

year—and a lot of that rise is due to North Sea oil.

It is not surprising that unemployment should be bad for productivity. Employers work hard to improve productivity when they find they can't meet demand with their existing techniques. If they are working far below capacity, they have no such incentive. In the same way, in times of high unemployment, trade union resistance to anything which will reduce employment is doubled and redoubled. The economy comes out from a period of high unemployment weaker, not stronger. Deflation has the same effect on economic performance as cupping and bleeding had on a patient with influenza 300 years ago.

If governments want to move back to full employment, they can do so. That is precisely what the Heath government did. It is curious that this experience—and indeed the experience of over 25 years of full employment in this country—is as if it had never been, in some commentators' minds. They all quote as the *locus classicus* on this subject, James Callaghan at the Labour Party conference in 1976:

"We used to think that you could spend your way out of a recession, and increase employment by cutting taxes and boosting government spending. I tell you in all candour that that option no longer exists, and that insofar as it ever did exist, it only worked by injecting a bigger dose of inflation into the economy, followed by a higher level of unemployment as the next step." (My own view is that that paragraph was written by his son-in-law.)

It is curious the reverence with which this pronouncement is treated, as if anything a Labour Prime Minister says to a Labour Party conference is *ex cathedra*, and all good Tories must believe it.

The main point about that statement is that, for Britain, it is just not true. The huge rise in prices has been in a highly deflationary period. This period of great price stability, from 1952 to 1964, when the average rise in prices was only 3 per cent a year, was a time when governments reflat at any sign of unemployment.

The real problem with reflation is not Callaghan's problem at all: it is the "import leakage"—the balance of payments. Here we come to the third strand in Heath's economic strategy: to deal with the effects of reflation on the balance of payments by using the exchange rate.

We are, at the moment, at the nadir of pessimism about the effectiveness of exchange rate changes—optimism and pessimism on this matter goes in cycles. We are at the moment a plethora of misleading or half-true propositions, suggesting that devaluations and revaluations don't work.

One common view at the moment is that imposing a high exchange rate will force an uncompetitive country (like Britain) to become competitive: it will force firms to change from producing low-value to producing high-value products—as if the manager of a plant could go in on Monday morning and announce: "As from today

...and celebrating success in 1970



this plant will cease to manufacture glass eyes for wooden dolls, and will produce communication satellites instead". What in fact happens is that some companies give up exporting altogether. Others suffer a severe profit squeeze, and have no funds for the investment needed to up-grade their product.

Another myth is that German and Japanese experience shows how high exchange rates help exports. These countries' export trade was built up in the postwar years on the basis of undervalued currencies. Both countries have relatively low inflation rates (because of their wage bargaining structures), so that a good part of the upward movement of their exchange rates has not worsened their international price competitiveness. Now that their exchange rates have moved up further than that, their current balances of payments are starting to weaken—and both countries are now running a balance of payments current deficit. In other words, the revaluations are working.

Finally, it is argued that the competitive benefits of devaluation are automatically and inevitably eroded by additional increases in money earnings as import prices rise. This is much too mechanical a view of wage bargaining. With the help of fiscal and incomes policy, governments can preserve and hold a competitive price advantage in international trade for a good long while. Most of the major exchange rate changes in the postwar world have a good record of effectiveness.

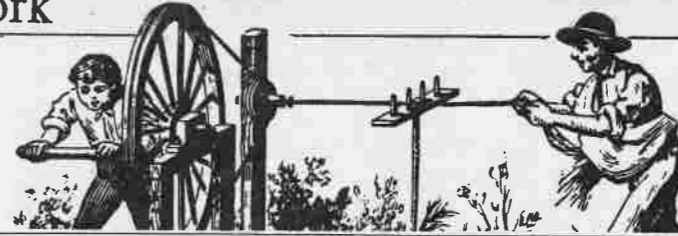
The 1949 episode—in which most of the rest of the world devalued their currencies against the dollar—removed the massive world dollar shortage of the time. Successive French devaluations helped the French to maintain their rapid postwar growth rate. The recent devaluation of the dollar has already led to a considerable improvement in the United States' balance of trade in manufactures. Exchange rate changes can be made to work.

The Heath 1972-74 economic strategy—an incomes policy, preferably a consensus one; a return to full employment; an exchange rate, which can be moved down if necessary—was, and is, a viable strategy. It certainly does not solve all Britain's supply-side problems. But it provides an economic framework much more favourable to their solution than the alternative.

