

# Conservative Central Office

## NEWS SERVICE

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Open letter from Sir Geoffrey HOWE, QC MP ( East Surrey), the Opposition Spokesman on Treasury and Economic Affairs to the Chairman of the East Surrey Conservative Trade Union Advisory Committee, on Saturday, 3rd September 1977.

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Next weeks TUC Conference will understandably be concerned with the problems posed for union members by today's huge levels of unemployment, price inflation and taxation - the fruits of three years of Labour Government.

A fresh approach to all these problems must await a new Government, responsible to a new Parliament but it <sup>is</sup> certainly right for trade unionists to discuss these questions. May I also suggest some other questions for delegates at Blackpool next week?

There is now on the Conference agenda a composite motion which would commit the TUC to outright opposition to Government cash limits on public expenditure and encourage unions not to co-operate with the Government's call for wage restraint. The motion describes the Government's target of a five to six per cent ceiling on higher public expenditure in the next twelve months as "a fundamental breach of Congress policy that there shall be an orderly return to free collective bargaining".

This Government has been extremely fortunate in being able to rely on the support of a responsible and moderate Opposition when pursuing sensible policies. We have repeatedly declared that we support the need for moderation in pay bargaining. We have pressed the case for cash limits on public expenditure. We support the need for an interval of at least twelve months between one pay settlement and the next.

/True,

True, the Government is only carrying out policies which we can support because the International Monetary Fund has required it to do so, as a condition of Mr Healey's huge borrowings.

Whatever the Government's motives, its insistence on cash limits, on a low level of pay settlement and on the need for something like the twelve month rule is right.

So when the Government acts responsibly, it does so because it has to. The Opposition acts responsibly because it wishes to. Now it is the turn of the Trade Union Movement to act responsibly by declining to accept a motion which could do nothing but damage to the true interests of union members.

I know that living standards have fallen under this Government. I know that union members, like everybody else, are finding it increasingly difficult to make ends meet. I know that it might seem a pleasant sensation to feel a few extra pound notes in the pay packet at the end of the week.

But if wages are allowed to rip, unemployment will swiftly become even higher than it is now. And the extra pounds in the pay packet will scarcely be worth the paper they are printed on.

Mr. Healey knows that. I know that. Most moderate Trade Unionists know that. So no delegates who have at heart the needs and wishes of their members should support a composite motion which would wreck the prospect of an orderly return to responsible collective bargaining.

For the composite motion seeks to set aside the facts of life. It says: "Congress regards the continued operation of cash limits as unacceptable." But cash limits are not there because a wicked Government has rejected some comfortable alternatives.

/Cash limits are ....

Cash limits are necessary because they represent the limit of taxes that union members, among others, are willing to pay. Cash limits are necessary because there is no way to expand the Government's expenditure by printing more cash: that way lies hyper-inflation and mass unemployment. Cash limits are a fact of life.

To describe cash limits as 'unacceptable' makes as much sense as telling the bank manager that he has no right to limit your overdraft.

But pay policy is not the only issue on which TUC delegates need to get their thinking clear. Let me pose some further questions for their consideration:

1. Do they agree that their members will do better if they welcome the preservation, extension and expansion of the free, private sector of the mixed economy?
2. Do they agree that the new jobs that their members so desperately want will come from the growth and success of free enterprise and not from the over-manned, under-productive and often-subsidized <sup>public</sup> sector?
3. Will they abate their prejudice and hostility towards small businesses and the self-employed, who could be the source of so many fresh jobs?
4. Do they at last agree that the dead hand of nationalisation has blighted the prospects of many of their own members?
5. Do they agree that free collective bargaining cannot survive if the State becomes the only employer?
6. Is there not a danger that, unless they reform their own internal democracy, their disenchanted members will reclaim their independence as they did at British Leyland last week?
7. Do they agree that industrial democracy is nowhere more necessary than in the Trade Union movement itself? Are not Union members entitled to choose their officials, local and national, by secret postal ballot at regular intervals?
8. What steps do they take to find out what their members think before casting millions of votes on their behalf at TUC and Labour Party conferences?

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9. Will they use their full authority to prevent a recurrence of the kind of violence that occurred on the Grunwick picket line and which was a bad example for others - from Ladywood to Notting Hill?

10. Do they understand that free trade unionism depends for its survival upon the maintenance of an orderly and law-abiding society - and that those who condone some of the techniques of mass demonstration must take some of the blame for their violent consequences?

ENDS