

THE SOCIAL DEMOCRATS

Second brief

A further outline of the policies of the Party and the views of its leaders as they had been made known by mid-November 1981.

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## THE SOCIAL DEMOCRATS

Since the first instalment of this summary was produced in June we have had the benefit of the Warrington by-election and its flood of speeches and pronouncements; a series of eight discussion papers on policy prepared for the travelling Party Conference, in Perth, Bradford and London at the beginning of October; the reports of the conference itself; subsequent statements, among them those made during the course of the Croydon by-election campaign and, lastly Social Democrat contributions to the Opposition censure motion debate on 28th October and the debate on the Queen's speech.

There are still some striking omissions from the range of policies on which Social Democrats have made their views clear - social services, health, transport and law and order among them.

The most detailed exposition of views - the eight discussion papers - each carry the specific disclaimer that they are only intended for discussion, and must not be taken as statements of official Social Democrat policy. Nevertheless, it is fair to ask spokesmen or candidates for the Party whether they stand by the attitudes and proposals put forward in the documents; if not, why not and what are their preferred alternatives.

In some cases, private education, for example, there is a clear attempt to gloss over differences and satisfy the conflicting views of the Party leaders. In others, notably industrial relations, the difference between attitudes and past actions is less easily concealed. In several there is a marked divergence between the views expressed in the discussion paper and those of the Party front benchers' who replied to or opened the debate. On tax relief for mortgages the rank and file of conference delegates plainly took fright at the probable electoral effects of the discussion paper proposals.

## ECONOMIC POLICY

This was the subject of discussion paper Number 7, by John Horam, a former Labour Treasury spokesman, and a debate, opened by William Rodgers at the Conference on 8th October. Dr Owen's views were given in the Censure debate on 28th October.

As on earlier occasions, the most succinct and comprehensive statement of policy was given by Roy Jenkins, first in his 6-point programme - to turn the tide of our national economic decline and start to get the jobless back to work - at Warrington on 7th July; and secondly in an article in the Guardian on 5th October.

The Warrington package, estimated to cost £6,000 million over two years, to take one million people off the unemployment register was as follows:-

- A £70 a week grant to every employer taking on an additional worker who had been unemployed for more than six months, to create 250,000 new jobs at a cost of £400 million.
- A £500 million expansion of investment in public industry, including telecommunications, railways, coal and drainage systems.
- A voluntary scheme giving up to 250,000 long-term unemployed an extra £15 a week on top of unemployment benefit to work on housing renovations and environmental improvement. Cost: £250 million, plus materials.
- A £200 million plan to provide 60,000 women with part-time jobs in social services, such as home helps.
- A £300 million package including educational maintenance allowances and skill-training measures to bring down youth unemployment by 200,000.

In his Guardian article of 5th October Mr Jenkins presented his proposals as part of an overall strategy of decentralising power to the individual and to the workplace group; and of radically reforming our ossified industrial and social structure, to change the climate in which prices and wages were set. If unemployment was to be brought down by a million within two years, it would be

necessary that:-

- For two or three years any increase in national income must be devoted to rebuilding profits and creating new jobs in both the public and private sectors.
- Employment pay would be introduced to support employers taking on additional workers.
- Public investment would be boosted in transport, telecommunications, coal mining, energy saving, and water and drainage systems.
- A 'New Homes for Old' programme of housing renovation, insulation and improvement would be introduced.
- Spending on services such as home helps would be increased.
- A comprehensive package for young people would be introduced with apprenticeship and educational maintenance grants, an overhaul of the training system and a substantial expansion of the Work Experience Programme.
- The keystone of the employment plan would be to keep the pound competitive and stable.
- A sensible and responsible balance of tax and monetary policy widening the area of genuine competition on prices as well as on services in both public and private sectors.
- Rejecting the Labour Party's philosophy of import controls which would perpetuate old industrial structures, reduce choice, raise prices and punish poor producers.
- Genuine decentralisation of decision taking, with policies for industrial democracy, profit sharing and co-operative enterprise.
- Individual workers and trade unionists should be given more say in running of their union and their workplace.
- Trade union executives should be elected by secret ballot, operation of the closed shop should be restricted.
- A Public Sector Pay Review Body should be established to deal with public sector pay which is negotiated centrally.
- Most wage settlements should be made at firm and workplace level.

- The Government would make "every effort" to involve employers, unions and consumers in reaching a national consensus.
- The scope for using the tax system to claim back excessive pay increases should be examined; a 'sharp, shock' pay limit could not be ruled out if it was essential to halt a vicious inflationary spiral but "we see no more future in the long term for a rigid bureaucratic centrally imposed incomes policy than we do for brutal monetarism.
- a fairer distribution of income and wealth.

Mr. Rogers set out his main economic proposals when he opened the debate on industry at Perth on 5th October in advance of the main economic debate in London on 8th October.

The role of Government should be to create a climate for success in both the public and private sectors. He saw no case for the Social Democratic Party going into the next election "with any proposals for old-fashioned nationalisation".

His four-point plan included:-

- a gas-gathering pipeline to be built in Scotland
- the phased but full electrification of main-line railways and the channel tunnel.
- a revival of regional policy with a big role for the National Enterprise Board.
- new financial institutions to channel funds into small businesses.