The alternative strategy, which was tried under Healey-Callaghan and is being continued now—of high unemployment and a high exchange rate—will not prove viable. If this combination were effective in breaking the inflation, it would have worked by now. In fact, neither high unemployment nor the high exchange rate has done much to bring down the rate of inflation, nor are they likely to. On the other hand, they have done a great deal to slow down the rise in productivity, make worse a wide variety of different kinds of social malaise, and they have accentuated a balance of payments failure.

Sooner or later the Heath policy will have to be brought back. May it be soon.

Society at work



At the fifth-form disco

Farrukh Dhondy

At the first year disco there are brown, black and white girls in the ring. Fifteen teachers join the children and the DJ in clapping to the tra-la-la-la-las. The remaining sandwiches are dehydrating in the corner. The first years have decorated the room themselves and taken this first opportunity at their "new" school to turn out in their flash gear and give their home personalities some rein.

Just before nine older brothers and sisters and mums and dads gather in the foyer and wait while the schoolkeeper frames himself in the doorway, clanking his lank key chain. Not much cheer on his face. At the other end of the school, the fifth year disco has begun in the drama hall. It will go on until eleven. For him it's compulsory overtime.

Lights on, records off. The children rush to the cloakroom, the teachers for brooms because there won't be any cleaners between the festivity and next day's assembly. Three kids—two black, one white—show their disco king and queen prizes to their guardians. One little black girl, dressed in a frilly halter-back evening gown, comes up to her form teacher. She's worried that her father hasn't come for her.

"I'd run her home," one male teacher whispers to another: "Cor, they shouldn't let her dress like that. I didn't know Smudge had all that hidden away."

"Sexist, racist, paedophile."

"Just showing some healthy interest in the kids."

"Well, show a healthy interest in the fifth year do. Chip tells me there's going to be trouble."

Chip is a fifth year who has been helping out by selling cokes at the first year party. The teachers call him over.

"You not going on, Chip?"

"You must be joking, mate," Chip says. His voice drops to confidentiality. He motions the teachers over to the corner which has been swept. He digs in his underwear and produces two gold chains and a bracelet.

"Think I'm a mug? Eighteen carat, mate. I ain't going nowhere near it. I'm taking the back gate."

"I'm off to the pub, leave the 'pastoral' staff to handle that shit," one teacher says to the other.

"Anybody going to the fifth year job?"

"It's ugly. I'm going home, got to finish marking the fourth year papers for separation into CSE and O level."

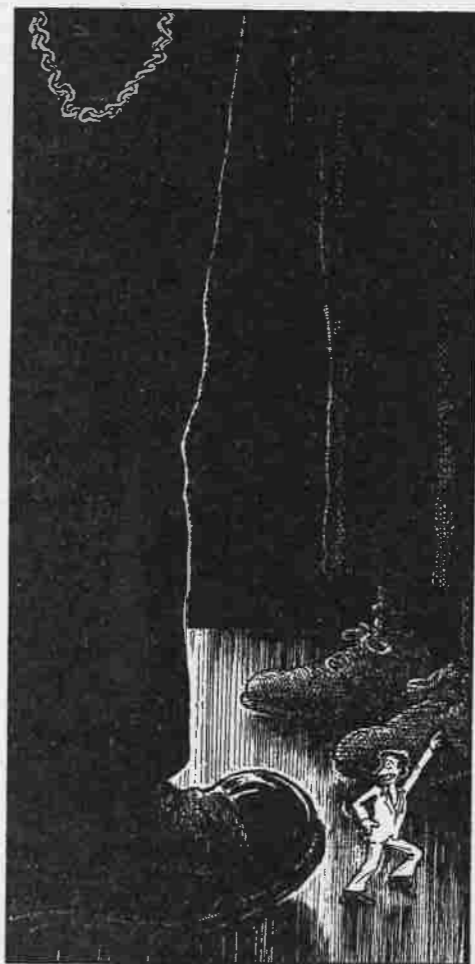
Even five years ago there would have been a consensual drift to the other disco. Today, excuses rule. But two teachers set off for the drama hall.

Outside the drama hall there is a crowd of black teenagers—four girls under the same umbrella and about 15 young men. They are rubbing their hands in the cold and look as though they are dressed for an evening out. There are some rasta caps, one outrageous straw hat two feet tall with a white bow. One of the black youths carries an aluminium walking stick, the sort that has a supportive crescent of leather-bound handle at the wrist.

"You a 'right, suh?"

"Wha' 'apn, ole maaan."

