

Daily Notes

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No. 1

THE CHOICE AT THIS ELECTION

Britain's electors have to make a choice about the sort of society they want and the values that should shape it.

The Labour Party puts no faith in the individual's ability to help himself. It believes that the solution to every problem is government action. Its manifesto is a tissue of threats to run people's lives, to manage more and more of Britain's industry from Whitehall, to enforce a uniform system of schooling for our children, and to direct people's savings. Labour's plans will involve the spending of an extra £39 billion of taxpayers' money.

Conservatives take a different view. We believe that individuals should be helped to help themselves, with the minimum of interference from the State. Our Manifesto is a record of Mrs Thatcher's successful first steps to put people back in charge, to enable them to become home-owners and share-owners, and to give them choice about their children's schooling. There is, of course, much work still to be done. The blight of high unemployment will only be removed, as the Prime Minister says in her foreword to the Manifesto, 'by steadily and patiently rebuilding the economy so that it produces the goods and services which people want to buy, at prices they can afford'. This means a continuation of the Conservatives' resolute policies to conquer inflation, to create the conditions for growth, and to make Britain attractive to foreign investors.

**Conservative
Research
Department**



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1. FOUR GUARANTEES FROM THE PRIME MINISTER

In her speech to the Scottish Conservative Conference at Perth on Friday, 13th May, the **Prime Minister** made four guarantees.

She reaffirmed her unequivocal commitment to national defence:

'As Lord Home said only a few weeks ago: "I can find nothing in Christian teaching that forbids me to defend myself when faced with an evil aggressor who aims to destroy my religion and all the values which I treasure". That is why on June 9th we will ask the people of . . . the United Kingdom to treat the nation's defence as the first call on the nation's resources.'

She vowed to continue with our, traditional, resolute approach to law and order:

'We support the police unswervingly. We support the bobby on the beat. We are alert to take every opportunity to win the war against crime. We shall not rest until the bullies, who prey on the elderly, on the lonely widow, on the disabled, are brought to justice.'

She emphasized her belief in Conservative efforts to uphold traditional moral values, to preserve the freedom of the individual, and to encourage personal responsibility:

'Our whole philosophy is built on respect for the traditional moral values which are the cornerstone of a free society. All our policies are designed to encourage personal responsibility, personal initiative, self respect and respect for others and their property. We have provided for many families for the first time the . . . opportunity to own their own homes; to have a property in the maintenance of which they can take pride.'

She restated the Government's practical strategy to provide real jobs:

'We have to tackle the tragedy of unemployment . . . at a difficult time when world recession has coincided with a technological revolution.'

'What can Government do to help with industrial rebirth? It can create the climate in which industry can flourish.'

'It can keep inflation down. This Government has—and we shall get it down further'

'It can cut its own bureaucracy. This Government has—we have announced today that we now have the smallest Civil Service for 20 years.'

'It can legislate for more balanced trade union laws. This Government has—we have passed two Acts in this Parliament and will put through more in the next Parliament.'

Mrs Thatcher ended by reminding the nation of the gains already made and of the battles yet to come.

'In four short years, Britain has recovered her confidence and her self-respect. We have regained the regard and admiration of other nations. We are seen today as a people with integrity, resolve and the will to succeed. This is no small achievement.'

'This is a historic election. For the choice facing the nation is between two totally different ways of life.'

'And what a prize we have to fight for: no less than the chance to banish from our land the dark divisive clouds of Marxist socialism and bring together men and women from all walks of life who share a belief in freedom and who have the courage to uphold it.'

'So tonight we go forth to battle. Great things are expected of us.'

'If we keep our standards and our vision bright, what we have begun will end not only in victory for our Party, but in fulfilment of our nation's destiny.'

2. THE TASKS AHEAD

'Over the past four years, this country has recaptured much of her old pride. We now have five great tasks for the future. They are:

- * to create an economy which provides stable prices, lasting prosperity and employment for our people;
- * to build a responsible society which protects the weak but also allows the family and the individual to flourish;
- * to uphold Parliamentary democracy and strengthen the rule of law;
- * to improve the quality of life in our cities and countryside;
- * to defend Britain's freedom, to keep faith with our allies in Europe and in NATO, and to keep the peace with justice.

These tasks will require sustained determination, imagination and effort from Government and people alike.'

Conservative Manifesto 1983

3. SEVEN POINTS FROM THE CONSERVATIVE MANIFESTO

(i) Freedom for Workers: The Political Levy

'We intend to invite the TUC to discuss the steps which the trade unions themselves can take to ensure that individual members are freely and effectively able to decide for themselves whether or not to pay the political levy. In the event that the trade unions are not willing to take such steps, the Government will be prepared to introduce measures to guarantee the free and effective right of choice' (p. 12).

