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PRESS REACTIONS TO THE BRITISH BUDGET

1. THERE IS MUCH FACTUAL REPORTING ON THE BUDGET AND PUBLIC EXPENDITURE PLANS BUT SO FAR RELATIVELY LITTLE COMMENT.

2. THE LONDON CORRESPONDENT OF THE FRANKFURTER ALLGEMEINE ZEITUNG, RUDOLPH, HAS THE FULLEST AND MOST SYMPATHETIC ANALYSIS. THE BRITISH ECONOMY IS, WITH 3 MILLION UNEMPLOYED, IN A STATE IN WHICH GERMAN POLITICIANS WOULD BE DEMANDING THAT SOMETHING SHOULD BE DONE. BUT THE THATCHER GOVERNMENT KEEPS UNSWERVINGLY TO ITS COURSE AIMED AT FIGHTING INFLATION, REDUCING STATE INTERFERENCE IN THE ECONOMY, AVOIDING INCOMES POLICIES, REDUCING DIRECT TAXES AND INTRODUCING LEGAL REMEDIES AGAINST STRIKES. GIVEN THAT A GENERAL ELECTION IS ONLY 2 YEARS AWAY ONE CAN ONLY ADMIRE THE GOVERNMENTS CONSISTENCY AND GRANT THAT ITS POLITICAL INTEGRITY IS HIGH IN RESISTING CALLS FOR STIMULATION. WITH ITS CURRENT ECONOMIC, EXCHANGE RATE AND FISCAL POLICIES, ENGLAND (SIC) CAN BECOME A STRONG COMPETITOR. GERMAN POLITICIANS COULD LEARN A THING OR TWO. BUT IF MRS THATCHER LOSES THE NEXT ELECTION ENGLAND WILL RETURN TO ITS OLD MUDDLING THROUGH.

3. THIS LAST POINT IS ECHOED IN THE WEEKLY RHEINISCHER MERKUR. ANOTHER CONSERVATIVE PAPER, DIE WELT, THINKS THE CHANCELLOR HAS MANAGED TO SPREAD A CHRISTMAS SPIRIT WITHOUT ACTUALLY GIVING MUCH AWAY. BONHORST, WRITING FROM LONDON IN GENERAL ANZEIGER ACKNOWLEDGES THAT THE STRENGTH OF THE BUDGET IS IN ITS POLITICAL ARTFULNESS IN SILENCING THE WETS. THE PRIMARY CONDITION FOR AN ELECTORAL VICTORY HAS BEEN RESTORED: INNER PARTY UNITY. BUT THE MORE LIBERAL SUEDEDEUTSCHE ZEITUNG IS LESS SYMPATHETIC. POINTING OUT THAT INFLATION IS STILL 12 PER CENT AND THE NUMBER OF UNEMPLOYED IS 3 MILLION, IT SAYS THE WEAKNESS OF THE BUDGET IS IN ITS WISHFUL THINKING ON THE EXTERNAL RELATIONSHIPS OF THE BRITISH ECONOMY. THE OVER-EMPHASIS ON THE EXCHANGE RATE IN FUTURE MONETARY POLICY INDICATES THAT INTERNATIONAL INTEREST RATES WILL DETERMINE BRITISH MONETARY POLICY MORE THAN THE BORROWING REQUIREMENT. EVEN IF IT SEEMS THAT IN REDUCING SPENDING THE STATE HAS ALMOST SUCCEEDED IN CREATING THE CONDITIONS FOR AN UPSWING, OTHER CAUSES OF THE DECADES-LONG BRITISH ECONOMIC DECLINE HAVE BEEN NEGLECTED, EG THE UNIONS ARE STILL UNDEMOCRATIC. IF 3.5 MILLION BRITONS ARE JOBLESS AT THE END OF THE YEAR THEN MORE BASIC THINKING ABOUT FUTURE ECONOMIC POLICY WILL HAVE TO BE DONE AND A BEGINNING MADE TO SOCIAL REFORM.

TAYLOR

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