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PAPER ON STRATEGY
FOR DEALING WITH THE LABOUR PARTY

THE SCENE

1. The current struggle within the Labour Party is being fought out on at least three levels:
 - (a) The struggle for power between rival political personalities.
 - (b) The constitutional struggle which is essentially also a struggle for power between "The Party" and "The Parliamentary Party".
 - (c) The policy struggle between left and right.

THE POSSIBILITIES

2. The outcome of the struggle will not be quickly apparent. Few of us participating are likely to opt for permanent compromise, though a majority of party members inside and outside the House of Commons are probably praying that something can be patched up to obscure the present spectacle of disarray.
3. In the fairly near future we could see one of perhaps four possibilities.
 - (a) A victory for the Left. A combination of Shore/Silkin votes might secure this.
 - (b) A compromise in which Foot took more votes than expected. Though he would claim that he intended to stay, few would regard him as valid in such a role
 - (c) A victory for Healey. Healey is at once the most powerful, most dangerous and the most uncertain of the candidates. He is also the

most likely at least in the short term to succeed, and much of what follows is directed to an analysis of what this could entail.

- (d) A right wing candidate. No right wing candidate who stands unambiguously for maintaining or achieving the authority of the Parliamentary Party over the Party in the country is at present in the field. William Rodgers and David Owen are possible names but their impact as candidates would be more likely to spoil Healey's chances than to achieve success.
4. If the Party clearly swings to the left the tactics of the Conservative Party are pretty plain. We will be contesting the policies of the left: Unilateral nuclear disarmament, large scale state intervention, leaving Europe, abolition of the Second Chamber. The issues though grave will at least be clear. Such a situation might be followed by a split in the Labour Party with the Social Democrats going out on their own. This would be a new situation to be dealt with as it develops and does not look like an immediate possibility.
5. If Michael Foot becomes leader there will be a compromise situation with the main issues unresolved. Such a posture will do nothing for the reputation of the Labour Party but raises no immediate problems for the Conservatives.
6. A Healey victory in the Parliamentary Leadership Election remains a strong possibility. We need to think out the general strategy for the Conservatives in such an eventuality.

IMPACT OF A HEALEY VICTORY

7. A Healey success in the Parliamentary leadership Election will be popular in the country. He has the reputation of being tough, intelligent and patriotic, with personal views on defence, monetary policy, and Europe probably not far removed from those of the Government. He conceals most of this under the arm-waving image of a political bover boy intent only on the assassination of

Margaret Thatcher. The media however are well capable of seeing through the smoke screen and portraying the very powerful individual behind it. I would expect them to draw widely on the Dame Sara Barker Memorial Lecture given and discussed by Healey on September 8th, 1979 (attached), in a perceptive article by Malcolm Rutherford (Financial Times, October 17th, also attached).

HEALEY'S PROBLEMS

8. Healey would no doubt face many problems but high among them must be:
 - (a) That the left will rumble him too well for him to be able to lead the Party effectively even if he can achieve the nominal leadership of it.
 - (b) That in order to lead the Party he will be driven to adopt the same basic approach as Callaghan so well discussed by Brian Magee and Bernard Levin (Times, October 20th and 21st, attached).

THE CONSERVATIVE APPROACH

9. The Conservative Party needs to think most carefully about its attitude in the event of a Healey success in the P.L.P. Poll. Healey himself is likely to seek to cover his problems in the Labour Party with a ferocious knockabout exhibition of booth fighting while concealing his own views on policy to the maximum extent. "Our principal objective must be to defeat the Government" etc., etc.
10. Conservatives would be well advised to ignore the fireworks and seek to pin Healey into serious discussions on policy, not ignoring his own past failures and lack of judgement. Little purpose will be served in reiterating his past membership of the Communist Party. He is certainly not a Marxist today and the fact that he was is almost his only card for bringing the left along with him.
11. In the main, therefore, we should be pressing our own policies with vigour and seeking the common ground in

debate. We need his views on Europe and on the Labour Party policy on Defence. We want from him a reiteration of the need to control the money supply. (Is not his real criticism that we have not held it tight enough?) We should encourage him to say what his attitude is to pay restraint in the public sector. If he believes in norms what norms has he got in mind? If he believes in intervention would not intervention be easier with the country less heavily in debt as a result of his own policies in Government? Above all we should probe his attitude to the great constitutional issues facing Labour next January: The nature of the term democracy in Labour's thinking; the responsibility of a Member of Parliament; the role of the N.E.C. Our aim should be to ignore the smoke screen of political abuse, to penetrate the real policy issues, and to divide the enemy.

12. A discussion might usefully take place on the basis of this paper in order to secure that Party and Ministerial thought are running along similar lines.