The 'political levies' paid by trade unionists to political parties are open to abuse. Some members are not even aware that they are paying a levy; others find it difficult to 'contract out'. Mr Gavin Laird, General Secretary of AUEW has said:

'We make it as difficult as we possibly can for people to contract out of paying the political levy' (Financial Times, 21st March 1983).

The next Conservative Government will not seek confrontation: it will give the unions a further chance to reform themselves. But if the unions refuse to co-operate, the Government will legislate to ensure that individual workers have a genuine choice to pay or not to pay the levy. If necessary, we will reintroduce the system of 'contracting in', which was used between 1927 and 1966.

This is not a bid to bankrupt the Labour Party. Labour should be able to support themselves from truly voluntary contributions: any Party that needs to resort to compulsion or trickery cannot claim a right to be taken seriously by the British electorate. Indeed, it might do Labour good to

rely upon the consent of individuals: some of their extremist policies would probably disappear.

We have nothing to be ashamed of. Only 30 per cent of the Conservative Party's income is derived from corporate donations (whereas 80-90 per cent of the Labour Party's income is derived from union affiliation fees). Corporate donations cannot be equated with the political levy. Under the Companies Act, shareholders have to be informed if their company is making political donations; and people have a genuine choice about the companies in which they invest. A miner, on the other hand, has no choice about the union to which he belongs, and very little choice about the contributions he makes.

Our policy on the political levy is merely one part of our general effort to preserve the rights of individual workers: the public supports that effort.

(ii) Freedom for Workers: Trade Union Elections

'We shall give union members the right to hold ballots for the election of governing bodies of trade unions' (p.12).

Trade union leaders are not like the officers of small private clubs: they are national figures who have an important—sometimes a crucial—role in our economic affairs. They have no right to wield such power unless they truly represent their members; and at present this is not always the case. Many union elections suffer from low turn-outs, ambiguous rule books and deliberate malpractice—including, in a number of cases, ballot rigging and forgery. Mr Frank Chapple, former General Secretary of the EETPU, has spoken of a:

'shameful assault on the democratic rights of any member. Ballots were rigged, votes "against" illegally disallowed and outspoken opponents threatened and intimidated' (Daily Mail, 19th November 1982).

And Mr Eric Hammond, present General Secretary of the same union, has said:

'Trade Unions are not top of the pops. We are not a popular group in society. This is because most trade union leaders are just not representative of the ordinary members' (The Sun, 22nd December 1982).

The only means of ensuring that union leaders do represent their members is to introduce compulsory secret ballots for union elections; that is what we are committed to doing in the next Parliament. And we will also give individual trade unionists the right to appeal, in court, wherever they believe that their right to a free, secret ballot has been denied.

Our policy is popular. Polls show that both the electorate and trade unionists themselves support secret ballots. There has been overwhelming support for the principle during the consultations on our Green Paper, *Democracy in Trade Unions* (January 1983).

The Government's approach is flexible, reasonable and pragmatic. No model electoral procedure is presented, since this would be impractical (the NUS, for example, has members scattered all over the world, and other unions have a high turnover of membership). Nor has the Government yet laid down how often elections should be held. These matters will be left for detailed and careful consideration.

(iii) Returning Business to Independent Ownership

'We shall transfer more state-owned businesses to independent ownership. Our aim is that British Telecom—where we will sell 51 per cent of the shares to the private sector—Rolls Royce, British Airways and substantial parts of British Steel, of British Shipbuilders and of British Leyland, and as many as possible of Britain's airports, shall become private sector companies. We also aim to introduce substantial private capital into the National Bus Company. As before, we will offer shares to all who work in them . . . We shall also transfer to the private sector the remaining state-owned oil business—the British Gas Corporation's offshore oil interest' (p.16).

The myth of nationalisation has long been exploded. State ownership is not ownership by the people: it is merely a way of putting ministers and civil servants in jobs that could be better filled by businessmen. Nor is it ownership for the people: state-owned industries have no incentive to respond to consumer demands.

But Conservatives are not merely against nationalisation; we have positive reasons for favouring independent enterprise:

- (a) The introduction of private capital into nationalised industries will make them more responsive to the disciplines of the market and so increase pressures for efficiency and competitiveness.
- (b) The sale of public assets and shares reduces the Public Sector Borrowing Requirement and the longer-term burden on the public purse.
- (c) The sale of state-owned shares is an important step towards wider ownership and the property-owning democracy that Conservative governments since the War have sought to achieve. Independent ownership brings reduced dependence on government, recognition of the need for personal effort, and an enhanced sense of responsibility for one's own life. That is why we are proposing the largest programme of privatisation ever undertaken in this country.