Economic Expansion Mr. Horam was, in his discussion paper markedly more reckless than Mr. Jenkins. He put forward some similar proposals, but with far less caution over presentation. The former Chancellor's emotive description of his programme "to take a million people out of the dole queue" became in Mr. Horam's hands 'a balanced approach' which at the moment "demands that we re-expand the economy. To do this the first imperative is to stimulate internal demand". He condemned reliance on control of the money supply as too difficult and too jargon-laden. Only the word 'reflation' was missing.

#### Interest rates, the PSBR and public spending

In this area of policy there are clear differences of view between the SDP leaders.

On interest rates Mr. Horam said in his paper that "to suppose that the first requirement is to lower interest rates and that if these are secured then even a further depression of demand is acceptable... is to fatally misunderstand business psychology". Mrs Williams meanwhile saw the reduction of interest rates as the 'first essential' (Financial Times 7th October 1981).

Mr. Horam is at least more realistic than Dr. Owen who in his speech on 28th October advocated £2 - 3 billion additional public spending; a higher PSBR and lower interest rates (Hansard, Col. 908 et seq). Mr. Horam conceded that "How much the stimulus should be and by what means is very much a matter of time and circumstance. At present the amount probably should not be too great" The priority should be to help industry and the hard-hit regions.

Exchange rates and EMS Mr. Horam believed that "it would be right to accompany this with a considered attempt to lower the exchange rate of the pound in order to stimulate demand for our products abroad... recently the pound has fallen but not far enough". He added that, "we might also then consider joining the European Monetary System (EMS) as a means of stabilising the exchange rate against those of our Community trading partners".

Reducing unemployment Mr. Horam's prescription is much less precise than Mr. Jenkins'. It would be 'absolutely right to include in any expansionary stimulus a number of measures specially designed to cater

for the jobless, whether they are young, women, skilled or unskilled or older people who have been unemployed for some time'. He does not explain how this would differ from the extensive range of measures already in operation under the present Government. In the longer run a 'much more considered and fundamental approach to employment is required'. This would include, expansion of our training and apprenticeship programme, for re-trainees as well as for the young. "Nor should we avoid a realistic examination of the obstacles to employment in the labour market created by Government regulation and trade union practices". Mr. Horam supported the Government that increased the regulation and fostered the practices.

Living standards versus industry. Mr. Horam declared, as did Mr. Jenkins, that 'any increase in national income in the first two or three years... would be devoted to increasing the real profit and investment of industry and commerce, and creating new jobs in both the private and public sector... there can be little room for general increases in the living standards of those at work. Even so, reducing unemployment is going to be a hard and slow task". Dr. Owen admitted that this would mean a lower priority for social spending without specifying what this would mean.

Controlling prices (incomes policy) Under this heading Mr. Horam introduced his version of incomes policy. It would be vital 'that the Government explains why pay restraint is important when expansion is under way and why it must do everything it can to secure it' it could cut indirect taxes, avoid increasing prices provocatively" (by increasing nationalised industry subsidies?); take a tough line on public sector pay, and "it may consciously decide to take some of the strain by accepting a rather higher rate of inflation in the short term" "We should not exclude incomes policies from our economy" - despite his recital of their disadvantages. "At the very least we probably need an open discussion of the available options by government, industry and unions before the annual round of bargaining begins, a more structural approach in the public sector and a policy for the big trend-setting companies in the private sector" (Whose policy?). "We should try to influence the larger units in the economy, where price increases can often be passed straight into prices, and leave the rest to look after themselves. Structural changes were needed in the methods of wage bargaining.

Mr. Taverne was reported to have confessed that "we may have to face a

a trial of strength in the public sector. I hope we can avoid confrontation (Financial Times, 10th October 1981). Mr. Rogers, meanwhile, saw incomes policy as 'meant to last and did not rule out statutory policy in the last resort (Times 8th October 1981). Dr. Owen admitted "we believe that politicians have dabbled too long in the detailed process of wage bargaining" (Hansard 28th October, Col. 910). while still advocating incomes policy.

An industrial strategy This, Mr. Horam wrote, required a full treatment on its own. It did not receive it on that occasion. He advocated an understanding partnership between Government and industry; a positive strategy for using North Sea oil for rebuilding our industrial and commercial base and diversifying into promising areas. A North Sea Investment Fund was a 'promising idea'.

Improving the market In Mr. Horam's view "the way to rejuvenate society is from below, by helping individuals and smaller units and cutting down to size the interest groups and bureaucracies that stand in their way; much of the resistance to change comes from over powerful institutions and interest groups. Essentially this means always trying to help the newcomer. It means always questioning, policing and where possible diminishing existing monopolies whether they are nationalised industries, large private companies, banks, professional bodies or trade unions. It meant tackling obstacles to mobility whether trade union practice, housing pensions or insurance; and it should mean Government encouragement for self-managing industrial enterprise, worker ownership and involvement.

Mr. Rogers saw 'no point in going into the election with any proposals for old-fashioned nationalisation.' (Daily Telegraph 8th October). The Party's attitude to de-nationalisation was not made clear; although Mrs Williams criticised the selling off of British Aerospace (CBI Conference, Eastbourne 1st November 1981).

