

From
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STRATEGY

A Draft Paper By Lord Thorneycroft

1. This Parliament must be dissolved not later than May, 1984. This probably implies an Election not later than the Autumn of 1983, and a run-up to it starting in the Summer of 1982. We have no more than two years before we are in a full Election situation.

2. This paper is concerned with the prospects from now until that period starts. What are likely to be the most important issues which confront us? What are the issues upon which we can make the best showing? Where do the main dangers lie? What kind of image do we wish to present and what kind of image do we now seem likely to present as we enter the vital months preceeding the Election? Which parts of the electorate should we consider for particular emphasis and appeal?

3. Obviously much turns on chance and much will be influenced by events as yet unforeseen. Nevertheless it would be a rash Government that failed to chart some kind of critical path towards its election for a second term and make some effort to analyse the problems involved. This paper, prepared in consultation with the Research Department, is a first attempt at such a task. It should be read in conjunction with Mr. Lilley's paper on the unemployment issue (attached).

4. Opinion polls provide a most uncertain guide to electoral prospects. So also do Local Government Elections. Something may well emerge from Warrington as to present attitudes to the Social Democrat Party.

Support for the Social Democrats has dropped over recent weeks. They would appear to have 'peaked' in terms of support in late March and early April. Despite this, the Social Democrats still retain a significant level of apparent support in the electorate and an upsurge of support for them if they manage to develop an effective communication strategy is to be expected. What we do not know at this stage is whether they can translate support shown in opinion polls into votes in the ballot box.

When the electorate is presented with the idea of a Social Democratic/Liberal alliance almost one-third still claim they would vote for a candidate standing for such an alliance. Again there is a huge gulf between the answer to a hypothetical question and actual votes on election day.

Support for the Liberals, although having fallen slightly since early March, remains higher than at the equivalent point in the 1970-74 Conservative administration.

Results of the 1979 General Election showed a clear division in terms of support between the North and South of England with the Conservative Party tending to become a Southern English Party. This tendency was reinforced by the results of the 1981 Local Government Elections.

Scotland for the Conservative Party has become a disaster area. Opinion polls indicate that our poor level of support at the General Election has since been further eroded.

Although the Warrington by-election is unlikely to provide the victory the Social Democrats want, our performance is unlikely to be outstanding.

The hard fact emerges that as at April, 1981, out of fourteen issues ranging from defence and strikes to education and pensions, in only one, namely law and order, did more of the electorate approve of the Government's record than disapprove.

5. Clearly much turns on developments in other Parties in the months ahead. Much must turn also upon developments within the Conservative Party itself. Given some change of fortune on the economic stage and some continuance of disarray among our political opponents, there is certainly room for hope. Yet we must do more than hope if we are to achieve success.
6. Our main danger at the moment lies in a growing disillusionment among our supporters about our capacity to govern. Whether they are right or wrong in their judgements it is their judgements which will determine their critical voting decisions.
7. We are at the moment judged to some extent upon the gap which exists between what was expected of us in 1979 and what we have achieved. The gap is a wide one and owes much to the sheer scale of the problem that we inherited. Nevertheless this gap is not an electoral asset.

We were elected for a change. It was thought that we could check the

spendthrift expenditure, the spiralling inflation, the high levels of unemployment, the drift into indebtedness, the growing abuse of power by the Trade Unions, the numbing weight of the bureaucracy pressing down upon the enterprise of the Nation.

We have done something, but spending is still very high, borrowing is still substantial, unemployment is mounting, Unions remain very willing to abuse their powers, which have only been gently curbed, and enterprise feels crushed beneath a mass of rules, regulations and the burden of Capital and Current Taxation.

8. whatever else can be said about this scenario, and much of it is due to events like the upsurge of oil prices quite beyond our control, it certainly does not represent of itself a winning situation. It is possible that the recession really will bottom out. It does however seem at the moment to be unlikely that the Conservatives will win the next Election on the simple policies of business as usual, dealing with the odd crisis as it arises and waiting for something to turn up.

