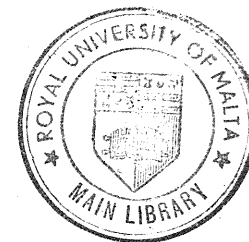
It has been announced that Malta is contemplating changing over to the decimal system even insofar as her currency is concerned. When most parts of the world use decimal currency, it is to be expected that, in an age of increasing uniformity, there should be serious study of the implications inherent in a change to such a system.

With Britain's decision, in the light of the findings of the Halsbury Committee<sup>1</sup>, to adopt decimal currency, there is an urgent need for Malta to reach an early decision in this matter. For obviously Malta cannot remain isolated while the rest of Europe and, indeed, North Africa used decimal currency. Malta must therefore so determine her choice of a currency system as to affect as minimally as possible the general economic life of the country.

This Report is therefore divided into two main parts. In the first place, it studies and assesses the options available to Malta if a change of currency is contemplated. In the second place, it will seek to identify the short-term and long-term effects. This will be done primarily in terms of an eventual adoption by Malta, as this Report recommends, of the U.K. decimal currency system.

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1. 'Report of the Committee of Inquiry on Decimal Currency' Cmmd. 2145.



## CHAPTER ONE

### THE OPTIONS

A decision concerning the possible decimalization of currency immediately introduces the problem of having to choose one decimal system from amongst the several which have been proposed.

We have considered most of the systems included in the Malta Government questionnaire and are of the opinion that the £-cent- $\frac{1}{2}$  system is the most suitable for Malta.

We present at the outset the main objectives which it is believed a new system should embody, followed by a brief description of each of the more important systems proposed. The main advantages and shortcomings of each are also presented.

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#### Objectives:

A new currency system should have the following features.

- (i) It should be significantly superior to the present system.
- (ii) It should be simple i.e. convenient for most types of transactions undertaken by the various sections of the community both present and future.
- (iii) Its introduction should not have adverse effects on the economy. Under the latter we consider the likely effects of changing from the pound as a major unit, the likely effect on prices etc.

## CONSIDERATIONS ON TYPE OF SYSTEM

### (A) CENT OR MIL SYSTEM

A two decimal quantity is simpler than a three decimal one.<sup>1</sup> Consequently unless a three decimal, i.e. mil system, can be shown to be superior in other more important respects, it need not be considered further.

The main advantage of a mil system is that it allows great flexibility. The fact that most of our North African neighbours<sup>2</sup> with whom we are developing trade relations also have mil systems is a favourable point. This is countered, however, by the fact that most other European countries and America (which are the source of most of our tourists) have cent systems. On balance, this appears to us to be more important than the previous point.

Most business machines marketed at present are for two-place systems. It is evident that in the coming decades, business machines will play a greater part in our commercial activities. It would be awkward and unduly expensive were we to require companies to produce special machines for our needs.

These considerations lead us to believe that a cent system is preferable to the mil system.

#### Size of Major and Minor Units

Having considered the relative size of the major and minor units, we have to establish their actual value.

In terms of our second objective in this study, it is desirable that one of our present units of account, i.e. the pound, the shilling or the penny be retained and incorporated into the new system. In the event we opt for the pound; the case for préserv-

1. We realize that a one decimal system is simpler still. However, such a system would be too lacking in flexibility.

2. Libya, Tunisia, Egypt.

ing it as a major unit of account is given elsewhere in this report. (See Chapter Two)

### Fractions

Next we must consider whether vulgar fractions should be allowed into the new system. Generally speaking, these are undesirable as they introduce several difficulties. Any gain in simplicity inherent in decimalization might be lost if too many fractions were introduced. Further, for accounting purposes special provisions would have to be made in machines and this would result in increased changeover costs etc. Nevertheless under the £-cent system, it seems that at least one fraction — the  $\frac{1}{2}$  cent — would have to be introduced if large price increases are to be avoided — at least until inflation and other forces reduce the usage of such values in the same manner as has happened to the farthing.

It is useful, at this stage, to set down some possible systems for Malta. Seven options are listed<sup>1</sup>.

£5	— mil	i.e.	£5	divided into 1000 parts of 1.2d.
£1	— mil	i.e.	£1	„ „ 1000 „ „ 0.24d.
£1	— cent	i.e.	£1	„ „ 100 „ „ 2.4d.
10/-	— cent	i.e.	10/-	„ „ 100 „ „ 1.2d.
8/4	— cent	i.e.	8/4	„ „ 100 „ „ 1d.
4/2	— cent	i.e.	4/2	„ „ 100 „ „ $\frac{1}{2}$ d.
1/8	— cent	i.e.	1/8	„ „ 100 „ „ $\frac{1}{5}$ d.