Mr. Rogers, in his conference speech, promised a revival of regional policy (see note below) a major role for the NEB in picking winners; new financial institutions and backing for co-operatives and community enterprise. He added 'let us be cautious about believing that every lame duck must live' (Times 6th October 1981). On balance, industry needed less intervention, not more.

Fairer Taxes Mr. Horam believed that Social Democrats should give the highest priority to keeping the tax threshold as high as circumstances permitted and increasing child benefits even if this meant foregoing further cuts in the standard rate of tax. He referred to "other more radical ideas" which would redistribute income towards the low wage earner. This was preferable to continual extension of the provision of social goods.

Mrs Williams advocated a wealth tax (Sunday Telegraph 27th September 1981). Whether this is one of Mr. Horam's radical ideas is not clear. Mr. Jim Daly, the Party's housing expert meanwhile 'hardly mentioned cutting tax relief on mortgages' according to the Financial Times (10th October) although this had been understood to be Social Democrat policy.

### SMALL BUSINESSES

The Social Democrats and the Liberals published a joint policy document on proposals for helping small businesses on 15th October - clearly timed to influence the Croydon by-election. It was presented by Sir Leslie Murphy, former Chairman of the National Enterprise Board. The document called for:-

- positive discrimination in favour of small businesses.
- start-up packages of help from new local enterprise agencies for small companies.
- the setting up of a co-operative development bank.
- reductions in the administrative burden on small companies.
- changes in the taxation system affecting them.
- the abandonment of the Government's proposals to make employers responsible for sick pay.
- local authorities to act as lenders of last resort; to take an equity share in new businesses when banks refused to help; and to provide loans and grants to support start-up packages.
- guidelines to be laid down requiring government departments to make at least 20 per cent of their purchases from small suppliers.
- the National Insurance surcharge to be reduced.
- a cut in Corporation Tax on the first £25,000 of profit.
- more encouragement for the co-operative movement, expansion of the Co-operative Development Agency; and the setting up of a Co-operative development bank. (Financial Times Report 16th October 1981).

## INDUSTRIAL RELATIONS

Industrial relations were the subject of a discussion paper by Mr. Roger Liddle; a debate on 7th October opened by Mr. Rogers; and reference by Mr. Jenkins in his Guardian article of 5th October. The discussion paper set out a 9-point programme of industrial relations reform:-

1. A voluntary incomes policy 'Whose parameters we will set out before the election, with important details left for negotiations with the TUC and CBI...we should aim for a flexible - long term policy....with the possibility of statutory back-up powers". Mr. Rogers also saw an incomes policy as "part of the essential means of managing the economy and...in extremity, a statutory policy cannot be ruled out" (Guardian, 8th October 1981) and spoke of a joint economic assessment with the TUC and CBI. The principles of this policy would be: a large measure of consent; achievable objectives; fairness, scope for incentives, and room for negotiations". Mr. Jenkins said that wage bargaining should take place at the firm or workplace level. Despite recent heavy criticism he still urged that the scope for using the tax system to claw back excessive pay increases should be examined. A short, sharp shock pay limit could not be ruled out; but Mr. Jenkins, alone of the three, and in contrast to several Liberal spokesmen in the past, said categorically that "we see no more future in the long term for a rigid, centrally imposed incomes policy than we do for brutal monetarism".
2. Compulsory secret ballots for internal union elections to encourage the moderation necessary to sustain an incomes policy. There was no mention of making strikes contingent upon a ballot. Mr. Jenkins and Mr. Rogers also favoured secret ballots for elections, Mr. Rogers adding other 'major decisions' as well. The discussion paper also envisaged providing public money to encourage union mergers..
3. The creation of a neutral and lasting legal framework - possibly a series of statutory rights, while in return the law set boundaries for industrial action, and possibly further rights

of: redress against the closed shop. Unreasonable restrictions on the right to picket might be relaxed, but a firmer line might be taken on criminal behaviour and mass intimidation. Mr. Rogers also spoke of further defence for the rights of workers who did not wish to join a union; and Mr. Jenkins of restriction in the operation of closed shops.

4. Support for streamlined procedure agreements and greater use of arbitration to speed up the process of change. The role of ACAS might be extended, to resemble that of the Commission on Industrial Relations. They should provide for thorough forms of arbitration that moved away from splitting the difference. They should consider whether changes in the law would persuade both sides to stick to procedure agreements and accept arbitration awards.
5. Positive action to foster worker participation and industrial democracy possibly with statutory back-up rights Representatives to a Works Council, or worker directors should be elected by secret ballot, and the rights of non-unionists would be safeguarded. The discussion paper attached great importance to an Industrial Democracy Act. It criticised the lack of progress on a voluntary basis. Mr. Rogers emphasised the need for 'foster worker participation and industrial democracy'. Mr. Jenkins urged genuine decentralisation of decision-taking, individual workers and trade unionists must be given much more say in the running both of their unions and their workplaces; there must be more profit sharing and co-operative enterprise.
6. Incentives for unions to distance themselves gradually from party politics with proper enforcement of the right to contract out of the political levy; and the law might specify that political funds should be used in support of parties in proportion to the wishes of the membership. Mr. Rogers, who called for 'contracting in' as long ago as July (Daily Telegraph 15th July 1981), seemed at the conference only to favour legislation to enable unionists to choose the Party to benefit. He was clear that there was no case for continuing the present contracting out position, and he believed that shareholders too should have the right not to contribute to a political party.

