

# 1984

## GOVERNMENT MANAGEMENT

How many times have you seen politicians on TV and thought "I could do better myself!"?

Well 1984, the new game from Incentive Software, challenges you to do just that! Starting with the 1982/3 figures for the British economy you take the hot seat and the responsibility of guiding the nation's affairs. You will be asked to bring your judgement to bear on the complex inter-related network of factors that govern the performance of the national economy. Can you ride out three terms of office and survive into the 21st Century? Can you weather two General Elections? Will your Britain conquer Unemployment and Inflation simultaneously? Or will you be forced to resign . . .

### The Play

#### 1) GOVERNMENT BALANCE SHEET

After the opening titles you will see a page itemising the money flowing into and out of Government coffers. As Prime Minister you need to know how your money is spent and what sources of revenue you are tapping. Each time you play 1984, you will inherit these figures:

REVENUE (Money coming into Government (in millions of pounds))

|  |                |
|--|----------------|
| 1. Corporation Tax - paid by companies on their profits. | M£ 5,600       |
| 2. Value Added Tax - paid on purchases and services      | 18,300         |
| 3. Income Tax - paid on wages                            | 46,000         |
| 4. Customs & Excise - paid on imports from abroad        | 18,800         |
| 5. Loans - borrowing from the Banks                      | 51,100         |
| <b>TOTAL REVENUE</b>                                     | <b>139,800</b> |

*NB The Program uses the convention of B£ meaning Billion pounds = 1,000 million pounds.*

SPENDING (Money coming from Government, spent outside Government)

|   |         |
|---|---------|
| 1. Government Contracts - awarded to Industry | M£5,000 |
|---|---------|

|   |                |
|---|----------------|
| 2. Grants to Industry - subsidies to Industry           | 4,000          |
| 3. Public Sector Wages - Total wage bill for P.S.       | 13,000         |
| 4. Govt. Department Wgs - Total wage bill for Depts.    | 36,400         |
| 5. Pensions - Total OAP bill (for the year)             | 19,900         |
| 6. Unemployment Benefit - Total annual Benefit paid out | 3,900          |
| 7. Child Allowance - Total annual Ch.All. paid out      | 3,100          |
| 8. Foreign Aid - Aid paid yearly to 3rd World           | 1,000          |
| 9. Interest on Loans - Paid to Banks for past borrowing | 53,500         |
| <b>TOTAL SPENDING</b>                                   | <b>139,800</b> |

A summary of the money you will often be able to control, with a Surplus/Deficit statement at the bottom of the page. You will lose out if you allow the Surplus or Deficit to grow too large. And there is a bonus for keeping your budget in Surplus each year.

#### 2) MAJOR INDICATORS

Eight major indicators allow you to chart your progress through your terms of office. They are:

1. INFLATION starting at 4.8 (% per annum) - Try to keep it down.
2. UNEMPLOYMENT STARTING AT 3 (million) - Try to keep it down.
3. GROSS DOMESTIC PRODUCT 400 (B£) - Try to make it grow.
4. GOLD RESERVES 34.5 (B\$) - Try to make it grow.
5. INDUSTRIAL OUTPUT 100 (B£) - Try to make it grow.
6. TRADE BALANCE -2 (B£) - Try to make it + ve.
7. AVERAGE WAGE 7000 (£/Yr) - Try to keep it DOWN.
8. EXCHANGE RATE 1.5 (\$/£) - Try to keep it stable.

You are able to call up the history of any one of these indicators during your administration to see how you're progressing.

#### 3) MINIMUM LENDING RATE (M.L.R.)

Each year you must choose the MLR. This is the figure that sets the Interest rates the Banks charge. The 1984 figure that appears is meant as a guide - it is different each time you play - and you should not be afraid to choose MLR freely. The program will keep you in check so feel free to

experiment.

