

ms

4th August 1981

Thank you very much for your letter of 31st July, with which you enclosed a copy of a letter dated 23rd July, which you had received from the Chairman of our Wales Area.

I have shown that letter and the Report which incorporates the Area Chairman's views to the Prime Minister.

I hope that you will have a good holiday.

With best wishes.

IAN GOW

Sir Russell Sanderson
Becketts Field
Bowden
Melrose
Roxburghshire TD6 OST

The National Union of Conservative and Unionist Associations

32 Smith Square Westminster SW1P 3HH Telephone 01-222 9000 Telegrams Constitute London SW1

President: RT. HON. EDWARD DU CANN, MP

Chairman: FRED HARDMAN, MBE

Vice-Chairmen: SIR RUSSELL SANDERSON

F. DONALD WALTERS

PETER LANE, JP

Chairman of Executive Committee: SIR CHARLES JOHNSTON, TD

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31/7/81.

Dear Ian,

You asked me
to pen on for the Prime
Minister's attention any thing
worth while from Grassroots. Donald
Walters responded to a request
for views before last Monday's
Unemployment Debate, but it is
a letter with reading + I
enclose a copy.
With regard to Ulster.
we have decided to recommend a

debate - including from Peterborough and
second debate on opening day. We
consider this to be the same
alternative in view of 27 resolutions
and this year two balloted
motives to be selected. It is
my view - looking at balloted
subjects - that Ulster would have
been chosen. We took the view
that it was safer to go for
a short debate where we knew
the proposal would be O.K.

Yours
Jc

Robert

The National Union of Conservative and Unionist Associations Wales Area

4 Penline Road Whitchurch Cardiff CF4 2XS Telephone Cardiff (0222) 616031

Please reply to:-
120, Cyncoed Road, Cardiff, CF2 6BL.

President: LESLIE KNIPE MBE
Chairman: DONALD WALTERS LL.B
Hon Treasurer: CHRIS PETERSON TD, JP, DL
Hon Secretary: DEREK LAWS

23rd July, 1981.

Sir Russell Sanderson,
Becketts Field,
Bowden,
MELROSE,
Roxburghshire. TD6 0ST.

Dear Russell.

As requested in our telephone conversation, I set out below some thoughts and I hope they will be of some use to you. I apologise if they appear none too polished, but in view of the time constraint I wanted you to receive this letter as quickly as possible. The background as I see it is:-

- (a) the Government is unpopular;
- (b) it can be argued that in the Autumn we will be commencing the run up to the next General Election and we will need to regain the political initiative;
- (c) I think we would be unwise to assume that a Left dominated Labour Party will be unattractive to the traditional Labour voter, and that no significant number of traditional voters will drift to the SDP. I think we would be wise to assume that many floating voters and an unknown proportion of Tory voters will be attracted by the SDP;
- (d) the anecdotal evidence of a turn up in economic activity last Spring appears to have been a false dawn, and we now face a situation where unemployment will go on rising, where nobody can be certain that we have yet reached the bottom of the economic recession (although the odds are slightly in favour that we are at the bottom) and nobody knows when the up turn will come. We would be wise to work on the assumption that the upturn of its own volition will be slight.

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The Government has preached the message for over two years that the central issue is the fight against inflation, and at first the Country accepted this. It now seems to me that the Country is far more concerned about unemployment than inflation. Statements that 9 out of 10 people are still in work are not particularly helpful, since many of those who are still employed are fearful of being unemployed, and scarcely a family in the land has a relative who has not been affected by redundancy or unemployment or the threat thereof.

Although it was right at the outset to step up the fight against inflation, is there not now a risk that the Government appears to have no other substantial policy, particularly to deal with the likely scenario of increasing unemployment and a very weak economic recovery.

Can the Government go on avoiding the fact that judicious Government stimulus of the economy is necessary. Indeed, it would appear that the Government has given massive support in areas such as BL, BSC., NCB and has authorised increased borrowing for Telecom, and so on. The reality therefore is that the Government does appear prepared to be flexible on projects that are calculated to improve the economy, but is very diffident (and almost has a guilt complex) about saying so, and therefore allows itself to be attacked by the Opposition on the grounds that it is only interested in monetarism.

Where do I think we should be addressing our minds. These points occur to me:-

- (a) youth unemployment is the most serious of our social afflictions. It will remain a problem for many years to come, even if we have a strong economic recovery, because of the changing pace of technology. Various programmes to assist have been introduced on more or less an ad hoc basis. All the programmes for training young people and finding employment should now be co-ordinated. I have a direct association with the Youth Opportunities Programme, and those professionally involved in it are grateful for it, and do not want to see it tinkered with. However, it is suggested to me that there are too many organisations trying to help the young unemployed that are unco-ordinated and are competing with each other. The Careers Advice Service in schools operated by local authorities is inadequate to deal with the enormous increase in those seeking its advice. It is insufficiently aware of the opportunities that exist for training. Should the MSC which has a much broader overview, take over the Careers Advice Service for example? At present I understand there is no direct formal contact between the MSC and the Careers Advice Service. I could go on with detail, but the basic principle is that in my view it would be very helpful if the Government could initiate steps designed to co-ordinate the various measures that are taken for youth employment. If the Government could come out with a credible plan then it would have an enormous impact on the Country;