The consistent movement towards private ownership is undoubtedly one of the most widely welcomed aspects of our programme. The public know inefficiency and unnecessary state interference when they see it; and they know real popular control when they have it.

(iv) Giving Parents Choice

'Giving parents more power is one of the most effective ways of raising educational standards. We shall continue to seek ways of widening parental choice and influence over their children's schooling' (p.29).

The Education Act 1980 implemented our Parents' Charter. It gave parents the right to choose schools for their children within or across local authority boundaries; placed a duty upon Local Authorities to comply with parental preferences wherever possible; compelled schools and local authorities to publish full information about curricula, examination results and discipline; and introduced a proper local appeals procedure in all areas for those parents not obtaining their first choice of school. The benefits of the Act are becoming apparent. A sample survey carried out by DES officials has shown that more than 90 per cent of parents obtain places for their children at the schools of their choice; of 9,000 appeals made last year by parents not obtaining their first choice, 3,000 were found in the parents' favour

Assisted Places Scheme. This scheme, which is now in its second year, fulfils the Party's promise to restore the old Direct Grant system, which Labour wantonly abolished in 1976, in a new and improved form. Two-thirds of the pupils entering the scheme last September are from families with earnings of less than £150 a week. Many are the sons and daughters of bus drivers, coal miners, railwaymen and shop assistants.

The Labour Party, as part of its vendetta against independent schools, has promised to abolish the Assisted Places Scheme, thus preventing bright children from poorer families the benefits of a first-class academic education.

Further Possible Steps. We intend in the next Parliament to make schools more responsive to parental choice. One way of achieving this would be by the introduction of education 'vouchers' or 'credits', whereby every parent with a child of school age would be issued with a voucher or credit equal to the cost of educating the child in a maintained school which could be used to pay for the child's education at a maintained school of the parent's choice. Other possible means include increased self-management for maintained schools, and the operation of 'open-enrolment' schemes in which Local Authorities make provision for schools to contract and expand rapidly in line with fluctuations in parental demand.

(v) Curbing Rate Increases

'We shall legislate to curb excessive and irresponsible rate increases by high-spending councils, and to provide a general scheme of limitation on rate increases for all local authorities to be used if necessary' (p.37).

Many Labour councils are willing to spend recklessly on needless luxuries and gimmicks, even when this puts serious burdens on the ratepayers. In the past four years, the Conservative Government made every effort to curb such extravagance without imposing legislative controls on rates. But these efforts have been frustrated by the obduracy of councils such as the GLC, Lambeth, Hackney, Islington, South Yorkshire, Merseyside, Newcastle upon Tyne, Sheffield and Manchester. Each of these authorities plans to spend 25 per cent or more above its assessed 'Grant Related Expenditure' in 1983-4, and each increased its rates by 8 per cent or more between 1982-3 and 1983-4.

We now propose to tackle the problem by introducing legislative curbs on rate increases. We shall identify the highest spending councils, examine their budgets before they fix their rates, and then state the maximum level of rates that would be acceptable in the next year. This will be similar to the system that has already been introduced to restrain the extravagance of local authorities in Scotland.

Our proposals are not an attack on local autonomy. We are not trying to tell councils how to spend their money: we are merely trying to prevent them from putting unbearable burdens on their ratepayers. Our intention is to protect those private citizens who would otherwise be forced out of their homes by excessive rate increases. If a scheme like ours had been applied only to the 15 highest-spending authorities in 1983-4, the average rate increase in Great Britain would have been about 1.3 per cent rather than about 5.7 per cent.

We shall take steps to ensure that business does not suffer from excessive rates. In our Manifesto we say:

'We will require local authorities to consult local representatives of industry and commerce before setting their rates. We shall give more businesses the right to pay by instalments. And we shall stop the rating of empty industrial property' (p.37).

The proposal to make local authorities consult 'representatives of industry and commerce' is no mere frill. The consultative arrangements set up by a council will be subject to challenge, both by the district auditor and by the courts; and powerful bodies such as Chambers of Commerce and county branches of the CBI will almost certainly be amongst those consulted.

These new steps to ease the burden of rates on business form part of a programme that is already well established. Our Local Government, Planning and Land Act, 1980, gave smaller businesses the right to pay rates by instalments: we are now merely extending this help to larger firms. The same Act gave the Secretary of State for the Environment power to place ceilings on the rating of empty property—and **Mr Heseltine** used this power to keep rates on unoccupied non-domestic premises down to 50 per cent.

