

Daily Notes

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DEAD CENTRE

The Alliance Manifesto is not a convincing programme for government. It is a pot-pourri composed of some weak versions of Labour policy, together with other proposals already more firmly accepted (and in many cases implemented) by the Conservative Party.

This pattern is evident in the Alliance's economic programme. New spending is envisaged, though on a smaller scale than that proposed by the Labour Party. Monetary restrictions are favoured, though not quite of the same stringency as those implemented by Conservatives. An incomes policy that is not quite an incomes policy is recommended. And nationalised industries are to be retained, but with reduced government control over their financing.

The Alliance's social policy manifests the same contradictions. Private health services are not to be banned; but they are not to be supported. The right to buy council houses is to be retained; but local authorities are to be given the power to appeal against those individuals who wish to exercise their rights.

Alliance defence policy is equally indecisive. Cancellation of Trident is to be matched by retention of Polaris; no firm decision is to be made about the deployment of Cruise; and 'the opportunities' for a nuclear freeze are to be 'explored'.

The only radical suggestions put forward in the Alliance Manifesto are those concerning constitutional affairs. Widespread devolution is proposed; and proportional representation is demanded. But it is not clear what advantages these fundamental changes would confer upon the nation - except, of course, that the power of minority parties would be much increased.

**Conservative
Research
Department**



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1. HAVING THEIR CAKE . . .

'Unilateralism and multilateralism must go hand in hand'
(Labour's Manifesto, *The New Hope for Britain*)

2. THE ALLIANCE MANIFESTO I: THE ECONOMY

(i) Inflation and Incomes Policy

'... action to rekindle growth without inflation, buttressed by a less restrictive monetary policy and management of the exchange rate to keep our exports competitive' (p.7).

The Alliance are promising to slacken monetary policy, weaken the exchange rate and increase government borrowing—and yet at the same time keep interest rates and inflation down. The key to this extraordinary balancing act is an incomes policy, which they hope will contain the inflationary pressures generated by their other policies.

'We are convinced there is no hope of a lasting return to full employment unless we can develop ways of keeping prices down which do not involve keeping unemployment up . . . We are prepared to face up to this by pursuing a fair and effective pay and prices policy that will stick . . . the Alliance will seek a specific mandate from the electorate in support of an incomes policy' (p.8).

No government has ever made an incomes policy 'stick' for any length of time. The Labour Party, despite conceding the unions' every demand, are unable to exact from union leaders any kind of commitment on pay. The Alliance, committed to trade union reform, has little chance of succeeding where Labour has failed. Nor has an incomes policy ever been 'fair and effective'. Experience shows that incomes policies interfere with market forces and eventually collapse under the weight of the anomalies and distortions they create. Despite changing the phraseology, the Alliance version of incomes policy has not overcome the familiar problems of norms ('a range for pay settlements'); comparability ('a fair deal for pay in the public services'); interference with market forces and penalties for the recalcitrant ('new arrangements to discourage excessive pay settlements in the private sector'); containing pay in the public sector ('the nationalised industries will be subject to similar restraints'); and bureaucracy ('a Pay and Price Commission').

(ii) The Alliance and the Nationalised Industries

'We will seek to distance the Government from direct involvement in nationalised industries' (p.13).

In searching for a non-existent middle way, the Alliance has completely failed to come to terms with the problem of the nationalised industries. In its Manifesto it has come out against further privatisation as well as further nationalisation, arguing instead that 'we must get away from the incessant and damaging warfare over the ownership of industry and switch the emphasis to how well it performs'. This may sound superficially attractive, but it is in reality begging the question. No company can or will ignore who its owners are, and the question of ownership is central to the problems of the nationalised industries. As **Mr Patrick Jenkin**, Industry Secretary, has said:

'Anyone who argues in the light of nearly 40 years' experience that there must be a way of managing State monopolies that will increase their efficiency, satisfy their customers and yield a return on the taxpayer's investment instead of being a burden on the taxpayer, must believe in fairies. Successive Governments have tried. Some of the ablest businessmen in the country have been put in charge of nationalised industries and they have tried. There have been any number of White Papers, cash limits, financial targets, required rates of return and cost objectives. Every device has been tried and none has solved the fundamental problem of State industries. Nor can they, because the fundamental problem remains—State monopoly, financed by the taxpayer and nominally accountable to Parliament through

Ministers. The system has failed. Are we to sit back and do nothing about it?' (*Hansard*, 9th November 1982, Col. 457).