(The value of the minor unit need not actually be minted).

We will now examine briefly each system separately outlining the advantages and disadvantages.

1. A more detailed picture of the technical implications of these seven options is given in Table G.

### SYSTEM 1

**£5 = 1000 MILS**

**1 mil = 1.2d.**

The main advantage of this system is that the minor unit is not too small. Furthermore, this system is easily convertible from £. s. and d.

Against it, one can say that it requires three decimal places. Moreover, the major unit is considered to be "too heavy"; this, among other limitations, may tend to exert a greater inflationary pressure than other systems.

*Example:* 6s. 7½d. = 0.067 (Nearest above)  
£2. 3s. 6d. = 0.435 (Exact)

\* \* \* \* \*

### SYSTEM 2

**£1 = 1000 MILS**

**Value of 2 mil coin = .48d.**

**Value of 5 mil coin = 2.40d.**

The main advantage here is that the pound is retained as the major unit of account. Moreover, no fractions would be required.

From an economic standpoint, it may be contended that in this system price increases would be minimized.

Its adoption would, however, involve the loss of the exact equivalents of the small denominations. Moreover, one mil is a smaller value than what we really need. As a result, a large number of units would be involved for simple day to day transactions.

*Example:* 6s. 7½d. = £0.332 (Nearest Above)  
£2. 3s. 6d. = £2.175 (Exact)

### SYSTEM 3

**£1 = 100 CENTS**

**1 cent = 2.4d.**

The main advantage here again is that the pound is retained as a major unit of account.

Moreover, since it requires only two places, it would be a simple device to use.

Again, however, it would imply the loss of the exact equivalents of present small denominations.

It would also require the introduction of a ½ cent coin. (This would be less of a disadvantage as time passes and inflationary and other causes erode its usefulness).

*Example:* 6s. 7½d. = £0.33½ (Nearest above)  
£2. 3s. 6d. = £2.17½ (Exact)

\* \* \* \* \*

### SYSTEM 4

**10/- = 100 CENTS**

**1 cent = 1.2d.**

An important advantage here is that the shilling is maintained as a straight decimal, i.e. the actual shilling digits involved are unchanged.

Moreover, no fractions would be necessary. An additional merit of this system is that the major unit is reasonably 'heavy'.

It would involve, however, the loss of the pound as a major unit.

There would also be some risk of price increases as with the £-cent-½ system.

*Example:* 6s. 7½d. = 0.67 cent (Nearest above)  
£2. 3s. 6d. = £4.35 (Exact)

## SYSTEM 5

**8/4 = CENT**

**1 cent = 1d.**

The usefulness of this system lies in that it renders possible the exact equivalents of present values.

This should minimise the chances of price increases. Furthermore the present ½d., 1d., and 3d. coins would remain in use.

In addition, the decimal part represents the number of pennies in the £. s. d. amount.

This system would, however, imply considerable difficulty in converting from amounts greater than 8/4 to our system.

Again the pound is lost as a major unit of account.

A fraction for ½ cent (= ½d) might be required.

*Example:* 6s. 7½d. = 0.79½ (Exact)  
£2. 3s. 6d. = 5.22 (Exact)

\* \* \* \* \*

## SYSTEM 6

**4/2 = CENT**

**1 cent = ½d.**

Here again the main advantage is the rendering possible of exact equivalents of present values.

As a result, the present ½d., 1d., and 3d. coins remain in use.

Among the disadvantages, one could list the loss of the pound as a major unit of account. There would also be difficulty in converting sums from the present system.

Moreover, the minor unit (the halfpenny) will soon be too small. Thus the system will not be lasting.

*Example:* 6s. 7½d. = 1.5 (Exact)  
£2. 3s. 6d. = 10.44 (Exact)

## SYSTEM 7

**1/8 = CENT**

**1 cent = 1/5d.**

An important merit of this system is, again, the possibility of having exact equivalents of present values.

Another useful aspect of this system is that a sizeable section of the community, particularly in the rural areas, is used to thinking in terms of the

SKUD i.e. 1s. 8d.

Among the disadvantages, we list the loss of the pound as a major unit of account.

The major unit, moreover, is too 'light'.

On the other hand, the minor unit is far too small for our present requirements. This would be aggravated with the passage of time.