- (b) I question the wisdom of trying to enforce further cuts in public spending across the board. On the one hand I think the electorate believes that money is wasted in certain areas in the public sector and would welcome any new initiative to attack waste, but on the other hand believes that a wealthy Country such as ours should not cut the totality of its public spending in a time of recession;
- (c) the Government might consider a cohesive policy of selective assistance to stimulate the economy e.g. road building, the railways and communication systems. I know Ministers will argue that a lot is being done already, and this I will not deny. I think to the public these measures seem disconnected and are done grudgingly as a reaction to pressure, for example, aid given to the NCB as a result of the strike earlier this year, and are not sufficiently imaginative. For example, we are years behind the USA in communication systems and stimulus here is badly needed.

Finally, as far as presentation goes, I think it might be fair to say that the Government has one string to its bow namely, the fight against inflation through monetarism. The time has come to show that this is untrue and to collect together existing initiatives as I have already mentioned, so that the Government can be seen to have a positive programme to deal with an entirely new situation to that when it was first elected. Sticking to a policy that was relevant two years ago regardless of economic and social changes that have taken place is not sensible. Being resolute to my mind means making clear decisions in the light of relevant circumstances. (Incidentally, I think it is ironic that the most popular politician is Shirley Williams, when all those who know her will say that she is as irresolute as can possible be). To my mind it is possible to be resolute and flexible, and indeed, a Government that is not flexible does not serve the people well.

We must collect together the policies we have already assembled, present them cohesively, and show their relevance to the present social and economic problems. We must expand our policies to take account of these problems. The initiative of the Prime Minister in asking Michael Heseltine to look comprehensively into the problem of inner cities is excellent on the social front, and it is hoped that it will be pursued and developed and not fall into oblivion in a few months, particularly if the riots die down. Above all the Cabinet should be seen to be united with a positive cohesive policy. I think most people find it strange that there appears to have been only one Cabinet discussion of a couple of hours duration in the last year or so to discuss overall strategy as opposed to dealing with the problems of the day.

I realise that I have rambled on, and I only hope you will be able to pick one or two ideas from what I have said.

Yours ever
Dr. All

THE NATIONAL UNION OF CONSERVATIVE AND UNIONIST ASSOCIATIONS

Report incorporating Area Chairmen's views

1. Although accepted that the level of unemployment will still be high in 1983-84, it is becoming more and more apparent that our ranks are really worried at the rising levels, and they are not convinced that the enormous drain on the Exchequer of an ever rising benefits cheque is satisfactory. They call for a thorough look at apprenticeship schemes and Y.O.P.'s and to label the Trade Unions where it is seen that by their actions young people cannot get jobs because employers cannot pay them the required rates.
2. Charges levelled by State monopolies particularly telephones, rail fares, electricity and gas are damaging to jobs in industry and hit the home budgets. Anything that can break the stranglehold of monopolies should be done vigorously.
3. Whilst the lesson of staged increases in M.P.'s pay has presumably been learnt, it was an expensive lesson in terms of faith in our Party's business dealings. However, there is no getting away from the resentment still felt in the State's provision of inflation proof pensions and a change of direction here is still sought - and particularly if you are looking for some measures to reduce State spending in future. Civil servants have an excellent deal when you compare such arrangements with perks, holidays and their salary levels with private industry.
4. Some thought should be given to the regional situation and there is no doubt that some of the most fertile ground for "Liberal" strength and intervention is in areas which have had regional help withdrawn. This is probably very damaging politically as there will be precious little political support for us in the areas where cash has now been concentrated - viz Glasgow, Liverpool, etc.
5. Trade and industry needs a stronger voice to help to sell our industrial message, which could help tremendously to revive confidence if as is hoped there is an upturn next year - Heseltine?
6. Conquest of inflation is vital and must be our primary aim - as to reductions in taxation the albatross of the dole queue is such that there is a need to look at priorities for the next period.
7. Finally, the major concern of the troops is whether all the sacrifices will be worthwhile, and whether the patient is coming through the convalescence and will be well on the way to recovery by the Election.

With threatened defections to S.D.P. undoubtedly present, and the S.D.P. just longing to feed on such defections, it is vital that we are true in our assessment of when the clouds are likely to lift and what the future holds for our young folk. Do not let us take the blame for profligate spending by Labour Local Authorities and let us be sure to spell out the consequences of Unilateral Disarmament and Liberal policies on defence.

Let us re-shuffle and move out the non-communicators - let us see a good "Trumpeter" as O.C. Government propaganda. The next three months are vital and the Party is anxious to see the beginning of a revival.

25.7.81