7. Positive employment policies to widen opportunity and remove artificial status distinction. to improve training and encourage the acceptance of retrainees on the basis of qualifications rather than time served. Work conditions for white and blue collar workers should be harmonised. The training proposals in the document bear an unsurprisingly strong resemblance to our own - particularly on standards and a more flexible apprenticeship system.
8. Help with making union structures more rational with possible financial support for mergers, and statutory minima for union subscriptions.
9. A bold educational drive to dispel outdated industrial attitudes embodied, evidently in the TUC - CBI - Government forum envisaged also by Mr. Rogers and Mr. Jenkins with the further object, in the document, of promoting joint ventures at all levels which would bring together managers and trade unionists. The document also calls for more positive action to remove discrimination against women, the disabled and coloured people.

## HOUSING

The discussion paper on housing was written by Nick Bosanquet; the conference debate at Bradford on 6th October was opened by Jim Daly. Obvious concern was shown during the debate at the probable unpopularity of the limitations on mortgage interest tax relief mooted in the paper. Mr. Richard Crawshaw, replying to the debate "assured the conference that first time buyers had always to be helped to get a mortgage" (Daily Telegraph, 7th October 1981) and Mr. Daly declared that "It was not true that the Party would commit itself to fiscal measures which would penalise mortgage holders" (Guardian, 7th October).

The discussion paper Mr. Bosanquet commented favourably on housing associations; and suggested that Housing Investment Programmes provided a better framework for weighing up local housing needs. There was a growing recognition of the need for better housing management. Social Democrats should not "fall into the trap of identifying choice solely with the extension of owner occupation"- it was not necessarily the preferred option of groups such as single parents, the elderly, or middle-aged single people. The private market could not deal with the problem of dereliction. They should aim at a "more basic reform of housing finances. It is hard to see how the present scale and system of support to owner occupiers can be reconciled either to economic efficiency or to social equity... There is a strong case for raising both personal allowances and child benefit. The present scale of mortgage reliefs would inhibit such changes. The present system also pulls funds away from industrial investment and into housing. There is no place for general subsidies to consumption either by council tenants or by owner occupiers". Mr. Bosanquet's proposed programme was as follows:-

1. Council Sector: A greatly strengthened Tenants' Charter defining standards for state of repairs, maintenance, amenities and external environment. A programme of £1.5 billion a year for four years was needed to improve standards. There should be a statutory right to reimbursement for improvements made by tenants. There was a case for various types of tenancy agreements ranging from conventional to long leases. 5 per cent of all lettings should be covered by a single national mobility scheme, on a statutory basis. Councils should have first option to buy back sold property. The balance should be tilted towards tenants in flats:

councils might be required to bear a proportion of service charges. They should consider whether the right to buy should remain a single national policy or be left to local decision in the light of local housing needs..."even so the right to buy could have a damaging effect on the worst housed in areas where the stock is a small one".

2. Private rented sector: priority help should be given to housing associations. There was little case for continuing shorthold tenancies.
3. Owner occupiers: they should concentrate on encouraging maintenance and the supply of new houses in areas where the proportion of owner occupation was low and on encouraging investment. Building societies should be involved in a new partnership to deal with rehabilitation and new building in inner cities; with special improvement grants to elderly owner occupiers. Building societies should be involved on an annuity principle.

Mortgage relief should be limited to the standard rate. Over a period of 3 years they should move to the single annuity principle: with entitlement to one mortgage up to £25,000 in the course of the owner's career. Capital gains tax on houses had a disproportionate effect on people over retirement age. The effect of the proposals would be to restore public sector investment in housing to the 1978-80 level of £3 billion at 1980 prices. There would be no return to general subsidy for council tenants.

Mr. Daly, in contrast, laid stress on home ownership. He criticised the "terrifying social apartheid" that herded people into housing estates. Councils should buy a nominated number of houses in mixed developments where owners and tenants would become indistinguishable. The Party should not set its face against council house sales and should encourage self-governing tower blocks. Pension funds could invest more in housing and equity sharing - there should be tax concessions for financial institutions which invested in house building, and co-operation between housing authorities and private developers. The Party should be prepared to give property away in some cases at nominal prices to groups, individuals and co-operatives (Guardian 7 October

## EDUCATION

This was the subject both of a discussion paper and a debate in London on 8th October. Tyrrel Burgess, of North East London Polytechnic, chairman of Croydon Social Democrats, author of the paper, was a prolific writer on education in the 1960s but has been largely silent for some years. The debate was opened by John Roper. An education policy group was set up after the conference to consider reactions to the discussion paper. Its members include Tyrell Burgess, John Roper (chairman) Ian Wrigglesworth (spokesman on young people and on training) and Sue Shipman (ex-president of the NUS and a repentant Communist).

Mr Burgess' paper is in great part a discursive essay on education rather than a presentation of policy proposals. He writes: "Education concentrates on the acquisition of knowledge and later on analysis and criticism. It neglects the formulation and solution of problems; doing, making and organising; and constructive and creative activity in general. It inhibits the satisfaction derived from personal capability and denies to society the benefits of competence. An urgent task for Social Democrats is to restore the education service as one solution to personal and social problems".

