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CONFIDENTIAL

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New News,

PUBLIC EXPECTATIONS FROM THE CONSERVATIVE GOVERNMENT

As promised on Wednesday I enclose a photo-copy of the section of the report in our Post Election survey looking at expectations of the new government. This survey was designed to complete our programme of election research and was conducted from 11th to 15th May 1979. In addition to a copy of the findings on expectations for the Government a copy of the summary of all the main findings from the survey is enclosed.

Please let me know if you need any more public opinion material.

Y —
Howe.

D. K. Britto

Enc.

SUMMARY OF MAIN FINDINGS

EXPECTATIONS

1. The electorate expect that the change of Government will make a noticeable difference.
2. The Government is expected to reduce taxation, by nearly a third of the electorate. Substantial minorities expect it to reduce Union power and cope with inflation. The latter is particularly important since it now represents the greatest priority for Government attention.
3. Nevertheless some voters believe that inflation will increase that there will be trade union problems and that V.A.T. will go up.
4. Most positive points the Conservatives raised during the campaign are generally approved of and expected to be carried out.
5. While a vast majority of electors believes the unions should co-operate with the Government, only a minority believes they will do so. Trouble with the unions is widely anticipated.
6. There is a widespread belief that Conservative policies will lead to increased freedom, but also to rising prices. This is of some concern in view of the overriding importance of prices as an issue. It will be recalled that throughout the period of Labour Government, the Government managed to absolve itself of any responsibility for rising prices.
7. While prices is the most important problem facing the Government, unemployment is still of concern particularly to young people and the North of England.

THE ELECTION CAMPAIGN

8. Labour's loss is blamed to a large degree on union activity and the "winter of discontent". However a sufficient proportion of voters (17%) mention "softness on immigration" in this context to suggest that this may be an issue of more importance than straightforward questioning would suggest.

9. The only substantial and specific campaign promise remembered by a substantial segment of the economy was the Conservative pledge to reduce income tax. Very small groups of electors each remembered a large number of specific Conservative promises but the Labour and Liberal Campaigns were recalled in generalities. Both the Conservative and Labour Campaigns were thought broadly honest.
10. The survey confirms the conventional wisdom that about 20% of the electorate are highly volatile and make up their mind how to vote at the last moment. Volatility is greater amongst younger people.
11. While electors suggest they voted Conservative because they supported their policies, Labour's overwhelming attraction was its identity as a "working class" party. The Liberal vote was to a large extent a "protest vote".
12. Just under half the electorate claim never to have voted for a different party, one in five claim to be totally volatile.
13. A quarter of both strong Conservative and strong Labour supporters said they had considered voting Liberal as had just over a third of the weak supporters in each case.
14. Comparing recollections of voting in October 1974 with this election it would seem that the 'net' swing to the Conservatives occurred in the following groups:-

Aged 25-64

Class: C2 and DE

Working people who either do not belong to a union or are non active
Trade Unionists.

Council Tenants (who incidentally were no more likely than average to
recall sale of council houses)

The Midlands and Southern England.

15. About a third of the electorate claimed to have been canvassed and a fifth to have been visited by a candidate. Advertising for local candidates was the most widely recalled local activity - by 70%.
16. Mrs. Thatcher was widely credited with having fought a determined, strong and convincing campaign. The smaller proportion who thought Mr. Callaghan had done well, cited honesty and sincerity more than other qualities.
17. As many people claimed to have got their prime election information from T.V. news programmes as from all other sources put together.

Other sources of subsidiary importance were newspapers, T.V. current affairs programmes, Party Election Broadcasts and leaflets. Scarcely anyone mentioned newspaper advertising, or canvassing.

OTHER PARTIES

18. Opinion is divided as to whether the Labour party in opposition will stay much the same or change. Those who feel it will change think overwhelmingly that it will become more extreme.
19. Potentially the Liberals have a strong image as the party of moderation and are thought to be worthy of consideration for voting.
20. The better educated, middle class, Conservative and Liberal voters were more likely to have noted Opinion Polls, and the vast majority of those who have seen the polls know that a Conservative lead was predicted.