There would also be considerable difficulty in converting from the present system — unless one is already used to thinking in terms of the skud even for large values.

*Example:* 6s. 7½d. = 3.97½ (Exact)  
£2. 3s. 6d. = 26.10 (Exact)

\* \* \* \* \*

In our view the final choice devolves on the importance one attaches to each of the following:

- (a) Do we still require a half-penny and if so for how long?
- (b) What increase in cost of living can be permitted?
- (c) Is associability with the present system really essential?

We shall consider each issue separately.

### (a) The Halfpenny

We think that there is no compelling reason for retaining or introducing a coin directly equivalent to the present halfpenny.

The likely effects of prices are not considered to be of such proportions as to warrant this introduction.

Its major use at present lies mainly in items of food sold in small quantities. Some bus fares still include the halfpenny; most internal and external postage rates do not involve the halfpenny.

It seems reasonable that within the next two decades the halfpenny will lose most of its present remaining significance.

#### (b) Rise in Cost of Living

The increase in the cost of living which is likely to be caused by a £-cent- $\frac{1}{2}$  system is discussed at length in the following chapter. This is estimated to be around 0.8%. As a general rule, it can be assumed that systems whose minor unit is smaller than the  $\frac{1}{2}$  cent on the £-cent- $\frac{1}{2}$  system would cause even smaller fluctuations in the cost of living.

#### (c) Associability

A system in which conversion from £. s. d. is simple is preferable to others for which this is not so, all other factors being equal. The 10/- cent system is very simple in this respect. It is a pure decimal system, requiring no fractions and the shillings appearing in a £. s. d. sum remain unaltered.

Whether this superiority in associability should be the deciding factor is a debatable point. Our view is that retaining the £ as a major unit is more important.

It is felt that there are considerable pragmatic reasons for retaining the pound once Britain has opted for this system. Malta has a large volume of transactions and relationships with Britain which could be impeded if Malta were to abandon the pound.

Malta is at the moment undergoing such a far-reaching change in her economic system that as far as possible extraneous factors which could affect the economy adversely should be kept

to a bare minimum. It is submitted that for Malta to opt, at this crucial moment in her economic life, for a system entirely different from the British one would imply net disadvantages through the confusion thereby arising.

Our educational system, for example, is such that most of our textbooks and our examinations are British or British-oriented. We believe it would be detrimental to the development of education, at this juncture of Malta's national life, to overhaul completely our textbooks and our examinations insofar as these involve discussions or studies on or relating to currency systems in their widest connotation.

Moreover, as is pointed out in the Appendix, statistical and other records could still be easily used for comparative purposes. Contracts, laws and bye-laws would require no fundamental alterations.

Though the cause of associability will not be altogether served by this option, yet we think it preferable to any of the adverse effects on the economy which the removal of the £ as a major unit would involve.

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Having concluded that mil systems, are undesirable, we are left with cent systems.

Of these systems the two major contenders are.

- (i) the £-cent- $\frac{1}{2}$
- and (ii) the 10/- cent

We shall now consider these two systems against the desirable features mentioned earlier.

The £-cent- $\frac{1}{2}$  and 10/- cent systems are both two place systems with "heavy" major units.

The £-cent- $\frac{1}{2}$  system would require the use of a half fraction as otherwise a minimum coin of 2.4d. present value would not



cover the price spectrum adequately. In this respect the £-cent- $\frac{1}{2}$  is not a pure decimal system.

The 10/- cent system is better on this score, but would obviously involve larger numbers.

The requirement that the system should cover future needs seems to be best fulfilled by the £-cent- $\frac{1}{2}$  system.

It seems reasonable to assume that the use of the  $\frac{1}{2}$  cent will decline with time due to (i.e. 1.2d.) price inflation and the rise in standards of living. Under this system the minor unit of account would play a stronger part with time.

The difference which the £-cent- $\frac{1}{2}$  system and the 10s. might have is difficult to assess. It is highly improbable, however, that this difference would be significant since the smallest unit in both systems is the equivalent of 1.2d.

The major difference between the two systems lies in the problem of 'associability' as against the case for following Britain due to pragmatic reasons. As already pointed out, the choice would depend on the relative importance one attached to these two features.

## CHAPTER TWO

### THE EFFECTS OF DECIMALIZATION ON THE NATIONAL ECONOMY.

Any currency performs its functions properly including those of a high and stable level of employment, income and a sound balance of payments only as long as it enjoys the confidence of the public at home and abroad. In addition to these concepts, there is a legal or statutory side of a country's currency and it is desirable that the economic and legal concepts should not be in conflict with each other. It is therefore necessary to have the type of currency which tries to cover as many economic objectives as possible.