#### 4) THE ECONOMIC HISTOGRAMS

The economic function of Government (which you control) is to regulate and direct the flows between five major 'blocks'. If you allow any instability to arise you must take steps to correct it, or else it will progressively grow larger and larger and force you to resign. The way you handle these dangerous instabilities is by using your Government funds to direct money into blocks that are losing out due to your policies, and to siphon off money from blocks that are growing under your administration. For example, if you find industry flagging you might choose to increase the Grant to Industry, or you might want to decrease the rate of VAT charged so that a consumer boom is provoked and money is transferred from Population to Industry. Or suppose you found the Banks with a large and growing deficit, you might choose to alter the bankrate in the hope that it may alter the deficit, or you could take 'direct action' and make a cash transfusion directly to the Banks by seizing your opportunity immediately after the Wages Round. The Five Economic Blocks are:

- i) THE GOVERNMENT - Which you have most control over through taxes, grants, loans etc.
- ii) INDUSTRY - All business, industry, agriculture etc.
- iii) THE POPULATION - i.e. all 'consumers' in the country except businesses. All private individuals.
- iv) THE BANKS - All banks, savings institutions etc.
- v) THE REST OF THE WORLD - Everywhere outside Britain, reached by Trade and Foreign Aid etc.

#### 5) WAGE ROUND

Annually you must negotiate three wage settlements with the three main sectors of the economy: The Civil Servants (people employed directly by the Government), The Public Sector (people employed by nationalised industries) and The Private Sector (people employed by private industry - in fact, everyone employed in Britain except the other two sectors above). You must outwit a complex function that evaluates each sector's ability to claim and presents that claim. If you want to succeed at 1984 you must keep wage rises down,

and since the Unions will try to secure a settlement greater than the rate of inflation (to maintain their members' living standards) you should offer a sum less than their claim. From your (Government's) point of view the smaller the settlement the better, (because inflation can best be brought down that way) but if you offer less than a certain (unknown to you) figure your negotiations will fail (because the Unions will consider you uninterested in pay-bargaining genuinely) and their claim will ultimately be forced through. Each pay-bargaining session you must remember that the outcome is either their claim or your offer, and the smaller your offer the less chance it has of succeeding. Naturally, if you offer a sum equal to their claim you will find that figure is accepted every time, but eventually inflation will take off and you will never make it to 1999.

#### 6) GOVERNMENT INVESTMENTS

This is an opportunity to bale out the Banks if they begin to lose money heavily. If you find the banks' fortunes suffering you can prop them up with government investment. But take care! Indiscriminate shovelling of money into the financial institutions will

upset the delicate mechanisms of the economy and can only lead you to the political gallows. Act only when necessary, and as sparingly as possible.

### 7) INDUSTRIAL LEVY

If Industry is growing and the Government is in need of a new way of raising funds without raising taxes, it can impose a levy on industrial profits. This is an opportunity that will make itself more apparent as you proceed into your administration.

### 8) DEPARTMENTAL FUNDING

Clearly, it is the responsibility of Government to ensure its own departments are adequately financed. Consider this: the money that is annually apportioned to your departments must broadly speaking do two jobs. Firstly, it must pay the wages of the people it employs. E.g. the Defence Department must fork out salaries for Generals and Privates, and secretaries in Whitehall. Health must pay nurses and doctors and the people who cook hospital meals and wash bed linen. Law & Order must pay the wages of the Police and so on and so forth. I'm sure you get the drift. Secondly, there must be money available

for capital expenditure. The Army would be useless without new tanks every so often, or no petrol to put in them. The Department of Education would be stuck if Schools & Universities could not be built (or at least kept up). The program shows you the following resume in 1984:

| DEPARTMENTAL EXPENDITURE | B£    |
|--------------------------|-------|
| 0 SOCIAL SECURITY        | 32.5  |
| 1 DEFENCE                | 14.4  |
| 2 HEALTH                 | 13.9  |
| 3 EDUCATION & SCIENCE    | 12.6  |
| 4 TRADE & INDUSTRY       | 5.9   |
| 5 TRANSPORT              | 4.3   |
| 6 LAW & ORDER            | 4.3   |
| 7 ENVIRONMENT            | 3.4   |
| 8 HOUSING                | 2.6   |
| 9 OTHER DEPARTMENTS      | 9.2   |
| TOTAL                    | 103.1 |

Each year you can opt to set the departmental budget higher to keep up with Civil Servant wage rises and the increasing cost of capital expenditure. The figure you are shown in the above table, and the one you are asked to specify in the program is the sum of wages and capital expenditure. If you go mad and give any one department an outlandish rise you will

find yourself moving out of No. 10 Downing Street quite quickly. As you will if you persistently ignore pleas and warnings from the Departmental Accountants. It is a good idea to try to keep the departments funded adequately on a yearly basis as each time there is a warning issued it reveals your ineptitude and brings closer the day of your downfall! Experience will help you to judge this accurately. A safety net exists in that after you received your warnings you are asked if you wish to reallocate your budgets.