1. EXPECTATIONS OF THE NEW GOVERNMENT

1.1. Extent of change

1.1.1. The majority of the electorate are expecting some sort of change as a result of the change in Government. 31% expect it to make a great deal of difference and a further 34% expect some difference. Labour and Liberal supporters are less likely to expect any notable changes. Those who admitted that they did not vote were not necessarily convinced that the change of Government would have no effect, just over half of them thought that it would make some or a great deal of difference.

1.2. Good things expected of new Conservative Government

1.2.1. The main expectation from the Conservative Government is tax cuts (31%). Even among those who say they voted Labour 21% expect the Conservatives to cut tax.

Older electors were least likely to expect tax cuts and those in the professional and managerial classes most likely to do so.

1.2.2. Other desirable outcomes of the Conservative election victory were seen to be a reduction in union power, reduced inflation (both 14%) and improved law and order (12%). Curbs on union power were not mentioned by many Labour supporters.

Only 8% of the electorate expect the Conservative Government to reduce unemployment. The same proportion hope they will stop the comprehensivisation of schools.

Most of the other Conservative policies were expected and approved by about one elector in twenty.

1.3. Bad things expected of the new Conservative Government

1.3.1. The bad things anticipated from the Conservative Government were increased inflation (17%), trouble with the unions (17%) and increased V.A.T. (12%). Labour supporters were more likely to expect these outcomes, the difference between Conservative and Labour supporters being most marked with regard to inflation (27% of Labour supporters, 8% of Conservatives).

1.3.2. A third of Conservative supporters expect no bad things of the Conservative Government and a further fifth do not know what might happen. In contrast, only 22% of Labour supporters are unable to say what bad things they expect, either because they do not know or because they expect none.

1.4. Likelihood of specific actions

1.4.1. Almost all electors expect the new Conservative Government to do two things:-

Cutting the amount of income tax people pay but
increase the amount of tax they pay on things
they buy (VAT) (93%)

and give all council tenants a right to buy their
own homes (92%)

1.4.2. Three quarters of the electorate expect the new Government to:-

Show the trade unions that the Government
runs the country and not them (78%)

and Strengthen the armed forces (75%)

1.4.3. About two thirds of the electorate expect the Government to:-

Reform the trade unions (67%)

Negotiate a better deal for Britain
in the Common Market (66%)

Increase council house rents (65%)

and Cut the amount of money spent by
the Government (63%)

1.4.4. The government is expected, by about half the electorate, to:-

Stop industry subsidies (56%)

Introduce a completely new approach to governing the country (51%)

and to give people greater freedom to do what they want to do (49%)

1.4.5. Only one of the listed proposals was in fact entirely opposed to Conservative policy. Nevertheless one elector in five thought it likely that the new Government would bring in a new Wealth Tax on the rich. A quarter of Conservative supporters thought them likely to do this, and indeed 38% of Conservatives (and 57% of Labour supporters) approve the idea.

1.5. Opinion of possible Conservative actions.

1.5.1. Three of the specific policies met with the approval of the very great majority of the electorate (8 out of 10):- giving council tenants the right to buy their own homes, a better deal in the Common Market and showing the Trade Unions who runs the country.

1.5.2. Another three policies also had majority approval, by two thirds:- strengthening the armed forces, reforming the trade unions and giving people greater freedom.

1.5.3. Over half the electorate approved of the suggestions that the Government would cut income tax and increase VAT; would cut Government spending and would introduce a completely new approach to governing the country.

1.5.4. Increasing council house rents was more approved (51%) than disapproved, as was (although by a narrower margin) the suggestion of a wealth tax (47% approve, 35% disagree).

1.5.5. Table 1 overleaf shows the proportions of the electorate as a whole, and of those who claim to have voted Conservative, Labour, Liberal or not at all who both approve of a particular policy and think that the Conservatives would be likely to carry it out.

Table 1

Policies thought likely to be implemented and approved.

