

Hong Kong Standard

25 June 1979

## 20 p.c/wage rise highly inflationary

I REFER to the letter from Mr Lutz printed in your paper of 19th June.

In his letter Mr Lutz reported a projected rate of inflation of 12 per cent for this year. Based upon current index figures the Employers' Federation largely agrees; we project a likely increase of approximately 11 per cent for the "A" index for the year.

I should add that Mr Lutz's call for a 20 per cent wage demand was based upon an alleged 8.5 per cent increase in inflation during the first quarter of this year. He now writes that projected rate of inflation for the year is 12 per cent, based upon his first valuation an additional 3.5 per cent only in the last three quarters, an absolute impossibility. Unfortunately the damage has probably already been done. The incorrect value of 8.5 per cent has been implanted in the minds of the workers.

Mr Lutz has, moreover, misquoted me from a report carried in another paper. He says, and I quote, "has advised his members to increase wages of 13 per cent." The

article reported me as saying "today recommended employers to give workers a 13 per cent wage increase by the end of the year".

In fact, my members have not been recommended to make any increase. All I was saying was that employers who made annual increases would probably be thinking about 13 per cent at year-end, based upon a likely increase in inflation of 11 per cent and a possible addition 2 per cent to allow a real increase in wages.

We continue to oppose any general immediate call for all workers to ask for a 20 per cent increase. We think that this is premature and highly inflationary. Since writing my last letter to your paper, we have received average wages for construction workers as at April. The wages of unskilled workers have increased 13 per cent between December 1978 and April 1979, should they be demanding a further 20 per cent?!

J. A. CHEETHAM

Secretary,  
Employers Federation of  
Hongkong