Local Administration. He lays great stress on education as a personal service "the key relationship is that between children and their teachers" - and on the need for a locally financed and administrated structure "schools are best provided by a democratically elected authority"... which "should itself raise the necessary money, so that the people of an area can weigh higher taxes against a better service". He is, it would seem, critical of Mrs Williams' comprehensivisation programme of 1976, since he writes "In the last decade in particular there have been powerful centralising tendencies which have weakened the responsibility of individuals and schools. This responsibility must be restored and strengthened".

A Minister would be responsible to Parliament for the broad direction of the service, for its resources, and for broad equality of standards.

A Statement of capacities and achievements to be introduced for 16 year olds, is described by Mr Burgess as a 'promising proposal'. It would cover interests and ambitions, and a portfolio of work prepared during

the last two years at school. The arrangements would be validated by an external body. He hoped that on its introduction the existing GCE and CSE examinations could be abolished. The present exams were, he believed, "The greatest single contribution to the imbalance in education.... and to the consequent stultification of generations of young people".

School Governing Bodies - "One of the most remarkable features of the education system".... should, Mr Burgess believes, have equal numbers of parents, teachers, representatives of the local education authorities and co-opted members.

Playgroups - "One of the most helpful developments of the last two decades" - should be expanded in preference to nursery schools.

Private Schools. Mr Burgess rehearses the arguments that, on the one hand, it is not possible to prevent people from founding private schools or sending their children to them;.. "to attempt to do so would be oppressive and would be decisively rejected by Social Democrats" - and concedes that there are gains to society from private education. But they are divisive, destructive and harmful. There should be no public support for them. They "offer a familiar dilemma for democrats, the need to bear an existing evil because to prohibit or abolish it would be a greater evil".

Vocational training: local authorities should be under a statutory obligation to provide a comprehensive service of further education - taking account of provisions made by other bodies in their areas.

Higher Education: Mr Burgess is critical of the divide of higher education into the 'autonomous', or university, and the 'service' tradition. The University Grants Committee, responsible for the former has become too interventionist: its responsibility should be limited to post-graduate work. The polytechnics and other colleges and institutions in the service tradition have experienced 'academic drift'. Central Government since 1944 has taken decisions about advanced further education, artificially dividing it from the rest of further education. Mr Burgess believes that the service tradition should be strengthened, and local authority schemes for further education should include proposals for higher and adult education.

Local authorities' responsibility for polytechnics and colleges should be extended to cover undergraduate education in their areas. Some saving could be made on students' residence at local instead of national institutions; and there would be an advantage in having local centres of intellectual activity.

The Conference debate concentrated on Mr. Roger's opening speech rather than on the issues raised by the discussion paper.

He suggested that:-

- some independent schools should be integrated with the state sector. The social consequences of private education were immeasurably greater than those of a private sector in health;
- there must be a review of the tax system which, by abusing charitable status, encouraged divisions in society;
- he criticised the desparately mistaken way the University Grants Committee had allocated the recent cuts; they had ignored the quality and employability of graduates, the level of support from industry, and universities overall effectiveness including their regional contributions.
- he called for a new structure to oversee development in Higher Education;
- and said there was a need for a system of maintenance allowances for 16 - 19's.

Mrs Williams, mindful of the private fee-paying schools in Crosby, appears to have had a change of heart. As the Daily Telegraph reported on 9th November:- "We must improve the maintain sector to the point where parents no longer feel driven to pay for private education", she said. Quite a different tune from: "The freedom to send one's children to an independent school is bought at too high a price for the rest of society".

In the UNIVERSE she wrote: "Social Democrats subscribe to the European Declaration of Human Rights which enshrines the right of parents to choose how their children should be educated".

But she added: "I do not disguise the dilemma created by the SDP's commitment to that Declaration and the party's commitment also to a less socially segregated and class-bound society.

"Good as many are, the fee-paying independent schools have been a cause of the persistence of class and social divisions in British life. Their alumni have long dominated British politics, the British civil service and the ancient universities"..... instead of outlawing the charitable status of such schools, as she had previously argued, that status should be "reviewed" to make sure it was being properly used".

### SOCIAL SERVICES

Social Democrats have still said virtually nothing on their policies for social services, or the National Health Service, apart from the references in Dr. Owen's book "Face the Future" summarised in the earlier instalment of this brief.

Speaking at the conference in London on 8th October, Dr. Owen said that he had never liked private medicine; he had never charged a patient in his life and had always used the National Health Service. But he would defend the right of somebody who wished to spend their after-tax income on private medicine.

"I hope the quality of the health service under a social democratic government would be so strong that no one would want to waste their money on private medicine. As far as I am concerned the same goes for education". (The Times, 9th October 1981).

Mr. Mike Thomas MP spoke during the Queen's Speech on the National Health Service on 6th November. As Social Democrat spokesman on health matters he committed the Party to sustaining the real level of increase in expenditure on the NHS that was needed to meet demographic changes.

The Party, he said took "a clear, libertarian view of private health. We are equally determined to deal with any deleterious effect on the NHS from the private sector. The private sector should bear the full cost both of services and personnel, especially for training".

Two areas of concern were the redressing of disparities in the NHS

between groups and regions and in the regions between the more prosperous areas and the inner cities; and shifting the balance of resources from the hospital service to the community care area.