	<u>Total</u>	<u>Voting behaviour</u>			Did not vote %
		Con %	Lab %	Lib %	
Give all tenants a right to buy their own homes	79	88	66	81	77
Show the trade unions that the Government runs the country and not them	69	89	48	65	64
Negotiate a better deal for Britain in the Common Market	63	81	45	62	54
Strengthen our armed forces	61	75	50	62	51
Cutting the amount of income tax people pay but increase the amount of tax they pay on things they buy	56	82	30	56	45
Reform the trade unions	55	76	30	62	46
Give people greater freedom to do what they want to do	46	75	17	39	34
Cut the amount of money spent by the Government	44	68	23	38	31
Introduce a completely new approach to governing the country	40	61	20	25	36
Stop industry subsidies	33	52	17	26	23
Increasing Council house rents	25	37	13	29	18
Bring in a new Wealth Tax on the rich	16	20	12	13	16

The clear leader, in terms of both credibility and popularity is the sale of council homes to tenants. Council tenants themselves do not differ noticeably in their view from non-council tenants. Even a majority of Labour supporters approve and think the Conservatives will do it.

- 1.5.6. Showing the Trade Unions who runs the country is next in combined popularity and plausibility among the electorate as a whole, although this is more confined to Conservative supporters. Trade Union members themselves are less likely to approve of this, although they are as likely as non-members to expect the Government to do it.

Reform of the trade unions is both less popular and less likely than the more general 'show the unions who runs the country', nevertheless three quarters of Conservative and 30% of Labour supporters both approve and think the Conservatives are likely to do it. 44% of Trade Union members think it likely and desirable.

- 1.5.7. Strengthening the armed forces is another policy which attracts considerable support, not only among Conservatives.

There is considerable faith that the government will succeed in negotiating a better deal for Britain in the Common Market.

1.6. The Conservative Government and the Trade Unions.

- 1.6.1. Looking in somewhat more detail at the Trade Union issue, electors were asked whether they thought that the unions should and would co-operate with the new Conservative government as they had done with the Labour Government. This question had been asked, in hypothetical terms, before the election, in March 1979.
- 1.6.2. There is still, as before the election, a small minority of Labour supporters (7%) who do not think that the unions should co-operate with a Conservative government as well as with a Labour one. The great majority think that unions should co-operate.
- 1.6.3. Those electors who said that they voted Conservative are rather more optimistic that the unions will co-operate than Conservative supporters were in March. Nevertheless still only 37% of Conservatives think that the unions will co-operate. There has been no noticeable change in the views of Labour supporters.
- 1.6.4. 70% of electors agree, 20% of them strongly that "a Conservative Government means trouble with the Unions". Just over half of Conservative voters (56%) agree, and a third of Labour voters agree strongly with this idea. Attitudes are very similar across all demographic groups and the views of Trades Unionists themselves are not noticeably different from the rest of the electorate.

1.7. The effect of Conservative policies.

1.7.1. Freedom

An overwhelming majority of Conservative voters (87%) believe that "the policies of the Conservative party will mean more freedom for people to make their own decisions". 26% of Labour voters also believe this (including 42% of weak Labour voters). Differences in attitude between the various demographic groups are totally explained by particular groups tendencies to support or not to support the Conservatives.

1.7.2. Prices

Two thirds of the electorate believes that "Conservative policies will lead to higher prices in the shops" - even 46% of Conservative voters and 80% of Liberals also believe this to be true. Once more attitudes are evenly held across the demographic groups.

1.7.3. Unemployment

Opinion is evenly divided as to whether "Conservative policies will lead to more people being unemployed". 38% agree and 40% disagree. Substantial majorities of Conservatives disagree and of Labour voters agree. Fear is greatest amongst Trade Unions and in the North, (though not in Scotland).

1.7.4. Mrs. Thatcher

Opinion is also evenly balanced as to whether "Mrs. Thatcher will deal with the problems the country faces better than Mr. Callaghan did". 42% agree and 36% disagree. 8 out of 10 Conservatives accept the proposition while exactly the same proportion of Labour voters disagree. Support for Mrs. Thatcher is strongest in the 45-64 age group, amongst middle class electors and in the Midlands.

