

mates and increased taxation, a notable example being a surtax on all manufactured imports. But, in their first two years of office, government spending rose 24 per cent, from 6.8 to 8.5 billion pounds.

In mid-1966 the pound was being supported not only by the International Monetary Fund but also by the leading central banks of the world. The socialist government took this opportunity to impose on the British people its new policy of control of wages, prices, and incomes. For the first time since the Statute of Labourers in the fourteenth century, all wages were under the complete control of the government. It had prepared the way by persuading the Confederation of British Industries and the Trade Union Congress to consent to an Early Warning System by which all increases in wages and prices were to be referred to the National Board of Prices and Incomes. The Trade Union Congress had been promised that any increases in profits or dividends were to be similarly screened.

"Voluntary Cooperation" Under the Power of Coercion

This unusual system of persuasion began with no positive Act of Parliament to make it legally effective. But the intensification of

the crisis allowed the government to pass through Parliament its Prices and Incomes Act with the necessary authority for control.

The Act ordered a general standstill (freeze) on all wages, prices, and incomes, to last until the end of 1966 and to be followed by six months of "severe restriction." The fiction of voluntary enforcement was kept alive but it was only a short time before the government invoked its power of coercion: "Although the Government has been obliged to bring Part IV of the Prices and Incomes Act 1966 into operation, they hope that severe restraint will be observed on a voluntary basis, and that the same general responsible attitude which has marked the period since 20th July will continue. The Government will use their statutory powers for the sole purpose of ensuring that the voluntary support of the majority is not undermined by the actions of a few." This is very much like the Sergeant Major's demand for volunteers . . . or else.

All incomes derived from employment and every other type of income, including professional fees and dividends, are thus made completely subject to government control. The Act provides for a fine of £500 or more for any employer who contravenes its provisions by paying over the stipu-

lated wage rate — *for paying too high a wage!*

According to a government White Paper: "It is not expected that there will be any general increase in dividends during the next twelve months. Nevertheless, all company distributions, including dividends paid by companies, are subject to the standstill and should not be increased during the twelve-month period." As to wages: "The standstill to the end of 1966 is intended to apply to increases in pay and to reduction in the working hours During the six-month period of severe restraint (i.e., the first six months of 1967) the criteria for consideration of new proposals for pay and hours will be more stringent than those set out in Part I of the White Paper on Prices and Incomes Policy and for the time being the income norm must be regarded as zero. The guiding principle must be that of national economy and social priorities."

All long-term contracts for increased wages were at the same time canceled: "It will clearly have been inequitable to introduce a standstill on incomes while allowing these existing commitments to go ahead unchecked."

It is highly probable that the prices and incomes period of severe restraint will be extended indefinitely. Many people foresee

that as Britain abandoned international free trade during the financial crisis between the two wars, so she will abandon the system of free enterprise during the present crisis. As one White Paper warns: "During the coming months, the Government will consult with interested parties about the best way of carrying forward the productivity, prices and incomes policy after June 1967."

There can be little doubt that this policy is not merely to meet an emergency, but envisions a scheme of redistribution to be imposed on Britain for as long as the Socialist government lasts.

Opposition from Left and Right

Strangely enough, although the government has obtained the consent of the Trade Union Congress to this policy, many trade unions strenuously oppose it. Mr. Frank Cousins, former Minister of Technology, has resigned over this issue, though it cannot be said that those trade unions which support him are particularly interested in freedom; they merely want the power to bargain for their own wages, whether there is increased productivity or not.

One stout defender of free enterprise among the Conservatives is Mr. Enoch Powell. He is constantly condemning Labour's policy and showing the extreme dan-