

# Briefing Note

No. 38  
18.11.81

## SDP CONFUSION

Mrs. Shirley Williams's economic policy as set out in her Crosby by-election leaflet entitled "A Positive Programme" is different in some important respects from that put forward by others in her Party. (It is not clear what constitutes official SDP policy). For example:

- \* Interest rates: Her first priority is to get interest rates down. Yet an SDP Discussion Paper (October 1981) says that, "to suppose that the first requirement is to lower interest rates ... is to fatally misunderstand business psychology". (Mrs. Williams is silent on how interest rates can be brought down, particularly since she thinks that "borrowing ... could safely rise by £1½-2 billion").
- \* The exchange rate: She would hold it steady, to encourage exports without forcing up inflation. Yet the SDP economic spokesman, Mr. John Horam, said: "A monetary policy should be arranged to allow for further depreciation of the exchange rate" (Hansard, 4.11.81, col. 65). This would force up inflation.
- \* Incomes policy: Despite the fact that her party does not yet have agreed policy proposals here, Mrs. Williams promises an incomes policy backed by an inflation tax on employers paying "more than the country can afford". This would simply make for more bureaucracy, and a further squeeze on hard-pressed industry.

Public Expenditure. The SDP seem to be agreed on a £5 billion a year increase in public spending, with an attempt to stop this from feeding through into prices by an incomes policy of some sort. They do not tell us how they will proceed, should their attempt at incomes policy fail to have the desired effect.

Past experience suggests that they will fail. For example, between 1974 and 1979, 85% of the increase in money in the economy went straight into increased prices, in spite of Labour's incomes policies and the social contract.

To pay for her programme Mrs. Williams promises to increase Government borrowing by £1½-2 billion, but she is vague about where the other £3-3½ billion would come from.

- \* She expects to make substantial savings because of falling unemployment, yet the most likely consequence of her extravagant plans for increased public expenditure is not more jobs - history tells us it is more inflation, higher interest rates and, at the end of the day, higher unemployment.
- \* She says that "North Sea revenues shouldn't be used to cut taxes" - in other words, these would be used to pay for additional expenditure - and other taxes would rise to cover existing expenditure.

Mortgage Interest and Education. Confusion has reigned over certain other issues. The proposal, put forward in a pre-Conference discussion document, to bring about a "progressive reduction" in mortgage tax relief for owner occupiers, has since been subject to silence, punctuated by occasional attempts at fudging.

On education, while other SDP leaders shrink from Mrs. Williams' desire to abolish independent schools (which, it is estimated, would cost up to £2,000 million), the party appears united on the proposal to remove charitable tax status from such schools. As Mr. Michael McCrum, formerly headmaster of

Eton College, has pointed out, "If charitable status were removed, or indeed modified to the detriment of independent schools, those who would lose out would be the pupils with free or subsidised places. ... It is precisely those schools that help the poor most, such as Christ's Hospital...that stand to lose most by the loss of charitable status" (Times, 18th November, 1981). The SDP are also united on opposition to the Assisted Places scheme, which is also designed to help bright children from poorer homes.

Mrs. Williams' Socialist Commitment. Mrs. Williams, however, has been anxious to bury the issue of independent schools so far as the Crosby by-election is concerned. She would also like the Crosby electors to be ignorant of her wider Socialist commitment. Shortly after losing her seat at Hertford and Stevenage in the 1979 General Election, she declared, "If I got fed up with the Labour Party I should simply leave politics altogether" (Daily Telegraph, 13th June 1979). Seven months later she declared, "There has been much talk recently of a new centre party. Speaking for myself, I do not want a new centre party, I want a Labour party, the Labour party, refreshed by new thinking ... (Sunday Times, 3rd February 1980).

Eight months later she declared, "I have re-read all the Labour manifestos of this decade, 1970, two in 1974, 1979 ... Generally speaking these were the aims and policies I believed in" (Guardian, 29th November 1980). She dismissed the Liberals - "The Liberals aren't a serious alternative" (ibid.), having earlier written, "The Liberals have as many opinions as they have members" (News of the World, 14th September 1980).

She also stated, "I would not join a centre party because I believe the whole idea is wrong ... So far as I am concerned, I will always be in a party to the Left of centre" (Sunday Telegraph, 30th November 1980).

Nationalisation. Her voting for measures of nationalisation during the last Labour Government (of the aircraft and shipbuilding industries and of building land) was not simply out of deference to her Party's whips, as is shown by her statement, "nationalisation is primarily a means to an end, the end being the more just distribution of wealth in our society" (Daily Telegraph, 26th February 1974). In a Labour Party Political Party Broadcast on 20th November 1974, she boasted about the legislation which would remove inequality of wealth - "public ownership of development land, the new gifts tax and the proposed wealth tax". The last named was not implemented by the Labour Government: however, Mrs. Williams has not weakened and the Sunday Telegraph of 27th September, 1981 quotes her as writing that, "there is much to be said for a wealth tax ... "

Profits and Prices. Mrs. Williams was Secretary of State for Prices in 1974-1976. The policy of price control which she administered contributed to a disastrous squeeze on industry, and the doubling of unemployment. Prices rose by nearly 60 per cent during the 2½ years in which she held this office.

"I don't think Mr. Benn is an Extremist". During the 1979 Election Campaign, Mrs. Williams referred to a list of 43 extremist Labour MPs and candidates, published by a group of Labour moderates; it included such people as Mr. Benn, Mr. Frank Allaun, Miss Joan Maynard, Mr. Ian Mikardo and Mr. Dennis Skinner. She said, "I know quite a few of the 43 and I am bound to say if they are extremists, then I am one too". She went on to say: "... I don't believe Members of the Tribune Group are extremists - it would be a ludicrous phrase to hang round their necks ... I don't think Mr. Benn is an extremist" (Election Call, BBC Radio 4, 18th April 1979).

LMR/DJN/JLS