Indeed the acceptability of a currency at home or overseas depends primarily and ultimately on the economic policies pursued by a particular country. Economic policy as such is of course outside the scope of this study. But how far the attainment of economic objectives is facilitated by a particular medium of exchange deserves very close study.

In the preceding chapter, we have discussed the technical advantages and disadvantages of different systems of decimalization of currencies. In this chapter, to facilitate the amount of argument for or against the adoption of decimal currency, we assume that Malta will opt for a system similar to the one that has been accepted by Britain.

It is valid to proceed in this way because if Malta were to adopt the United Kingdom system, such an adoption could theoretically take place without having Malta's currency and Malta's monetary policy tied to sterling. Malta could have a currency based on the pound-cent system while she pursued an independent monetary policy with all its implications. Con-

versely, Malta could have a different decimal currency system but no independent monetary policy<sup>1</sup>.

In a later section, we shall describe the expected rise in prices in Malta if this country were to adopt the U.K. decimal system. Indeed any change in the form of currency may trigger off higher prices; and higher prices due to decimalization may produce other price increases on other scores e.g. higher import prices, higher wages, higher aggregate demand (income). It is easier, however, to transmit higher costs into higher prices or to take advantage of rising incomes, when no other factor, e.g. that of decimalization, is present; on the other hand, the calculated and expected rise in prices due to decimalization would put the Authorities and the consumers more on their guard against additional price increases, which reduces or limits the freedom of retailers etc. to charge higher prices.

It must be pointed out that we have already had rising prices without overall benefits: the calculated rise in prices due to decimalization is a cost we have to pay for introducing decimalization and for retaining the ideal features of a new currency system — those of easy association with the present one, those of minimising difficulties, of public confusion and of cost.

**The features of Association.** The statistical summary of the Maltese Islands for December 1967 shows that the currency in circulation is made up of £33,921,000 in notes and of £390,000 in coins. Table A at the end of this report shows a much higher increase in the note component of our circulation; the number of five pound notes have increased fourfold since 1962 when they were introduced. It is easier to associate the present £1 and £5 notes with a new Maltese pound of equivalent denomination and, therefore, to associate the bulk of our present currency with a new volume of currency of equivalent denomination. It is probable that a part of all this currency is not owned

1. The distinction, in our view, is important. Our independent currency system could be ensured from a technical point of view by inscribing the word "Maltese" on our coins.

by Maltese residents but the latest data are not available to show more precisely the ease of association between the present bulk of the currency, and a new volume of currency of equivalent denomination, owned by Maltese residents.

Even in the case of small transactions of grocers, the most predominant prices are those of 1/- and 6d. The shilling is thus a sort of a norm of small transactions just as the £1 and the £5 are for large transactions. Removal of the shilling from a new currency will require the creation of a new norm in people's minds for small transactions. Translation of a new norm in terms of an old one requires some effort, at least in the short term. The skud, for example, was a name used very long ago and may still be in isolated agricultural areas. But it is higher than the shilling and it would tend to raise prices if it were to be substituted for the shilling.

**Minimising Difficulties and Public Confusion.** The creation of a new norm for small transactions, as already stated, will create difficulties; a new norm for large transactions will create confusion. Let us take two examples, assuming that the new norm is the **skud**.

(a) An item which costs 5s. will have to be denominated in 3 Skudi, but one which costs 5s. 6d. will be denominated with 3 skudi and 30 cents (1d. = 5 cents). To realize better the difficulties, let us express the cost of an article costing 4 skudi and 20 cents into present denominations.

$$\begin{aligned} \text{That is } 4 \times 20 + \frac{20 \text{ cents}}{5 \text{ cents}} \text{ pence} \\ = 80 \text{ pence} + 4 \text{ pence} = 84 \text{ pence} = 7/- \end{aligned}$$

Larger multiples of skudi and of cents will present much more difficulties. Very few people can work out the conversion **mentally, correctly** and in a **short time**, all of which efforts are avoided by retaining the present shilling.

(b) The case against other norms for large transactions is

even more impressive. The price of a pair of shoes costing 18 skudi or a suit costing 120 skudi would obviously take some time to be associated with present currency values.

**The Cost.** The additional cost in adopting the U.K. system is lower than the additional cost in adopting a different system. We can use all new machines using the British decimal currency system and thus benefit from the economies of scale.