In the crowd are a couple of ex-pupils. There's Winston who was expelled last year for taking a knife to another boy. There's Alex who drifted into borstal and tried to



get back to school, but was advised to try a college of further education. Pity about Alex, he really made the multi-cultural part of the syllabus go with his renditions of "Friends, Romans, countrymen" in rasta dialect (How did it go? "Idrin and sistren, hear feh what...").

"What's going on?"

Two male teachers are manning the door. They haven't learnt rule No. 1 for bouncers: the sweat mustn't show. They are glad to see at least one of the two teachers who push through the crowds. But the other—nicknamed "Jesus" by the children—is a bit unreliable. You could never tell whose side he'd take. The bouncers explain. They can't let these fellows in because they haven't got tickets. The rule is that no one pays at the door.

"All the fifth years knew," the Head of the Fifth Year says. "I went to great lengths. I announced it twice over the tannoy this afternoon to give them a chance to get in there and get tickets for boy-friends and that, but we don't want absolute outsiders." Sincerity and exasperation take his whisper too loud. A young black girl, her party finery crowned by a nasty scowl, stands in the corridor and overhears what he says.

"If they were white men, you'd let them in." She says it as though she's testing the tense ether, not to anyone in particular.

"Don't you accuse me of racialism. You know better than that, Sandra." There is a faint note of apology in his voice, but his determination to maintain order disciplines its timbre. A gang of black girls skulking around the doorway to the hall sense that an argument is about to begin. They have spent the last two hours between their acquaintances at the entrance and the disco.

"Both of you is shapesters, to Raas Claat."

Teeth are diligently kissed. Contempt is a lever. Accusations of racialism are a tiny wedge. Menace, in the bristling black bodies and dagger glances, is the weapon of redress when one brand of reason or another can't break through.

"That's enough from you, go on, get back in the hall and dance or..."

"Tcha, me stay where me wan' boy, me pay muh money."

The Head of the Fifth Year shrugs. "See what we get for trying to put this on? It's really not worth it."

The deputy head of year, a young man with long hair and glasses, bodily bars the narrow space between the table which jams the door. The girls carry on a constant, defiant chatter with the boys who are barred. They ignore the deputy and he seems happy enough to be ignored.

Inside the hall, the blacks and whites have separated themselves. The centre is deserted. The DJ and his act are behind a curtain. The blacks are huddled around one speaker. The whites, outnumbering the blacks by 100 to 30—a fairly accurate proportion for the school—are bunched in a corner of the hall. Scattered among them are five or six black girls who deliberately want to dissociate themselves from the

Brixtonian style. And yet they aren't with the whites.

Inside the hall, "Jesus" is dragged into their circle. This teacher knows that two of these girls have very religious parents. If there are any youngsters in that hall who suffer from the crisis of identity that the multi-cultural blurbs and teachers' conferences go on about, it is these. They have their rights, the teacher thinks, they dress like the blacks, they dance like the blacks and they are sceptical of the direction and power of the other blacks. They are still as cheeky.

A few girls dance with each other in gangs. Three or four couples of determined lovers seek self-conscious anonymity in the dark or uncaring oblivion in each other's eyes in the midst of the crowd.

*Now me no wan' no transgressor
Come wash them mouth 'pon me.
No, me no wan' no backslider
Become sorry feh me . . .*

One reggae tune after another. Some heavy dub. Linton Kwesi Johnson blares through the loudspeakers. It's last month's reggae. The sound system must be white. In previous years there have been fights about the mix of *Saturday Night Fever*, rock 'n' roll (to which the exhibitionists can perform), dub and soul, DJs have been threatened with knives, the police have been summoned. The sounds have changed to a joyless compromise.

'We wouldn't make no trouble'

At the entrance, the spirit of compromise is wearing thin. Five youths are menacingly leaning over the table and pushing it with their weight. "We wouldn't make no trouble, guy."

Outside, there is a commotion. Two policemen push through the blacks to the corridor. The one in charge is putting on his nonchalant act. He turns his neck very slowly to look at each of the individuals around him. His neck brings his eyes to the Head of the Fifth Year. He takes a deep breath: "They're not from our school. We don't want any trouble. We just don't want them hanging around."

The copper nods in thoughtful understanding, a permanent sneer on his face. Teachers: the lower echelons of the control industry. Cry-babies. The teacher glances towards the now silent fifth years in the corridor. He has dealt with these same constables before. There was the questioning in the medical room of boy who threw a concrete block after the schoolkeeper had racially insulted him. There was the incident with the hammer. The "attempted rape" that a white girl had alleged against two black boys. The theft of the money last year from the fourth year cupboard. There have been reports and references and court appearances and truancy counts for legal purposes. All in the day's work for a few hundred quid extra a year.