1.8. Priorities for the Government

Overwhelmingly rising prices/inflation is considered the most important problem for the Government to do something about. Almost half the electorate mentions this.

The next group of priorities are unemployment, Law and Order, Trade Unions and Taxation, all mentioned by about a quarter of voters.

Amongst young people great concern is expressed about unemployment (38%) while amongst the elderly pensions are mentioned by 36% and Law and Order by 30%.

In Scotland 59% mentioned prices and 39% unemployment, the latter issue also being more important in the North of England.

In our private polls shortly before and shortly after the General Election of May 1979, research revealed certain expectation. At this midway point of the present Parliament, and as we approach the end of the Parliamentary Session, it is worthwhile measuring the expectation and the performance.

The columns below seek to do so factually:

EXPECTATION

REALITY

- | | |
|--|--|
| <p>1. The majority of the electorate (65%) expected some sort of change as a result of the change of Government. 31% expected it would make a great deal of difference, and a further 34% expected some difference</p> | <p>1. The greatest obvious change has been the improved standing of Britain around the world. There is a general impression that the leadership of the Prime Minister and the Foreign Secretary has brought about considerable improvement in our standing throughout the world.
At home people believe that we do count for more at the international conference tables. Europe is a good case in point.
(See below 9).</p> |
| <p>2. The main expectation was tax cuts. 31% of the electorate came into this category. 21% of Labour voters expected us to cut taxes. However, 17% of the electorate expected increased inflation and 12% expected VAT would rise. Not unnaturally more Labour voters (27%) expected inflation to rise against 8% among Conservative supporters. 93% expected Conservative Government to cut income tax but increase the VAT.</p> | <p>2. The income tax cuts in Geoffrey Howe's first Budget were undoubtedly popular and fulfilled the first expectation of the electors. The fact that the world recession and the resulting impact on our economy have prevented us building on that start could be telling if the position is not improved by the next Election. Whilst we have cut the basic rate of income tax and brought the higher rates into line with our competitors, it is highly likely that the Opposition parties will make considerable play of the % of income going in taxation
(1979 under Labour 45½%,
1981 Conservative 48½%)
Company taxation remains high and capital taxes have been reduced only moderately. More needs to be done.</p> |

EXPECTATION

3. Substantial minorities expected a Conservative Government to reduce Union power. At the same time 17% expected 'trouble with the unions'.

4. There was widespread expectation that our policies would lead to increasing freedom, coupled with rising prices.

REALITY

3. There is widespread and growing evidence that all sections of the community do not think the Government has done anything like what it was thought it would do to reduce union power and its abuse. Legislation following the Trade Union Immunities document would be popular.

4. These expectations, taken in tandem, have not materialised. The ending of currency controls have been broadly welcomed by commerce and industry. The attack by the DOE on form-filling has been appreciated by those concerned. Probably because of the recession and the need to keep goods moving, there have not been the rising prices that many expected. Apart from the once for all big jump in the RPI following the first Budget, the Government's record on prices is good. However, energy prices have gone up sharply (with that inevitable impact on the RPI) and electors are concerned that the Government does not seem able or willing to do much about them. This applies equally to individuals and industry.

EXPECTATION

REALITY

5. Only 8% of the electorate expected the Conservative Government to reduce unemployment

5. The low expectation in 1979 and the relatively low-key outcry (other than that politically inspired) in the country since, seems to show that redundancy payments, the level of state support for the jobless, and the considerable measures being taken to create job opportunities or training or further education for the young are recognised by the electors as genuine attempts to curtain the blow of unemployment. However there is growing and insistent demand for more to be done, and this will be ignored at our peril. It is worse in the North than in the Midlands but there is evidence that the effects are spreading South all the time.

6. 92% of all electors expected Conservative Government would give all council tenants a right to buy their own homes.

6. We have fulfilled this pledge absolutely and the popularity of the policy can be seen by the number of sales completed or in the process of being completed at a time of high interest rates.

7. Three quarters of the electors expected the new Government to show the trade unions that the Government runs the country and not them.