Conversely, to have machines tailor-made for our own exclusive requirements would probably entail a prohibitive cost. Attention would also have to be paid to the capacity of such machines; for clearly, if this capacity could not exceed, say, a value equivalent to ten pounds their usefulness would be drastically diminished. The machines we have in mind are cash registers, franking machines and adding machines. Imports of these machines since 1960 are given in Table B. As we become more machine-minded (e.g. in retail shops), imports of such machines will increase. In addition, some of the machines imported since about 1964 have a device which can easily convert them to the decimal currency system which will be adopted in Britain.

**Prices** "There is no way of achieving certainty or accuracy in forecasting the effect of any particular system on prices", as the Halsbury Committee say in their report<sup>1</sup>. In spite of this limitation, we are presenting an estimate of the expected rise in prices, following the adoption of a system with 1.2 pence as the smallest denomination.

We undertook the study along the following lines.

(a) We edged upwards the present price denominations from 1d. to 12d. A price of 1d. is thus raised to 1.2 or half the New Penny, and one of 4½d. is raised to 4.8 or 2 New Pence.

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1. 'Report of the Committee of Inquiry on Decimal Currency', Para. 139.

We left unchanged prices currently marked at 2.5d., 6.0d. and 12.0d. The exercise is presented in Table C.

(b) Consumer prices in January 1968 were the main basis of our estimates. Another exercise based on July prices will be required as a cheque on the present one.

(c) Prices of large transactions e.g. furniture, bedroom suits, consumer durables were not included in our considerations, firstly because they will not be affected directly by decimalization (and of course, there are other smaller prices which will not be affected by decimalization), and secondly because their inclusion in our estimate would have dwarfed the percentage increase in prices due to decimalization.

(d) Each price considered was weighted according to the weights adopted in the Interim Index of Retail Prices.

**Results.** The overall effect of decimalization is about 1.0% point increase in the prices mainly obtaining in January 1968. It varies from 2.4% points increase in the case of Food items to about 10s. 0d. in a basketful of food items costing £21. 15s. 6d. to smaller or no increases in other items. The sharp increase in Food items is due both to the appreciable volume of expenditure on Food and the weights given to Food items in the Price Index. Transactions denominated in sixpences, shillings and pounds should not increase as a result of decimalization.

The largest increases will be suffered by the low income groups whose purchases include a great number of small transactions, the price of which proportionately increases most.

Details are given in Table D.

Since Food items would have increased most, an alternative approach has been adopted to verify the results obtained. The existing lowest and highest prices of Food items were weighted by the external weights in the Interim Index of Retail Prices. The new and higher price of each food item was similarly weighted.

A basketful of goods which includes each item of food considered in the first exercise cost 391 pence at the lowest price and 644 pence at the highest price in January 1968. The same basket will cost 406 pence and 649 pence respectively, after decimalization or 3.8% and 0.9% more. A straight average will give a **2.35% increase.**

In conclusion, it may be said that the effects of a change-over to a decimal currency system as contemplated here would not be unduly harmful to the economy of Malta.

## APPENDIX

### THE £-and- $\frac{1}{2}$ AND THE 10s. CENT SYSTEMS COMPARED

It seems to us that the £-cent- $\frac{1}{2}$  system is superior to the 10s.-cent on several relatively minor counts. We discuss these here.

The 10s.-cent system would require the introduction of a new name for its major unit. This is simple in theory but it is probable that it would be difficult to choose a name which would find general acceptance. Some sections of the population would opt for some traditional name while others would insist on something more contemporary.

Whatever name be adopted, we shall probably find ourselves still thinking in terms of the pound for several years. (This is not unlikely — several people still think and carry out transactions in terms of the skud).

It is true that the 10s.-cent system is a pure decimal system whereas the £-cent- $\frac{1}{2}$  is not, due to the presence of the  $\frac{1}{2}$  cent (which is equivalent to 1.2d.). However, such a situation would virtually be reversed after a decade or two as the lowest value, i.e. 1.2d., would lose its value and fall into disuse. With the 10s.-cent system, this would result in the lowest unit of account, i.e. the cent, being discarded. This is very much the same situation as that in the U.S. where the 1 cent has negligible value. With the £-cent- $\frac{1}{2}$  system a decrease in the value of the  $\frac{1}{2}$  cent would make the system a pure decimal one. The  $\frac{1}{2}$  cent would ultimately be withdrawn.