9. What then are the courses which now lie open to us? In broad terms there are in theory at least two options.

A) To attempt a change of economic policy. This would indeed be possible and is an option urged in some Conservative quarters. It would be possible to arrange a substantial increase in capital expenditure, to lower interest rates, to organise, preferably in a European context, a much tougher import policy. This package would of course have an inflationary effect; we can be less certain about the number of jobs created, at least in time for the Election; and it would manifestly be a 'U-turn', which is politically unhelpful. I would myself be opposed to such a switch but I do consider that a cold hard look should be taken at it and if it is rejected it should be rejected by a Cabinet that would be quite clear that every member had so decided. Whatever else we do we cannot drift into the next Election with one-third of the Cabinet believing, or being represented as believing, that they had another way of doing things. The S.D.P. have an asset in their unity and relaxed relationship between their leaders, at least in public. (Of course, unity is easy when you have few policies and few responsibilities).

B) Continuing the main theme of the present economic policy while identifying the main areas of criticism and seeking such remedies, and I accept that they are limited, which can be made available. I favour this course partly because I do not believe that any of the changed approaches

mooted by our critics will in any event have very much effect on unemployment which looks like being our principal handicap in 1983. The case of sticking, already strong, is strengthened still further by the weakening of sterling and its effect upon inflation. It may of course be said that we are pursuing this course already. In some sense we are but sound economic measures have little political appeal until the results begin to show and these may be delayed until after 1983. It is not enough in the meantime to behave like a good Lord Mayor of Birmingham in a lean year.

10. During the coming months, therefore, we certainly need a sound economic policy but we need now something more. We need a definite strategy geared more directly to our problems and likely to appeal to our supporters. The art of "politics" is largely a matter of selection and of choice. It is for the Cabinet to select the issues upon which they wish to concentrate attention. Some select themselves from the amount of public interest in them, others are selected by our opponents such as Europe, others are forced upon us such as Local Government Finance. We should, however, in what we say and do make conscious choices directing our public relations towards sections of voters with whom we are particularly concerned. It would be helpful if the Prime Minister nominated a few people to work with the Conservative Research Department in identifying these issues and target areas.

10a. Politics consists in part of demolishing other people's ideas and in part of popularising one's own. We need to take the segments of the disintegrated Labour Party and identify how we differ from the lot.

Essentially the Labour Groups from Jenkins to Benn will be going for equality and appealing to a sense of fairness.

Essentially we will be appealing to liberty and the hope of jobs and of prosperity. Inequality is the price we pay for freedom and for progress, and incidently for the chance effectively to help the weak. We will identify the Labour groups as battling among themselves to carry the banner of Socialism but importantly as representing the essence of the very problems from the past which we set out to cure.

11. A study group working with the Central Office and Research Department needs to identify the preferred issues but for the sake of example I take a short list which might be included for our purposes.

My choice would be:

<u>Enterprise</u>	<u>Europe</u>
<u>Jobs</u>	<u>Defence</u>
<u>Unions</u>	<u>Constitution</u>

12. Enterprise

The Conservative Party is regarded as the Party which believes in Enterprise. It is handicapped if it is not seen to be actively promoting it. It must do so by methods in the main which do not cost money but do help to create jobs.

Large-scale enterprise is still for the most part embarked upon the process of job shedding. It is as a result becoming more efficient and this is all to the good. The large basic industries of the Industrial North provide, however, little help in solving the problems of unemployment. Job creation will continue to be centred in the main on the medium and small manufacturing enterprises and services. This has been the American experience, and we should study it. We have at this moment a network of regulations built up in consultation with the Unions which are a powerful and active deterrent to new employment. A contract of employment is today almost a contract of marriage. In an uncertain world employers, particularly smaller employers, dare not take the risk of creating an extra job today which can well result in a case before an Industrial Tribunal or a large redundancy payment tomorrow. Mostly they cannot even afford to fight the cases and even if they do, and win them, the legal costs are heavy. Meanwhile a network of wages Councils is pricing potential workers out of small enterprises. We are creating a situation of slow and reluctant recruitment in recognised enterprise, mitigated to some extent by an active moonlighting situation outside.

If we want to encourage job creation in these enterprises we need to lift these restraints from industries up to those employing much more substantial numbers and take a new look at our wage negotiating machinery.

13. Jobs

We may face an Election with between two and three million unemployed. At best the figure is likely to be high by most former standards. If this is so we need in our propaganda to prepare for it.

A close examination of the pattern of unemployment is needed. Are we doing enough to publicise how the problem breaks down? Do we stress the proportion of the total population employed? If certain parts of it throw up special problems, i.e. the young, the absence of skill, the issue of mobility, are we either; a) doing something special about it or; almost equally important b) seeming to be manifestly trying to do something about it?