## LOCAL GOVERNMENT AND FINANCE

The discussion paper on this subject was written by Tyrell Burgess - author also of the paper on education.

He stressed the importance of local government - 'central to social democracy' - and was critical of the increasingly wide powers taken by central government in recent years. Local government must be responsible if it was to be successful; and it should itself decentralise its functions to even more local bodies. Different problems should be solved by different kinds of institutions. There should be a distinction between services to individuals; provision of staff, buildings and resources; and decisions on overall policy and resources, legislation and inspection.

Health services and the police were two examples of services in which redistribution of powers and duties was needed, to make them more directly accountable to the local electorate. Funding and control should be considered together "so that reform of each supports the others". "A Social Democratic Government should seek ways of making appropriate local authorities the health and police authorities for their areas".

There was little demand in Mr. Burgess' view for a further reform of local government. There should be no additional tiers of administration, and no more reorganisation unless it could be achieved without much upheaval, and for obvious benefit. It would be best if decisions about services to individuals were taken at one level, weighing up the demand for services against readiness to pay for them. The long term goal should be single all-purpose authorities. The first step would be the abolition of the metropolitan counties. Metropolitan districts were the best units of administration. Outside the metropolitan areas the shire counties were the best units; in some cases they could be split in two. Each authority should be encouraged to devolve local matters to parishes or neighbourhood councils.

Finance The restoration and improvement of the financial legitimacy of local authorities is urgent. The overall object must be to increase the sources of finance available to local authorities and to reduce the amount of central government grants. The grants themselves must be distributed in such a way as to remove temptation to the Secretary of

State to meddle in the affairs of individual authorities.

Rates "are a very good tax, and one particularly apt for local government. The rates are simple, comprehensible, practicable and familiar. They have a high yield, low collection and administrative costs and are hard to avoid or evade. Their yield is practicable so budgetting and financial control can be rational, both for the levying authority and the rate payers...In all these respects rates are better than most other taxes"...."The unpopularity of rates derives from their visibility. In fact unpopularity is a healthy sign. It encourages people to compare what they pay with the services they get". Surveys, Mr. Burgess said, showed that people chose services in preference to the cutting or pegging of rates.

Imputed rent was no longer a real basis for rating valuation. The tax base was eroded unless there was regular revaluation. Attempts to equalise poundage had led to vast discrepancies in rate bills. The Layfield Committee had found that rates as a percentage of disposable income rose up to middle income ranges; if rates were replaced by other taxation those now receiving rebates or relief would pay more, unless a new allowance was created. Regressiveness was not necessarily an argument against rates; it discouraged under-occupation. Abolition would mean a massive transfer of tax from industry and commerce to individuals. "A healthy democracy demands that rates remain a local government tax", capital valuation and automatic revaluation were essential..

"There is one exclusion from the rating system which can no longer be justified; the derating of agricultural land and buildings".

It was also important to find other sources of local finance; a wealth tax could be combined with rates as a local government tax. Other possibilities were vehicle licensing, tax on motor fuels, VAT and other excise duties. A poll tax was less satisfactory. Local income tax should not be the only or main source of finance - no government would give local authorities power to fix its incidence; and the central/local government split would be a muddle. It would be better to raise rates in under-rated areas and distribute grants on a simplified basis "so that they were in effect an agreed local entitlement to national taxations" distributed per head of the population.

"A Social Democrat Government should reform and improve the rates as the major independent source of local finance; should investigate other forms of local taxation and should introduce a simplified method of distributing a smaller government grant to local authorities".

The debate, in London, on 9th October, was opened by John Cartwright MP. The Social Democrats, in his view, and in contrast to Mr. Burgess, had to "go for a radical and total overhaul of local and regional governments and finance". He was critical of the proposed referenda on rates.

A threat to local democracy came "from those in local authorities who saw their role not as providing services for people but as using local government power as a battering ram to beat down central government policies.....". The only real casualties in Mr. Livingstone's High Noon shootout are the innocent bystanders, the ordinary ratepayers of London who will have to pay the bill at the end of the day for this assinine confrontation". (Times 10th October 1981).

## AGRICULTURE

There has been no statement of policy on agriculture, and there was no discussion paper on the subject before the conference. Mr. Brocklebank-Fowler, Party spokesman on agriculture has said nothing.

Re-rating of agricultural land: the discussion paper on Local Government and Finance, written by Mr. Tyrell Burgess, contained the following declaration:-

"There is also one exclusion from the rating system which can no longer be justified: the derating of agricultural land and buildings. The rerating of agriculture would strengthen the rate base of many local authorities with low resources".

## ENERGY

There was no discussion paper, and no conference debate on energy. The best indication we have of Social Democrat thinking was given by Mr. David Owen in a speech at Warrington on 1st July 1981:

"Even with the most pessimistic forecast of economic growth to the end of the century, it is impossible to see how coal and conservation can meet all the likely needs for electricity power generation. A proportion of nuclear-generated electricity is necessary, objectively, under any criteria, even taking account of different forecasts about renewable energy and likely electricity generation demand figures for the future. Another factor is that as we cease to be self-sufficient in oil and gas we shall need to use our coal production to fill the energy gap that will follow their decline, something which is certain to come in the early part of the next century. It will be prudent, therefore, for us to cut our dependence on oil imports to the maximum possible extent and have a mix of energy supply sources, never being dependent on one source, either coal or nuclear.