The Alliance's answer to that question is apparently 'Yes,' for they say quite specifically that 'we will retain the present position of British Airways but will not privatise British Telecom's main network nor sell off British Airways'. No one but the Alliance considers the present situation satisfactory; the suggestion that it be frozen as it stands shows only too clearly the Alliance's lack of direction and decision. The Liberals' former leader **Mr Jo Grimond** accused his own Party of not knowing what to do about the nationalised industries, when he recently argued in the *Alliance* magazine:

'We have to reduce the public sector, the State-run sector and hand it over to other bodies. The economy is probably unmanageable so long as the State attempts to do so much'.

He was right, but we could hardly expect his new-found friends in the SDP to agree with him, for when they were in the Labour Party they voted for all its nationalisation measures.

The result of the *Alliance* failure to tackle the roots of this problem is that their policy is reduced to suggesting a number of ineffectual adjustments in an attempt to suppress some of the symptoms. They say, for instance, that 'where nationalised industries are operating viably in competitive conditions . . . they should effectively be run as 'independent enterprises', but they draw back from the obvious conclusion that the best way of running them as 'independent enterprises' is to return them to the private sector as normal companies. They promise to find 'alternative means of exerting pressure to ensure operational efficiency'; but their only proposal is the creation of yet more commissions and committees. This is a curious position for the party whose stated aim is to 'break the mould' of British politics. The nationalised industries have cost over £40,000m. in grants and capital write off since the war. That is an enormous amount of taxpayers' money, but it does not seem to have made much of an impression on the Alliance.

3. LIBERALS SHOP OVERSEAS

'Liberal battle bus is Dutch made.'

(*ITN News at One*, 18th May 1983)

'Steel today visited Welsh constituencies including Wrexham using a helicopter loaned by a Japanese car importer.'

(*BBC 1 News*, 5.40 pm, 18th May 1983)

4. THE ALLIANCE MANIFESTO II: SOCIAL AFFAIRS

(i) The Closed Shop

'We favour a careful balance of collective and individual rights on existing closed shops, with action against the pre-entry closed shop matched by retention of legal provision for union membership agreements on condition the latter rests on substantial workforce support and that exception from union membership is available on grounds of conscience' (p.12).

This policy is a typical example of the Alliance trying to be all things to all men, without any clear idea of exactly what they are trying to create. The Liberals in the past have been quite clear in their opposition to the closed shop; whereas the leaders of the SDP were all members of the Labour Government which enshrined union powers by passing the 1976 Trade Union and Labour Relations Act. Given these two very contradictory starting points, the confusing nature of their policy is not surprising.

The 'pre-entry' closed shop is the practice of insisting upon union membership as a precondition of appointment to a job. The Alliance do not say exactly what they are proposing to do about this practice. The Conservative Government, through the Employment Act 1980, has already taken effective action by introducing compensation for those who are unreasonably excluded from a union in a closed shop. It is not clear what more the Alliance could do, except to ban the pre-entry closed shop altogether; and there is no sign that they intend to do this.

The Alliance offer no exact figures as to what constitutes substantial workforce support. The present position, defined by the Employment Act 1980, is that an 80 per cent majority of union members must vote for a closed shop agreement in order for it to be legally acceptable. It is not clear whether the Alliance propose to reduce this figure, thereby diluting Conservative legislation that was designed to protect the freedom of the individual.

If the Alliance are proposing to dilute current legislation, how is their policy on the closed shop compatible with the claim made elsewhere in their manifesto, to favour 'a nation of free people working together in harmony, respecting each other's rights and freedoms . . . ?

(ii) Education

'We propose . . . a single ministry of education, combining the youth-training functions of the MSC and the responsibilities of the education departments' (p.18).

The proposal to create a new ministry of education and training is a classic example of the Alliance's desire to bring about change for change's sake. Nothing will be gained by merging the 'training functions' of the Manpower Services Commission with the Department of Education and Science, and much may be lost.

The Manpower Services Commission is a relatively recent creation, as yet unhindered by bureaucratic inertia; it is often capable of responding to

new situations more rapidly than Departments of State. (The rapid introduction of the new Youth Training Scheme this year—giving almost 500,000 young people useful training and work experience—is a case in point.) If the MSC is merged with the DES, this capacity to respond quickly will almost certainly be diminished. Moreover, the managers of the MSC, probably because of their close links with business, have a refreshingly commonsensical attitude to standards and practical training. This attitude too, might well be compromised by a merger with the DES.

Nor is there at present any worrying friction between the MSC and the DES. This year, the two bodies cooperated closely and successfully to produce the new 'Technical and Vocational Education Initiative' which will give pupils aged 14-18 proper technical and vocational courses at school and in Further Education.

Only a party that has nothing genuinely new to offer could so needlessly propose what would doubtless be a dislocating and expensive institutional change.