The time factor also favours a 'heavy' major unit. Larger and larger numbers would have to be used the smaller the major unit. (The situation in Italy where the original 1 cent is non-existent and the Lira hardly has any purchasing power is an extreme case.) It seems that whilst the £-cent- $\frac{1}{2}$  system would evolve into a better and more suitable system, the 10s. cent would decay over time.

The latter system would involve large numbers anyway. An object costing £571 would be marked as 1142 units. Large quantities are clearly more complicated to deal with than smaller ones. In doubling each quantity, we would in effect be halving the capacity of business machines.

In introducing a new major unit of account the 10s. cent system would require a complete break with our present system. With our economy in its present state of flux such a step would seem inadvisable. The £-cent- $\frac{1}{2}$  system, in preserving the major unit, would not disrupt transactions involving quantities larger than one pound. Transactions involving large sums of money would in fact not be affected by the changeover. Statistical and other records would hardly be effected in the main.

All these relatively minor points add up substantially in favour of the £-cent- $\frac{1}{2}$  system. We fail to see how the alleged superiority of the 10s.-cent system in associability could overcome all the other factors put together. The use of the 10s. as a major unit of account cannot be shown to be significantly superior to the £. Consequently we do see that such a changeover is warranted.

TABLE A

MALTA'S CURRENCY IN CIRCULATION  
1950 — 1966

End of March	Notes						Coins			Total
	1/-	2/-	2/6	5/-	10/-	£1	£5			
1950	24,821	18,790	25,740	20,610	589,100	14,248,300	—	156,000	15,083,361	
1951	24,422	17,770	21,930	16,210	490,250	14,927,300	—	176,400	15,674,282	
1952	24,162	17,340	20,430	14,240	476,300	15,605,400	—	176,400	16,334,282	
1953	24,032	17,130	19,780	13,090	438,150	16,190,700	—	146,400	16,849,282	
1954	23,932	16,970	19,355	12,125	417,400	16,268,100	—	147,000	16,904,882	
1955	23,832	16,845	19,000	11,605	431,600	16,588,000	—	150,000	17,240,882	
1956	23,772	16,755	18,690	11,215	426,750	18,018,700	—	170,000	18,685,882	
1957	23,702	16,590	18,340	10,700	434,250	18,679,300	—	200,000	19,382,882	
1958	23,660	16,510	18,230	10,450	437,950	19,165,200	—	200,000	19,872,000	
1959	23,630	16,450	18,120	10,250	440,650	19,807,900	—	200,000	20,517,000	
1960	23,600	16,380	17,950	9,970	427,500	20,086,600	—	210,000	20,792,000	
1961	23,590	16,350	17,860	9,850	423,350	21,801,000	—	250,000	22,542,000	
1962	23,570	16,340	17,840	9,750	421,100	19,662,400	3,390,000	300,000	23,841,000	
1963	23,540	16,280	17,620	9,510	417,550	18,107,000	5,831,500	300,000	24,723,000	
1964	28,530	16,240	17,570	9,410	445,150	16,778,100	8,050,000	300,000	25,640,000	
1965	23,500	16,200	17,530	9,370	440,600	15,367,300	10,544,500	300,000	26,719,000	
1966	23,490	16,110	17,220	9,230	457,850	14,572,000	13,460,000	320,000	28,876,000	



TABLE D

**THE EFFECT OF DECIMALIZATION (ON THE U.K. SYSTEM)  
ON LOCAL PRICES IN PENCE**

	Old	New	Increase	% Increase
Food	5,226.3	5,350.3	124.0	2.4
Bev./Tobacco	1,271.7	1,287.0	14.3	1.1
Housing (Maintain.)	712.8	712.9	0.1	0.0
Fuel/Light	724.3	727.6	3.3	0.45
Soft Furnishings	2,845.3	2,845.3	0.0	—
Hardware	1,100.7	1,100.8	0.1	0.0
Clothing	5,236.3	5,236.3	—	—
Transport	166.4	173.6	7.2	4.3(*)
Miscellaneous	349.4	354.8	5.4	1.5
	17,634.2	17,788.6	154.4	0.8

(\*) If all bus fares are considered the percentage increase would be 5.6% for transport and the overall increase would be 1.1%.

