

DESTROYING LABOUR'S ALIBI

1. I am deeply concerned at the extent to which Healey et al have been, and still are, able to get away with blaming so many of their troubles on "the monetary incontinence" of the last Government, the Barber Boom and so on. We are all probably prepared, to a greater or lesser extent, to acknowledge that there is some justice in the charge. But enough is enough: and I am sure we need to prepare and maintain a vigorous counter-attack. The political need is imperative and I see no reason to believe that such a counter-attack need conflict with even the highest standards of intellectual honesty.
2. I intend, therefore, to use a major speech occasion in the middle of September to deliver what can only be the first salvo - and to return to the theme vigorously at the Party Conference. The purpose of this note is to solicit help from colleagues in analysing the problem and in the generation of the appropriate political phraseology and intellectual analysis.
3. My own most coherent attempt so far to tackle this job occurred on the first day of the Debate on the Stage Two White Paper (6th July); Ted Heath developed a slightly different approach on the second day (7th July); and Keith Joseph presented yet another one in his brief, but immensely effective, intervention in Healey's speech during this week's Debate on the Economy (2nd August).
4. I believe that it is possible (and essential) to go a very long way towards reconciling these different presentations if one remembers that the ducking-stool on which the economy now has to sit has three legs: monetary policy, public expenditure, public sector pay policy. Whatever the consequences of the Barber Boom, the 1973/4 curtailment of money supply growth, intended control of local government spending and announced cuts in public expenditure were all major steps in the right direction - and, on any view a very significant part of later problems must be attributed to the "Healey hurricane" on public spending and public sector pay.
5. Part of the case must, of course, be defensive without being whitewashing: the uncertainties which followed competition and credit control, round-tripping, M1 or M3 or DCE; the property boom and how it was hit on the head; the very real impact of the oil and commodity price explosion - which would have produced more rapid deflation had it not been for the "Healey hurricane".
6. The other part must consist of aggressive exposition of Healey's sins through two midsummers of madness, until July 1st, 1975. The attempt to re-write history as though it started on that day (coupled with "the successes of the last two years") has much to be unwritten.
7. I should be most grateful if colleagues who receive this note are able to let me have their thoughts, technical as well as political, in whatever form and at whatever speed their holiday arrangements permit.

J. H.