

Urgent

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Confidential

Rt Hon Margaret Thatcher,
House of Commons

10th February, 1976

In the whole of my adult life I have ^{Seldom} not often heard a speech I wanted to cheer more than your ^{tribute} salute to Buckingham last Friday. Of course, it was special for me because that enterprise was launched by the IMA; but everyone spoke highly of it afterwards and it has put fresh heart ^{into} ~~in~~ our urgent task of continued fund-raising. If your secretary could send me a copy of the text as delivered, I would like to keep it among my private papers.

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Having paid my highest tribute, I feel obliged in candour to express my unhappiness about the economic bits of your exchange with Lew Gardner. I admit almost everyone I've spoken to ~~was~~ ^{was} impressed, but the bit that worried me was where you seemed to be putting all the blame on this Government for both the inflation and the unemployment! I appreciate the dilemma and have gone over it often with Geoffrey. But there must be a way of saying that the monetary expansion under Mr Heath was pushed too far at the prompting of the TUC, CBI, ^{NEPC - and of} ~~and~~ none more than Michael Foot and his friends.

OK - in!

On unemployment, you can surely gain most telling hits against the trade unions. Given that some increase is an inevitable side-effect of checking inflation, it cannot be denied that the phoney "social contract" pushed wages to a level that was bound to price more labour out of jobs as monetary demand was checked. You might even have it both ways by reminding Mr Wilson of his Parliamentary reply (21 March, 1975):

for firms
wages costs high
at the expense
of the number
of jobs of low
numbers
(or of other
unions).

"We can and shall get down the inflation rate without economic disaster. We reject, further, the policies put forward by leading Conservatives who say it can be done by monetarist means, producing more unemployment which is their policy."

July '75,

In contrast, see Attack on Inflation (Cmd 6151), para 46, which includes: "The Government have substantially reduced the growth of the money supply in the past year and a half".

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On a wider canvass, is the time not approaching for a root and branch assault on socialism? There would be general assent that the chief symptoms of our economic malaise would at least include (if not wholly comprise) such familiar indications as: bloated government spending, loss-making nationalised industries, multiplying bureaucracies, massive taxation, improvident borrowing, discouragement of profitable enterprise, agrandisement of trade union monopoly and diminution of individual initiative. Yet every one of these ^{disfigurements} features of the economic scene is an essential part of the socialist ~~programme~~ ^{remedies that have hitherto imperilled all patriots,}

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I would think you could have fun along these lines and rejoice your followers, although the more sceptical may still hope to hear a sterner note struck on the direction you would look for drastic cuts in central and local government expenditure. Your homely analogy with domestic house-keeping ^{also} does not quite come off. We are all increasingly forced to cut down and cut out chunks of private ^{family} spending; yet the public element is simply promised not to rise - or, even, not to rise ^{as} fast as before!!!

May I again thank you for the tonic you administered on Friday at Buckingham and remind you I'd like a copy of the text.

How I must ask you to distinguish between really "public" services that only government can run and private benefits that individuals or ~~one~~ ^{one} can take to "and" by charging