It is therefore inevitable that, despite our relatively rich supplies of coal, gas and oil, Britain will have a continuing need for nuclear-power stations. It will be necessary over the next few years to maintain a minimum build rate despite falling energy demand, simply in order to allow the nuclear industry to survive, to develop its

existing technology and to pioneer newer technologies such as the commercial prototype fast breeder reactor, possibly at Dounreay. For those who want to see economic expansion in Britain, faster economic growth, and whose environmental concerns embrace such issues as overcrowded slum housing conditions, Victorian hospitals and inner city squalor, there is little escape from the logic of continuing with a nuclear power programme while doing everything possible to maintain its excellent safety record".

### REGIONAL POLICY

"There is a crying need for fresh thinking on regional policy and the Social Democrats must provide it" Mr. John Horam told the delegates at the Bradford Conference. (Guardian report 9th October). Mr. Horam, formerly a Labour Party spokesman on Treasury matters was the author of the discussion paper No.5, on regional policy produced for the conference. The only fresh thoughts put forward in speech or paper were proposals that a senior Minister located in the Cabinet Office should have charge of regional affairs, and that a subsidy should be given for, perhaps, five years towards the employment of additional highly skilled manpower. This suggestion was made on the grounds that "it is necessary to increase the proportion of decision-takers and the services on which decision-takers depend if the lagging regions are to move nearer to the forefront of modern activity and to provide a balanced job structure" (discussion paper 5).

The lack of high-quality jobs in the assisted areas led to the draining away of skilled people to the South East. Service industries, the more sophisticated services in particular, had concentrated within 100 miles of London. The peripheral areas consequently lacked adequate professional service and a balanced industrial culture".

The paper defined three strands to a regional policy:-

- "1. the encouragement of indigenous activity.
2. the introduction of appropriate skills, services and investment from elsewhere.
3. the construction of a decision-taking framework - administered and political - which allows appropriate weight to be assigned

to the interests of different regions and then allows sufficient regional autonomy to pursue them".

Small firms required knowledge of production and market opportunities, sources of finance and advice on how to make use of them rather than investment subsidies. Help was needed particularly at the stages of expansion from garage to first workshop, or from small to larger premises on raising equity capital or exporting. The small firms' service should be expanded, with more subsidised consultancy, and the English Industrial Estates Corporation in conjunction with local authorities and with the private sector where possible should provide more premises, advice and venture capital.

Technical advice at all levels should be widely available with technical innovation centres, science parks, teaching company schemes and the regional activities of NEB/NRDC. Collaboration was needed between local industry and local higher education institutions. Basic training was too important to be left to employers.

Regional development companies could ensure that these facilities were adequately provided in each area. Provision of integrated technical advisory services should be considered. Ultimately they could be self-financing.

Multi-regional and multi-national companies provided the main part of our output; we should look to them, not only to local industry, for regional recovery.

A ceiling should be placed on the amount of regional development grant payable for any one premises; part of the saving should be used for the grant for skilled manpower.

The quality of products must be up-graded; and there must be 'a coherent effort' to match local training to local needs. Special assistance up to the EEC ceiling should be retained to attract inward investment - on a national, not a regionally-competitive basis.

Fundamental reform of the national administrative structure was needed if greater authority was to be given to regionally-based bodies with development powers; and if funds were to be allocated between them according to need.

A senior Minister for the region was needed to bring together the functions at present scattered between several departments.

At regional level 'there is a wide range of options from a revival of the advisory Regional Economic Planning Councils at one extreme to something approaching the powers of the Lander in West Germany.. at the other'. The Welsh and Scottish Development Agencies were British examples.

A serious approach to decentralisation required elected bodies at the regional level. They should take over some local authority functions. Industrial development, strategic planning and some transport services were the most obvious.

#### DECENTRALISATION OF GOVERNMENT AND CONSTITUTIONAL ISSUES

Devolved Assembly for Scotland During the first part of their conference in Perth, the SDP gave firm undertakings to establish a Scottish Assembly with legislative powers. This was the one clear point to emerge from a debate on the decentralisation of government opened by Robert MacLennan MP, the author of an SDP discussion paper on the subject. The commitment to a Scottish Assembly was strong enough to give complete satisfaction to Ian MacCormick, the former Scottish Nationalist MP who is now a member of the SDP. Replying to the debate, Mike Thomas said 'the commitment to decentralise was central to the Social Democratic belief' (Daily Telegraph, 6th October 1981).

Proportional Representation David Owen underlined the party's conviction that PR must be introduced in the course of a wide-ranging speech on constitutional issues, during the final part of the SDP Conference in London. He said that PR was 'absolutely essential': so did other speakers: but none of them shed any light whatsoever on the modus operandi. In the absence of a discussion document on the subject, it is therefore impossible to establish - even in outline - how a system of PR introduced at the behest of the SDP would work in practice. However Dr. Owen did make it clear that PR should be introduced for European and local government elections, as well as for Westminster.

The debate revealed some evidence of internal disagreement. One speaker declared his opposition to the single transferable vote,

and was immediately challenged by other delegates.

