

Essay assignment

Before Margaret Thatcher became Prime Minister of England, she served as Secretary of Education in the Tory government of Ted Heath. During this time, the Tory party drafted a three stage national wage plan to address growing discontent in the working class. Stage two of this plan is described by Ms. Thatcher herself:

As the freeze - Stage 1 - came to an end we devised Stage 2. This extended the pay and price freeze until the end of April 1973; for the remainder of 1973 workers could expect £1 a week and 4 per cent, with a maximum pay rise of £250 a year - a formula designed to favour the low paid. (The Path to Power, Margaret Thatcher, Harper Collins Publishers, New York, 1995, pg. 225)

Your assignment is to analyze Ms. Thatcher's remark from a mathematical point of view. How, if at all, does the plan favour the low-paid, or is the statement only political hyperbole? Some of the techniques from mathematics that you should investigate include creating a table, a graph, and/or a formula that indicates pay raise as a function of pay rate. There are at least two methods of calculating the effect of a pay raise: either you calculate net change (the amount of the raise) or you calculate per cent change (an estimate of change the raise has to your standard of living).

Other topics that you might include in your essay are: the standard of living at that time in England, the conversion rate of £ to \$ at that time, the rate of inflation from that time to present (the economic concept of current dollars, or buying power).