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Great Britain: A wage-price stop?

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COMMENTS

Great Britain

A Wage-Price Stop?

The economic policy of the Heath Government scored its first successes in the past year with the revival of economic activity and the restoration of the balance of payments. It cannot be denied however that the employment and prices policy has so far failed. Unemployment is still far too high, and the inflation rates have escalated, so that the fight against inflation has become the most urgent task, the more so as wages will spiral up again in late October and early November.

Heath has therefore set course for a "voluntary" wage and price discipline. To steady the prices and wages, all wage and salary increases are for one year to be limited to £ 2 a week and all price advances to 4 p.c. in twelve months; if prices go up by more than 6 p.c., a certain addition may be made to the wages for each 1 p.c. rise in prices.

It was to be expected that the wages and prices programme of the Government would encounter fierce opposition from industry and trade unions. The voluntary price restraint which Britain's large companies have been practising in the past 15 months is due to expire at the end of October. In view of the currently adverse trend of costs, industrialists are showing no inclination to take on further "voluntary" price limitations. The trade unions on their side are not willing either to commit themselves to an absolute figure before the wage negotiations start or to accept £ 2 as the upper limit for future wage increases. They also took offence at the absence of a limit on dividends from the Government's package. Without limitation of dividends and profits the wage- and salary-earners would have to shoulder the whole burden of fighting the inflation. In this situation Prime Minister Heath may well have to relinquish his liberal approach and seek to accomplish his economic policy aims by a statutory wage, price and dividend stop.

bw.

FAO

The International Agrarian Malaise

At its eight European regional conference in Munich the FAO produced a study which contained a detailed analysis of the agricultural policy of the industrial nations and demanded a change in this policy on the ground that growing agrarian protectionism made exports from the LDCs more and more difficult. All the national representatives present at the conference concurred with the FAO findings up to this point.

The FAO's concrete proposals for curbing protectionism, however, encountered a critical recep-

tion even though the study postulates no fundamental changes in the system of state-supported farm prices but merely certain realistic adjustments within the system. A world-wide agricultural agreement with an international control authority is, for instance, to help the LDCs to secure improved access to the markets and a definite share of total sales. An agreement of this kind is opposed by the industrial nations because they are afraid that it would involve political pressures without improving the prospects for a trade liberalisation in agricultural produce.

There is indeed an inherent danger in any such agreement that it will entrench the hitherto practised protectionist systems even more firmly unless extensive structural programmes are taken in hand in industrialised and developing countries at the same time. On the other hand, it is often overlooked that diversification programmes in Third World countries cannot be financed if their earnings, i.e. from agricultural exports, do not rise faster than in the past. The proposal of the industrial nations in Munich that the imports from LDCs should be facilitated in proportion to any increase in total demand for agricultural products can hardly be said to go far enough to ensure the requisite growth of export earnings in LDCs. More ambitious plans will have to be drawn up if the international agricultural malaise is to be alleviated. The FAO study provides a useful basis for further reflection.

crm.

Uganda

Africa for the Africans?

In these days it is no easy matter to be an Asian in Uganda. In the night of August 8/9 the self-appointed ruler of this East African state, Imin Amin Dada, had a dream: God commanded him to oust the Asians! And so he gave orders for some 50,000 Asians who were British passport-holders to leave the country by November 7 — without their worldly possessions, it need hardly be said. It was the worst kind of black racialism.

His predecessor, Obote, also adhered to the principle of "Africa for the Africans", but he had no desire to do without the support of British administrators and over 50,000 Asian businessmen, technicians, doctors and teachers who remain indispensable for Uganda's proper development for a long time to come. An enquiry by Makerere University at the end 1969 showed that in the Kampala district, for instance, 91.3 p.c. of the wholesale trade was in Asian hands. The Ugandans who are meant to take all this over lack the necessary funds and—what weighs even more heavily—experience. It is not surprising in the