The Monarchy There are clear signs that the SDP is prepared to embarrass the Queen, and defy long-established constitutional tradition, in its enthusiastic quest for PR. Just before the start of the SDP conference, David Owen gave an interview, during which he stated that as part of its price for entering a coalition after the next election, the SDP would 'seek a promise that the Queen would not grant a dissolution of Parliament until the Electoral Reform Bill had been passed'. This statement was printed in the Sunday Telegraph of 4th October. In the words of the article 'Dr. Owen spoke with great emphasis mentioning the word ultimatum two or three times and clearly for a published interview'.

House of Lords Reform Dr. Owen's ambitious blue-print for constitutional change demands radical reform of the Lords in order to give effect to novel devolution schemes. He repeated his grandiose plan at the SDP Conference on 8th October. He also called for the inclusion of representatives of various vested interests in a reformed House of Lords - such as the TUC, CBI, the Royal College of Nursing, engineers and architects.

Decentralisation of Government Mr. Maclellan's discussion paper urged the case of decentralisation on functional as well as on geographical grounds - it mattered to the South East as well as to Scotland and Wales. Areas chose for subsidiary units of government should be ones that people regarded as natural; they should have economic and social coherence; and be sufficiently large to generate necessary services.

Elected assemblies would be required to ensure democratic direction.

The tax base must be broadened - the problems of local income and expenditure taxes were not insurmountable. Central government would remain responsible for redistributing resources to help the poorer areas - possibly through national programmes designed to have this effect.

It would be wrong to set up an additional tier of government; the top tier of present local government functions such as planning should be transformed to the provincial or national tier, and the remainder

regrouped within a single unit of local government to be exercised locally. The interests of consumers, tenants, patients and parents should be "statutorily secured to ensure their right to be consulted".

"Expansion of Government is not what is required". There should be some manpower saving, and scope for interchangeability of staff. Parliament should not conduct detailed inquests into regional affairs, but there should be elected regional representatives in a reformed second chamber.

#### NORTHERN IRELAND

'Northern Ireland cannot be allowed to simmer in the background of British politics' (David Owen, Face the Future P.338). In Dr. Owen's view, radical constitutional changes are needed; but these should be quite separate and distinct from the constitutional reforms he recommends for the rest of the United Kingdom. Ideally, there should be power-sharing, though that is 'a difficult concept to fit into democratic government'. A power-sharing executive might be re-created after both a referendum and an election. To help remove the opposition felt by some local politicians in Ulster, an Ireland Development Fund could be made conditional upon the acceptance of such a scheme. (The Fund would be established in conjunction with the Irish Republic and with the financial backing of the United States). Alternatively, two clearly sectarian bodies (one Protestant, the other Catholic) might be set up. Responsibility for regional administration would be divided firmly between them, but they would both provide equal numbers to sit in a legislative Northern Ireland Parliament which would have only minimal executive powers. The Catholic region would be able to develop links with the Irish Republic, creating in the process a new sense of regional identity (as distinct from nationalism and unionism) which the EEC should encourage with special grants. 'Periodic referenda within the regions would determine whether either or both of the regions within Northern Ireland would participate with regions in the Republic' (Face the Future, P.344).

Yet although he gives careful consideration to the Irish problem in his book, Dr. Owen has made it clear that neither he nor others in the SDP are working to produce a detailed party policy on Northern Ireland. After a two-day visit to the province in October, Dr. Owen told journalists that the party 'was not itself producing any blue-print on what should be done'. He confined himself to general comments on the need for a bold initiative with roles being assigned to both the Irish Republic and the EEC. 'That type of approach is required, he said: 'not nibbling at the problem with partial solutions' (Belfast Telegraph, 2nd October).

Shirely Williams did not discuss Northern Ireland in Politics is for People. However, she visited the province in May 1981 when, like Dr. Owen, she laid stress on the contribution that the EEC might make. She also said that 'there has to be closer co-operation with the Republic'. However her comments on the government and administration of Northern Ireland differed considerably from those made by Dr. Owen. She said that it would be worth examining the feasibility of establishing 'a County Council structure' as opposed to devolution although emphasising the need for inter-party co-operation and partnership (Belfast Telegraph, 26th May 1981). In an article in The Times (10 July) she elaborated on her ideas, suggesting an EEC Committee composed of representatives from North and South to advise on the use of Community funds in both parts of Ireland, and the transfer to local representatives of 'at least those functions normally carried out by County Councils in England and Wales'. The other 'radical' idea in which she expressed interest was 'a joint select committee drawn from the Westminster Parliament and the Dail to look at Irish problems or an Anglo-Irish Court of Appeal for crimes committed by political extremists'.

There are members of the SDP in Northern Ireland: but they have been told by David Owen not to form constituency associations or contest elections.

### Conclusions

1. Such thoughts as the SDP has had about Northern Ireland have come exclusively from Shirely Williams and David Owen.

2. Dr. Owen wants to create devolved institutions throughout the United Kingdom, but excludes Northern Ireland from his UK general plan, arguing instead that completely separate institutions should be established there. His prescription for Ulster is certainly ingenious - and almost certainly unworkable.
3. Mrs Williams reject devolution for Northern Ireland - at least in the short term - in favour of a new system of local government.
4. There is not - and apparently will not be - a SDP policy for Northern Ireland.