

22 April 1983

DRAFT PASSAGE FOR CUTLER'S FEAST SPEECH

In your speech, Master Cutler, you ask for lower subsidies to public enterprises (or higher ones to private), lower energy prices, and increased protection from imports. But I entreat you, think again. Just reflect for a little while before you speak loud in urging your three demands.

First, consider the price of energy. Britain's principal source of energy is coal. And the protection which you seek, Master Cutler, for your products, has been granted in large measure to the coal industry. The Electricity Generating Board cannot buy foreign coal. It must purchase from British pits. Furthermore, the subsidies which you seek, Master Cutler, to preserve your industry, have been lavished in abundance on the National Coal Board, to protect its balance sheet and to preserve jobs and markets. Subsidies and protection and high prices - an unholy trinity. Indeed an ironic trinity.

Would you have us raise import controls on coal further? We could decrease the subsidy to the Coal Board, but only at the cost of considerable increases in the price of energy. And you want decreases not increases. Would you ask us to subsidise less? Surely that would, again increase, not decrease, the price of energy. Or have you in mind some Santa Claus descending the smoke stack who will somehow provide costlessly the subsidy that you seek for the energy users? There is no such Santa. I know because I keep the accounts.

It is no surprise that every businessman wants the price of what he sells to be high and the cost of what he buys to be low. But what he buys is often sold by other businessmen. We all take in one another's washing. Protection or subsidies for one industry is discrimination or expropriation for another.

So I agree that you have every right to chide us for the substantial subsidies we have doled out to nationalised, and other, industries. We as a Government and as a Party still believe that every firm should cover its costs. But in 1979 when we took office almost no nationalised industry was covering its cost. The Labour Government had restrained the prices and increased the subsidies of nationalised industries.

We took drastic action to stem the financial haemorrhage. Transfusions and tourniquets had to be applied quickly while we set about the job of restoring the nationalised industries to health. The cure always required substantial reductions in the often absurd manning levels. Yet men and women had entered the British Steel Corporation or British Airways or the mining industry on the promise that there was always a job and a rosy future before them - that seemingly expansion would go on for ever.

No government can now simply walk away from that rosy prospectus. A large number of post-dated cheques were written many years ago. Over the past four years they have become due. We have had to pay.

But paying bills is a sobering experience. We know that we must never let the debts accumulate again.