Should we concentrate on training for new skills or funding labour intensive jobs for unskilled, or both. We could go for longer periods in education, for greater effort in apprenticeship, for more training in special skills, for additional opportunities for military or other service. I recognise of course that much is being done but new approaches are still certainly available. Some of them require new attitudes by the Unions.

If extra resources become available the first priority should be to use them either directly or indirectly in the generation of new jobs rather than in raising in real terms the living standards of those depending on

Social Security.

14. Unions

The Green Paper will in any event have been considered. Our cautious approach may well have been right but is coming under considerable criticism. It is quite likely that S.D.P. may have new proposals in this field which could attract voters from us.

Firm action in liberalising the area affecting small and medium business may be easier than a frontal assault on Union powers in general. Decisions need however to be taken against the background of the increasing use of the strike weapon to achieve political objectives.

15. Europe

Europe will be an issue at the next Election. It is important that we make our stand clear upon this subject. The argument which is electorally the most appealing for Europe is that its market provides the jobs for millions in British factories. The more efficient we are the more jobs, but without Europe fewer jobs all round. We need and need badly new investment. Inward investment is an important part of this and few foreign industrialists in their right mind would recommend investment in the U.K. if it were in danger of being cut off from the European Market of which the U.K. is a part.

The main divide in the Election looks like being between the little Englanders led by Benn advocating Central planning and restricted imports, and the traditional world stage traders going for a share of the new wealth which will by then be hopefully again expanding.

Europe is not popular. The polls show 2 to 1 for leaving, though the issue among all our more obvious problems has hardly yet been argued. We need to devote some part of our time to this theme and in the process enlarge it into the foreign policy dimensions which Peter Carrington does so well.

16. Defence

Massive propoganda is being mounted against us on the issue of Defence. The World Disarmament Campaign is canvassing a petition whose terms are relatively innocuous and certainly ambiguous, whose proposals are unrealistic and whose result will certainly be used against us. The C.N.D. is operating and recruiting with great vigour. The Conservatives who stand alone for strong defences and the possession of an updated and credible deterrent are

attacking one another. A concerted and united defence propaganda effort is under consideration and certainly needs to be initiated.

17. Constitution

Whether we like it or not it would appear that we are likely to spend much legislative time on such matters as local government finance. Medium or short term measures next session and longer term ones either in 1983, or prominent in our Manifesto. It is for consideration whether to put these rather drab and haphazard activities into some kind of Constitutional frame. While we are concentrating on local government the Social Democrats and Liberals, who will be during this period extremely active, will be arguing powerfully for Proportional Representation. The case against this is almost going by default.

18. Our approach could be something along these lines:

- A) The House of Commons remains the seat of democratic power in this country, checked at times a little by a Second Chamber, and reinforced by a powerful and important network of Local Authorities throughout the country. We wish to sustain and strengthen all these institutions.
- B) We have already strengthened the House of Commons by the introduction of Select Committees, which are now playing an important role in our processes of Government.

19. Proportional Representation

We are opposed to Proportional Representation. Quite a lot of the public and quite a slice of the Conservative Party rather like it. We need to decide how to tackle it. We could hedge on it or we could say something like:

We reject P.R. since its introduction for election to the Commons would bring about a fundamental change - namely that Members who now represent constituencies would increasingly represent only Parties, or additional members specifically drawn from Party lists and representing no-one, would deliberately be added. Such a change runs in our judgement contrary to the thrust of our historical development. P.R. would also remove decision-making much further from the electorate and place it in the hands of politicians trading policies for power.

We need a tactical decision since the case is at the moment going by default.

20. We intend to restore and strengthen Local Government accountability by a reform of Local Government Finance, placing votes in the hands of all those who pay taxes and asking for financial contributions from all those who cast votes.
21. Finally the Lords. I think that the Cabinet should ponder deeply what they say about the Lords in the Manifesto. The logic of the constitutional themes above would be to round them off by Manifesto reference to a reformed and slightly strengthened second chamber.
22. Whatever view is taken of the above proposals they set out a theme and some identified policies upon which a Government should make decisions. Some such paper needs now to be produced in order to co-ordinate our public relations strategy.

How, even in recession, we can assist the growth of new enterprise, how we can limit the bureaucratic burden which now afflicts it, how the obstacles and disincentives to employment could be removed or minimised; the nature of the world we live in, Continental or Insular; Defence; the strengthening of our Constitution as a preservative of our freedom, are all great Conservative themes. Not enough of this emerges at the moment in the case which we are putting to the public.

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