TABLE E

**GROSS DOMESTIC PRODUCT — 1966  
£m.**

	Wages/Salaries		Self-Employment	Total	
	1966	1966 + 1%	Income	1966	1966 + 1%
Agriculture/Fishing	0.2	0.202	3.4	3.6	3.602
Construction/Quarrying	1.7	1.717	0.5	2.2	2.217
Manufacturing	6.9	6.969	4.5	11.4	11.469
Transport/Commun.	1.6	1.616	0.7	2.3	2.316
Wholesale, Retail	1.2	1.212	9.0	10.2	10.212
Insurance, Bug, Real Estate	0.4	0.404	1.6	2.0	2.004
Government Enterprises	1.4	1.414	0.6	2.0	2.014
Public Administration	7.6	7.676	—	7.6	7.676
Military Services	5.2	5.252	—	5.2	5.252
Property Income	—	—	2.7	2.7	2.700
Private Services	1.5	1.515	1.1	2.6	2.615
	27.7	27.977	24.1	51.8	52.077

**TABLE F**  
**MANUFACTURING WAGES — 1966 in £m.**

	1966	1966 + 1%
Food	0.3	0.303
Beverages	0.4	0.404
Tobacco	0.1	0.102
Textiles etc.	0.7	0.707
Wood, Cork etc.	0.2	0.202
Printing — Publishing	0.3	0.303
Chemicals	0.2	0.202
Non-Metallic	0.2	0.202
Metals	0.1	0.101
Machinery	0.1	0.101
Transport Equipment	4.1	4.141
Others	0.2	0.202
	6.9	6.969
a total of £69,000		

**COMPARISON OF POSSIBLE DECIMAL SYSTEMS**

**TABLE G**  
13 14

System and Size of Major Unit	Value of Minor Unit	Value of Ten Minor of Units	Value of Hundred Minor of Units (Major Unit in a Cent System)	Equivalents of present coins and banknotes									
				½d.	1d.	3d.	6d.	1s.	2s.	2s. 6d.	10s.	£1	£5
GROUP A 8s. 4d. - cent (+½) or 100 penny	1d.	10d.	8s. 4d.	(½c.)*	1c.*	3c.	6c.	12c.	24c.	30c.	1u. 20c.	2u. 40c.	12u.
4s. 2d. - cent or 100 halfpenny	½d.	5d.	4s. 2d.	1c.*	2c.*	6c.	12c.	24c.	48c.	60c.	2u. 40c.	4u. 80c.	24u.
GROUP B £ - cent + ½	2.4d.	2d.	£1	—	—	—	2½c.	5c.*	10c.*	12½c.	50c.*	£1	£5*
£ - mil ...	0.24d.	2.4d.	2s.	—	—	—	25m.*	50m.*	100m.*	125m.	500m.*	£1*	£5*
GROUP C 10s. - cent (+½)	1.2d.	1s.	10s.	—	—	(2½c.)	5c.*	10c.*	20c.*	25c.*	1u.*	2u.*	10u.*
£5 - mil (+½)	1.2d.	1s.	10s.	—	—	(2½m.)	5m.*	10m.*	20m.*	25m.*	100m.*	200m.*	1u.*
1s. 8d. cent	.2d.	2d.	1s. 8d.	—	5c.*	15c.	30c.	60c.	1u. 20c.	1u. 60c.	6u. 0c.	12u. 0c.	60u. 0c.

**EXPLANATION**

\* See note 3 below

1. Col. 2 gives the value in £ s. d. of the "cent" or "mil". When the value of this minor unit is high, a fractional coin of lesser value may also be made (i.e. a ½ cent or ½ mil).

2. Cols. 5 to 14 list the equivalents of present £. s. d. coins and notes only where this equivalent decimal amount can be made up exactly in decimal coins. Sometimes this depends on whether a ½ cent or ½ mil is to be part of the system. Wherever there is doubt about the need for such a ½ (i.e. when it would represent about the present halfpenny in value) we show equivalents in brackets. We assume (a) that a ½ cent coin would be needed in a £-cent or 16s. 8d.-cent system where it would be worth a penny or more, and (b) that it would not be needed in any system where it would be worth less than about halfpenny.

3. Coins without exact equivalents (in the sense described in note 2 above) would, in general, have to be withdrawn soon after decimalization and replaced by coins of different values. Some coins and notes with exact equivalents would also ultimately have to be replaced by different values because they would represent odd amounts in a decimal system, e.g. 12½ cents or 8 cents. Coins and notes marked with an asterisk (\*) represent true decimal denominations and could probably remain in circulation until gradually displaced by coins and notes of identical dimensions but slightly different designs. (Sometimes even a change in design would be unnecessary — e.g. with £1 and £5 notes in Group B systems).