We have been, and we continue to be, the party of low rates.

(vi) Improving the Structure of Local Government

'The Metropolitan Councils and the Greater London Council have been shown to be a wasteful and unnecessary tier of government. We shall abolish them and return most of their functions to the boroughs and districts. Services which need to be administered over a wider area—such as police and fire, and education in inner London—will be run by joint boards of borough or district representatives' (p.37)

The 'metropolitan counties' (i.e., Greater Manchester, Merseyside, West Midlands, West Yorkshire, South Yorkshire, Tyne and Wear and the GLC) were established by previous Conservative governments. But they have been abused by Labour politicians. They have become extravagant and administratively top-heavy; they account for two-thirds of this year's

local government overspending. The GLC alone exceeded its spending target by 53 per cent.

Part of their expenditure is misdirected: Greater Manchester built a housing estate in 1972 at a cost of £5 million and recently demolished it at a cost of £625,500 because of structural defects which would have cost £10 million to rectify. Other parts of their budgets are purely frivolous. The South Yorkshire Metropolitan Council has employed groups of people to count lamp-posts and 'street furniture', and has appointed a 'Nuclear Free Zone Officer' at a salary of £8,000 to £10,000 per annum. The GLC is, of course, the outright winner in these stakes: besides spending £100,000 to pay French workers for putting up illuminated signs along London's South Bank, it has given £16,000 to the magazine, *Spare Rib*, and has made a touching donation of £800 towards 'Babies Against the Bomb'.

Although abolition of the metropolitan counties will initially cost between £20 million and £70 million, the taxpayer and ratepayer will eventually save £120 million a year. Some 9,000 fewer local authority bureaucrats and other staff will be needed.

These moves will be popular. The metropolitan counties are generally unloved. The GLC, in particular, is seen as a labyrinthine colossus inhabited by thousands of faceless bureaucrats.

(vii) Protecting Pensioners

'In the next Parliament, we shall continue to protect retirement pensions and other linked long-term benefits against rising prices' (p. 26)

1979 Pledge Redeemed. At the last General Election, the Conservative Party pledged price protection for pensions and linked long-term benefits over the life of a Parliament. This pledge has been more than fulfilled. Between November 1978 and November 1982, retirement pensions and widows' pensions went up by 68.5 per cent, compared with a rise in prices of 61 per cent. Most other long-term benefits rose by broadly the same amount, and all went up by more than the increase in prices.

Method of Calculating Increases. The historic method of uprating pensions and benefits, i.e., basing increases on actual price rises recorded, has been reintroduced under the Social Security and Housing Benefits Act 1983 in place of the forecasting method brought in by Labour in 1976. Mrs Barbara Castle (who was then Social Services Minister) claimed that her change—under which benefit increases were based on the anticipated rise in prices for the period November to November—'would save the Treasury some £500 million'. But her method of forecasting inflation proved to be inaccurate in five out of the seven years it was used. This misled and confused pensioners. Reversion to the historic method will enable pensions to go up in relation to recorded price increases.

This year's increase in pensions will be based on the rise in prices in the twelve months to May 1983 and will be announced in June. The Government estimates that for the whole period November 1978 to November 1983 prices are likely to have risen by about 70 per cent and pensions by about 75 per cent.

4. LABOUR'S SCARE STORIES

'We have exploded those scare stories with which our opponents tried so hard to cling to power in the 1979 election.

'They said we would cut pensions. Instead, we've raised them by two-thirds well ahead of prices.

'They said we'd dismantle the National Health Service. Instead, we have nearly doubled spending on the Health Service here in Scotland—and today there are many more doctors, dentists, and nurses—almost 6,000 of them—in your Scottish hospitals and health centres, than when we took office.

'They said we'd cripple education. Instead, expenditure per child is at an all-time record, and so is the proportion of teachers to pupils; and a higher proportion of our young men and women are going on to full-time further education than ever before.

'They said we'd be the dear-food party. Just let's look at the record. When they were in power, food prices more than doubled. What you got for £10 at the beginning cost you £22 at the end. Under this Government, what you could buy for £10 when we took office would cost you £13.50 today. Not good enough, but getting better. And in the last year food prices have risen by less than a penny in the pound' (**The Prime Minister**, Scottish Conservative Conference, 13th May 1983).

5. THREE CONSERVATIVE ACHIEVEMENTS

(i) Bringing Down Inflation

Under the last Labour Government, prices more than doubled. This rampant inflation pushed up interest rates, damaging business and destroying jobs; it made long-term investment almost impossible; it encouraged employees to struggle each year for wage rises that employers could not afford, thereby damaging industrial relations; and it eroded savings that old people had accumulated over a lifetime.