### 9) BUDGET

Each year you also have the opportunity to fix tax rates and benefits, pensions and allowances. These are important, because the tax rates determine how much is available for the government to spend. Also the cash circulating in the Welfare State is only useful if it keeps pace with inflation - or more precisely the average wage. (If it does not then you find a Two Nations syndrome beginning to develop, where there are the 'rich' employed and the 'poor' non-employed.)

So, to prevent this state of affairs arising you must keep the weekly rates of Old Age

Pension, Unemployment Benefit and Children's Allowance topped up. The only actual restriction on your decisions here are that you must not try to put up the rate of tax by more than ten percent of that rate in any one attempt. If you do, you'll see it has not stuck! E.g. Increase Corporation tax from 40 to 44% is OK, but to 45% is not.

At the end of each round, when you have set the Budget requirements to your satisfaction, you get a warning if you have upset the balance by not increasing welfare benefits enough. You will get three of these warnings in each term of office, and if you ignore the third you will rue it!

### 10) FOREIGN AID

You are obliged to allocate some money annually to help 3rd World Countries, and will receive due credit for it. But beware, these countries can become dependent upon your Aid, and in some circumstances it cannot be reduced.

### 11) INDUSTRIAL GRANTS

Equally, the government gives subsidies to industry and agriculture each year, and again it is easier to increase than reduce

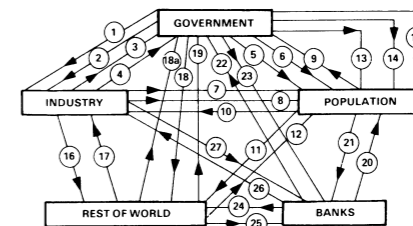
them. Use the grant to trim the expansion of industry or bolster a sagging economy.

### 12) CABINET MEETINGS

These are called from time to time to allow you to deal with an issue that has arisen. Often you will be asked for a decision and you must enter a Y for 'yes' or an N for 'no'.

**At the end of each year you will be given a congratulatory message on surviving (we hope!) or given the reason for your demise and a last look at your Economic Indicators. Supposing you have survived you will get a cumulative annual performance rating and this is important because if it is not good enough you will fail to be re-elected in 1988 and 1993. And that takes you into the next year of government. Experiment with the game, bear in mind that a small oversight can destroy a large part of the economy when multiplied by time and knock-on effects. Above all, try to steer the economy along the twisting road of change and don't get too ideological - your theory might not work well in this model! Oh, and . . . Good Luck Prime Minister!**

## APPENDIX The Economic Model



|                          | 1984 Value<br>B£ |                           | 1984 Value<br>B£ |
|--------------------------|------------------|---------------------------|------------------|
| 1 Government Contacts    | 5                | 15 Children's Allowance   | 3.1              |
| 2 Grants to Industry     | 4                | 16 Imports                | 57               |
| 3 Corp Tax               | 5.6              | 17 Exports                | 55               |
| 4 VAT                    | 18.3             | 18 Foreign Aid            | 1                |
| 5 Public Sector Wages    | 13.0             | 18a EEC Rebate            | ...              |
| 6 Departmental Wages     | 36.4             | 19 Customs & Excise       | 18.8             |
| 7 Private Sector Wages   | 104              | 20 Loans to people        | 20               |
| 8 Dividends to Investors | 1.4              | 21 Interest Payments      | 31               |
| 9 Income Tax             | 46               | 22 Loans to Govt.         | 51.1             |
| 10 Consumption of Goods  | 121.7            | 23 Interest payment       | 53.5             |
| 11 Tourists going Abroad | 3                | 24 Investment Abroad      | 17.6             |
| 12 Tourists from Abroad  | 3                | 25 Interest payments      | 1.8              |
| 13 Old Age Pensions      | 19.9             | 26 Investment in Industry | 11.3             |
| 14 Unemployment Budget   | 3.9              | 27 Interest payment       | 13.7             |

# 1984 THE GAME OF ECONOMIC SURVIVAL

# POCKET GUIDE TO RUNNING BRITAIN