4. This chart gives most, but not all, systems which we have studied.



TABLE H

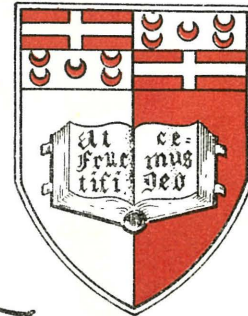
**COMPARISON BETWEEN INCREASES IN  
LOWEST AND HIGHEST PRICES OF FOOD ITEMS**

	Least Price		Highest Price	
	Old	New	Old	New
Bread Rolls	0.159	0.191	0.159	0.191
Fancy Bread Loaves	0.159	0.191	0.954	0.954
Ration Bread	18.260	21.912	18.260	21.912
Flour Plain	1.048	1.100	1.572	1.572
Self Raising	0.390	0.421	0.429	0.468
Custard Powder	0.108	0.108	0.216	0.216
Biscuits	0.735	0.882	2.940	2.940
Galletti	0.240	0.240	0.240	0.240
Butter	0.224	0.230	0.608	0.614
Margarine	1.331	1.584	5.280	5.280
Margarine Pkts.	0.270	0.288	0.330	0.360
Cooking Fat	4.114	4.896	14.960	15.504
Sugar Ration	0.584	0.701	0.584	0.701
Sugar Non-Ration	4.672	4.906	4.672	4.906
Cheese	1.932	1.932	24.398	25.285
Paste Ration	7.729	9.048	0.664	0.697
Peas	3.570	3.570	7.140	7.140
Tomato Paste	2.892	3.470	2.892	3.470
Beans	0.388	0.461	0.518	0.614
Dried Beans	0.680	0.816	1.190	1.224
Dried Peas	0.512	0.614	0.646	0.768
Currants	0.227	0.270	0.405	0.432
Tinned Fish	2.030	2.084	6.390	6.612
Bacon	4.800	4.800	12.800	13.120
Ham	2.820	2.820	7.755	7.896
Soups	4.583	5.460	7.800	7.800
Salt	0.071	0.084	0.084	0.084
Corn Flakes	1.616	1.697	3.192	3.274
Rice	0.104	0.109	0.130	0.133
Biscuits	3.920	4.116	5.880	5.880
Butter Pkts.	4.760	4.855	5.248	5.426
Milk (Tinned)	34.758	34.758	34.758	34.758
	106.8	113.1	177.9	180.5

TABLE H — (Continued)

	Least Price		Highest Price	
	Old	New	Old	New
Tea Weight Pkts.	8.985	9.344	10.362	10.739
Rkotta	3.560	3.652	4.296	4.296
Eggs	71.240	72.334	72.240	72.336
Corned Beef	2.000	2.040	3.500	3.600
Sauce	0.927	0.950	1.584	1.584
Wine	8.460	9.620	13.650	14.040
Edible Oil	28.340	28.776	30.520	31.392
Nescafé	0.225	0.238	0.306	0.313
Canned Fruits	2.808	2.870	2.808	2.870
Frozen Fish	6.431	6.811	7.741	7.740
Sausages	3.000	3.000	4.700	4.700
Milk Pasteurized	7.544	7.921	7.544	7.921
Beef	22.660	23.113	67.980	67.980
Pork	17.420	17.768	43.104	43.104
Mutton	1.350	1.404	3.780	3.780
Frozen Meat	3.024	3.110	5.760	5.875
Sausages	1.500	1.560	4.200	4.200
Apples	0.832	0.874	1.872	1.872
Lemons	0.811	0.854	0.214	0.214
Oranges	0.108	0.108	0.252	0.252
Bananas	2.148	2.148	5.012	5.155
Peaches	1.876	1.930	4.020	4.020
Plums	0.624	0.624	1.664	1.747
Grapes	1.232	1.378	2.952	2.952
Melons	1.611	1.718	2.010	2.090
Potatoes	50.940	50.940	101.880	101.880
Onions	3.570	3.672	10.200	10.200
Tomatoes	5.950	6.120	7.650	7.650
Cabbages	1.360	1.428	1.700	1.836
Cauliflowers	1.020	1.224	1.360	1.632
Lettuce	2.380	2.448	2.720	2.856
Bogue	18.720	19.008	34.560	34.560
Lampuki	1.702	1.776	3.552	3.552
	106.8	113.1	177.9	180.5
	284.1	292.8	465.8	468.9
	390.9	405.9	643.7	649.4
		+ 15.0		+ 5.7
		= 3.8%		= 0.9%

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