



10 DOWNING STREET

Prime Minister

1. I am sorry to say that there has been a noticeable deterioration in the morale of our backbenchers.
2. I attribute this to:-
 - (a) Increasing concern about the extent of the recession and unemployment.
 - (b) The perceived defeats for the Government on Coal and, to a lesser extent, in the pay settlement for the water workers.
 - (c) The size of the P.S.B.R. and the slowness with which interest rates are falling.
 - (d) The insatiable appetite of the Public Sector - notably B.L., B.S.C., N.C.B.
 - (e) The Rate Support Grant.
3. Derek Ezra addressed a crowded meeting of our Employment Committee on Wednesday. It was clear that the cost of Ezra's mishandling of the pit closure issue is going to be very substantial.
4. Alan Clark sent me a letter (undated) from Brian Troughton, which I attach; and Peter Rees sent another which I also attach. These are two only of many similar letters which have been sent to me by our Members this week.
5. The local elections will be bad for our Party.
6. I would like to discuss with you (and with Francis and Michael) how we can restore the morale of our Party within and without Parliament.
7. As you know, Edward du Cann is coming to see you at 6.15 p.m. on Monday.
8. I am sending a copy of this Note and of the two letters to Michael.

27th February, 1981


Ian Gow.