When Margaret Thatcher came to power, the first thing she made clear was her determination to put an end to this abysmal state of affairs. And that is what this Government has done. Over the past year alone, inflation has fallen by 5.8 per cent—a faster rate of reduction than that achieved by any major industrial nation. Our inflation rate is now 4.6 per cent—our lowest for fifteen years—only one point higher than West Germany's, and half that of socialist France.

Our opponents have claimed that this transformation is nothing more than a result of international recession. They have attempted to persuade the British public that any government, Labour or Conservative, would have achieved the same feat. Nothing could be further from the truth.

Money is like any other commodity: when supply exceeds demand, its value drops. The only way to maintain the value of the currency is to match supply to demand by controlling the amount of money in the economy. In order to achieve this, we have exercised firm control over the money supply. It would have been easy to finance additional expenditure by printing money; but this would merely have resulted in renewed inflation. Labour would not have exercised the same prudence: they do not propose to exercise it now. In their manifesto, they offer a programme of spending that can be funded only by a massive expansion of the money supply.

Our victory against inflation has not been easily won; but the gains that we have made could all too easily be given away.

(ii) Britain in the World

Under the Conservative Government, Britain has played a role in world affairs designed to promote our security and prosperity, to enhance our reputation as a valuable friend and ally, and to defend firmly British interests.

- * While Britain's conventional and nuclear defences have been strengthened we have worked within NATO to enhance the security of the Alliance as a whole. We have sought a common response to relations with the Soviet Union. Where there have been differences, the Government has sought to limit their scope and significance. The NATO Summit in Bonn, in June 1982, demonstrated the cohesion of the Atlantic Alliance and reaffirmed our common commitment not only to a strong collective defence, but to the ideals that unite us as well.
- * The Government has attached great importance to a balanced and verifiable reduction of armaments. We have played an active part in preparing Western proposals for reductions in nuclear and conventional forces.
- * Despite the need to reduce public expenditure, the overseas aid programme has been maintained at a substantial level. Our close involvement in the activities of the Commonwealth, and the Prime Minister's participation in the Cancun Summit in autumn 1981, have shown our concern with the developing world and its problems. Our aid programme at over £1,000 million remains one of the largest in the world.
- * The Government has made a major contribution to the maintenance of peace and the promotion of stability. The settlement in Zimbabwe was a considerable achievement, and we have joined with our allies and Community partners in efforts to resolve the problems of Namibia, the Middle East and Afghanistan.
- * In its reaction to the unprovoked and unlawful Argentine invasion of the Falkland Islands, the Government showed its determination that aggression must not be allowed to succeed and that international law must be respected. While our military success underlines that

determination and our ability to fight for what we believe, our successful efforts to secure international condemnation of the Argentine invasion and to win support for economic and political pressure on Argentina, confirmed the value of the close political relationships which we have worked to build within the European Community, NATO and the Commonwealth.

- * In Europe we have improved the United Kingdom's position by negotiating a substantial reduction in our net contribution to the Community Budget. Our farmers' share of the help available under the Common Agricultural Policy has doubled and the cost of the CAP to the British taxpayer, which doubled under Labour, has been falling in real terms.

(iii) **The Right to Buy**

Conservatives have long believed in a property-owning democracy. This Government has done more to make a reality of that belief than any other in recent history. Since 1979, we have enabled 500,000 public sector tenants to buy their own homes. Nothing could have had a more dramatic effect upon those people's sense of independence and responsibility.

In community after community, the acquisition of property has transformed social and moral attitudes. This week in Perth, the **Prime Minister** cited a classic example of such transformation. The Easterhouse area of Glasgow used to be a neighbourhood so devastated by vandalism that nobody wanted to live in it. Now the houses have been made available to private purchasers; and the neighbourhood is so improved that it would hardly be recognised by a former inhabitant.

But Conservatives are not content to rest on their laurels. In our Manifesto we state clearly that:

'We will give many thousands more families the chance to buy their homes' (p. 30).

No other Party would have done what we have done, and no other Party even pretends that it will do so much in the future. The Alliance proposes to give councils the power of appeal against those individuals who wish to buy their homes. Labour state openly that they will 'end enforced council house sales and empower public landlords to repurchase homes sold under the Tories' (*Labour Manifesto 1983*, p. 23).

When the tawdry attacks against Margaret Thatcher are long forgotten, she and her Ministers will live in the memory of the nation as the Government that gave people the right to buy.