Out of school hours, outside the sanction that an invitation from the headteacher gives them, the police are less certain. They know that they are the mediators of multi-ethnicity, but they also know that

the youths at the door know their rights. They can have them on trespass. Sus is not so good when there's 20 of them around.

"Come on lads, not open to public. And as far as we've been told, you're public. Piss off out of it."

The 'blacks walk to the gate and amble up and down the street. When the Panda car turns the corner, they're back.

"Why de fuck yuh call de Babylon, yuh runt-arse?"

Now it looks as though there's going to be a punch-up. But then "Jesus" comes out of the hall. In another school he may have been the head of the fifth year himself. He has a reputation for being able to handle blacks. He can even do a fairly good imitation of an inter-island accent. "I know it's your business, but I think you should let them in now. You shouldn't have sent for the police, It's all round the hall. You send for the coppers at the drop of a rasta cap."

"It's a matter of principle. I get accused of all sorts of things. I made it clear, the fifth years should be old enough to . . ."

"Look this isn't Potters Bar. Black parties don't obey those sort of rules."

"We must impose some rules."

The rules begin to creak under the strain. The deputy has been moved three feet by the table against which he pushes with all his might.

"All right, you go speak to them."

Old unreliable goes and speaks to the crowd. They don't wait to hear him out. They know face-saving when they hear it.

"35p, please."

"Wha-at. Look at the time, man. Jus' look 'pon your watch. One hour left, it gone time and you keep us here in the rain. What about dryin' charges?"

The crowd is let in at 25p a go. The lame youth turns out to be shamming. He runs past the teacher with his crutch in the air and proceeds to use it as a maypole in a jubilant three-legged improvisation. No trouble. At eleven the dance breaks up, the sounds sign off, everyone goes home.

The next day in the staffroom accusations fly. "I'd have called the police again and . . ."

"If you'd called the police, there would have been more trouble. As it is, nothing happened. They would have smashed a window or worse, there'd have been fights inside, riots outside, dentists' appointments, the schoolkeepers' union would have written a strong note. What about racial harmony and all this?"

"It's a matter of principle."

"How much is the principle worth. Obviously not enough to ensure that you came along?"

"Why should I, I'm not paid for that."

"You're paid for calling the police?"

"Yes."

An embarrassed silence. "I'll bring it up at the staff meeting. There'll be no more fifth year discos." Another silence: only the shuffle of exercise books and the clack of the Gestetner machine as it rolls out 30 copies of the history of the West Indies.

Notes



Housing

Rural realities

DAVID GRIFFITHS writes: Opponents of council house sales have long argued that it is the best houses which will be sold, lowering the average quality of public housing and damaging the housing opportunities of those who remain tenants. Announcing the government's "right to buy" proposals in October, John Stanley, the Housing Minister, denied this: in Leeds, he said, unpublished research showed that "a fair spread" of properties had been sold.

Unfortunately this work remains unpublished; but in the meantime two analyses of Leeds' sales have appeared. Their findings are rather different. The most detailed work, by Andrew Friend (*A Giant Step Backwards*, £1 from the Catholic Housing Aid Society, 189a Old Brompton Rd, London SW5) looks at all sales in Leeds from 1967 to March 1979 (4,398 in all). Broken down into 22 areas, he finds that the proportion of the current stock sold (4.3 per cent over the whole city) varies widely but systematically, from 0.4 per cent in inner city Hunslet to 9.8 per cent in Moortown, a popular suburb where home ownership is already dominant.

His findings on the distribution of sales between areas are complemented by a Shelter analysis (in *Roof*, vol 4 No. 6, 90p from 157 Waterloo Road, London, SE1) of the pattern within areas. This found that in Seacroft, an outer area of 1950s council estates, sales have been disproportionately of houses overlooking open space or close to amenities.

The CHAS report also looks at the impact of sales in suburban Bromley, in Kent, and rural West Norfolk. This country area displays many of the features which have led to particular apprehension—shared by many Tory MPs—about the effects of the "right to buy" in rural areas, and especially in smaller villages. There is a small stock of council housing to begin with, yet it represents a crucial housing resource for local workers, facing house prices inflated by demand from better-heeled commuters and "week-enders." Once sold, council houses may be resold to these groups, and so cease to be available even to "locals" who can afford to buy.

Moreover, they will be very hard to replace, not just because of public spending cuts but for specifically rural reasons: housebuilding is likely to be restricted by environmentally protective planning policies, or embargoed altogether because other facilities, such as schools or sewerage systems, are already fully used. The same