7. The Prime Minister has been successful in breaking the idea that the trade unions had open access to Number Ten. There appears to be a wide recognition that the TUC do not have an undue influence on Government. At the same time, the Government has succeeded, in large measure, in detaching itself from industrial disputes by its policy of non-intervention, thus allowing managers to get on with managing and unions getting on with looking after their members.

EXPECTATION

REALITY

8. Three quarters of the electors expected the new Government to strengthen the Armed forces.

8. This is another commitment we have fulfilled. Since the election we have paid our Armed Forces substantial increases and increased defence spending in line with the NATO aim of real increases of about 3% annually. Despite this fact there remains a growing credibility gap felt amongst many of our strongest supporters. It manifests itself in places like the North Kent marginals and Portsmouth.. The fact that we are spending far more money on defence in line with our manifesto commitments does nothing to mollify those many traditional ex-Service supporters who find it incredible that we should want to close Chatham and Portsmouth. It may be irrational, but it won't disappear quickly.

9. Two thirds of the electors expected the new Government to negotiate a better deal for Britain in the European Community.

9. The Prime Minister made a considerable impression in "standing up for Britain" over the Community Budget. The latest news from Brussels about the forthcoming Budget is encouraging and should be capitalised upon. Of itself, our membership of the E.C. is not perceived as a great gain by most people in this country.

EXPECTATION

REALITY

10. Two thirds of the electors expected the new Government would increase council rents.

10. The Government did so and there has been no great revolt. Even so the proportion of income paid by council tenants in rents and rates is far lower than the average home buyer pays. If the gap were closer more people might be encouraged to buy.

11. Just under two thirds of the electors expected that the new Government would cut the amount of money spent by Government.

11. We have cut projected spending by Government, but there is genuine resentment that Government spending appears to go on rising. People do not feel that Government has got to grips with the bureaucracy, or state industries. The strong feeling that the private sector has borne the brunt whilst relatively speaking the public sector has got away with it. Example is still better than precept.

12. More than half the electors expected the new Government to stop industry subsidies.

12. Our supporters are baffled. Even the most persuasive arguments about world recession and increased oil prices, do not pacify people who see state-subsidised loss-making BSC putting profitable private steel firms to the edge of bankruptcy or takeover.

13. Half the electors expected the Government to give people greater freedom to do what they want to do.

13. This is an intangible condition but most people would not feel freer. This is probably because of fears of losing their jobs or being jobless.

14. Half the electors expected the new Government would introduce a completely new approach to governing the country.

14. There is a recognition that the Government is trying to create the conditions which will enable enterprise to flourish and retain more of the fruit of that enterprise. Businessmen recognise that the recession has given them the opportunity to reorganise their firms and to improve their productivity when the economic upturn comes.

EXPECTATION

14. (cont)

REALITY

14. (Cont)

For most people their assessment when the next election comes will be based on their personal economic circumstances. As ever, money in the pocket will condition many people in their voting attitude.

Gallup (Daily Telegraph 18th June)

The Gallup survey published in the Daily Telegraph on 18th June and conducted between June 9th and 15th as well as the standard voting and image questions also looked at the level of approval for the Government's handling of a range of issues.

'In general do you approve or disapprove of the way the government is handling...'

(a plus sign indicates an excess of approvers over disapprovers and a minus sign the opposite)

	<u>MAY</u> 1981	<u>MARCH</u> 1981	<u>SEPT</u> 1980	<u>OCT</u> 1979
Law and order	+5	+20	+9	+33
Immigration	-7	-16	-13	+ 8
Old age pensions	-10	-10	-26	+25
Defence and armaments	-14	-13	+14	+11
Common Market	-15	-14	-14	-11
Housing	-17	-33	-18	+ 8
Health Service	-20	-28	-36	-30
Education	-22	-37	-39	-36
Strikes and labour relations	-24	-25	-25	-14
Roads	-24	-32	-22	-10
Economic & financial affairs	-35	-41	-27	-13
Taxation	-44	-48	-19	+ 6
Cost of living, prices	-50	-65	-56	-46
Full employment	-65	-70	-62	-14