The same pattern of change for change's sake is apparent in the Alliance's proposal to introduce:

'a new system of educational maintenance allowances to ensure that help is available to those who stay on at school . . . (and) . . . those who opt for further education' (p.18).

The introduction of such 'educational maintenance allowances' for pupils and students would cost the taxpayer considerable sums. If the Alliance, like Labour, have in mind a grant of £25 per week, the bill would be more than £500 million a year, even after account is taken of savings on child benefit.

There is no need for the taxpayer to spend this money. More and more young people are ready to remain in full-time education without being given a grant. Over the past two years, 10 per cent more pupils have remained in school past the age of 16, and over 20 per cent more have attended full-time further education—in all, some 30 per cent of 16-18 year-olds remained in full-time education during 1982-3.

(iii) Social Security

'We aim in the next Parliament to bring together all the major benefits—Family Income Supplement, housing benefits, free school meals, Supplementary Benefit, and to replace them with a simpler single benefit' (p.16).

The Alliance Manifesto makes great play of its social security proposals, saying that these will amount to the most important reforms since Beveridge.

The Alliance plan for one new means-tested benefit to replace existing ones will bring about:

- (a) A vast increase in the income tax burden.
- (b) Large numbers of people being made worse-off.
- (c) A worsening of the 'poverty trap'.

Cost. The Alliance are proposing to reduce the value of the married tax allowance to the level of the single allowance, so that all married couples would pay *more* tax. Furthermore they will not index tax allowances—the SDP policy paper on Social Security (No 8) said that 'personal tax allowances should not be adjusted to allow for the next 10 per cent of inflation'.

These two proposals will increase the total income tax burden by over £6,000 million per annum. Every taxpayer will pay more.

Not content with that, the Alliance are proposing to increase public borrowing by a further £600 million—£700 million to help pay for its plan.

Worse-off. Large numbers of people will be made worse-off by the Alliance plan, even after taking account of the new means-tested benefit. For example, single people and married couples without children (on average male earnings) will be financially worse-off, as will many single parents and parents with one child. Quite extraordinarily, single pensioners with total weekly income of only £100 would be worse-off by £1.36 per week. (These figures are derived from SDP Policy Document No 8, on which the Manifesto is based).

Poverty Trap Failure. The main purpose of the new means-tested benefit is to abolish the poverty trap. The Alliance plan fails to do so. Any family, with children, that drew the new benefit would face an effective marginal tax rate of 84 per cent and families with incomes of up to £200 per week would be adversely affected. No wonder the Director of the Child Poverty Action Group commented that the Alliance proposals would 'make current poverty trap problems pale into insignificance' (*The Democrat*, 25th February 1983).

The Future. The Alliance Manifesto promises a 'complete integration of the tax and benefit systems' in the long term. This is a huge undertaking to which the Alliance have given no serious thought. The only predictable result is the creation of an administrative nightmare.

(iv) Private Medicine

' . . . we will work for much closer co-operation between public and private services, to maximise the amount and coverage of health care available to the community as a whole. As with private schools, we have no wish to ban private health services but nor will we subsidise them' (p.19).

On the surface, the Alliance's commitment to private health seems perfectly reasonable. Their determination to seek closer co-operation between the two sectors is distinctly Conservative in flavour. Their pledge not to ban private medicine is reassuring. But their statement that there will be no 'subsidies' is a sting in the tail.

This commitment would certainly mean the ending of Conservative measures taken to encourage the private sector: our tax relief on employee-employer medical insurance schemes would be abolished. Moreover, it seems that the Alliance might go further than this. According to **Mr Mike Thomas**, who is their spokesman on health issues:

'the private sector should bear the full cost both of services and personnel, especially for training' (*Hansard*, 6th November 1981, WA, Col. 262);

and **Dr Owen**, in his book *Face the Future* (1981), wrote that:

'it is legitimate and right to phase private medicine out from within the NHS and for Government to take financial and other measures actively to discourage the growth of the private health sector' (p.401).

In short, it is not clear what the future for private medicine would be under an Alliance Government. At best, there would be a lack of governmental enthusiasm; at worst, there would be a vendetta. In Dr Owen's words, private health 'might then wither away to be of little significance' (*Op.Cit.*, p.421).

5. THE ALLIANCE MANIFESTO III: THE CONSTITUTION

'We propose to transfer substantial powers and responsibilities currently exercised by the centre to the nations and regions of Britain' (p.24).

Liberals can claim the credit (if credit there be) for introducing the country to the concept of general devolution, or 'Home Rule all round' as it was then called, before the First World War. As originally conceived, the Liberal plan envisaged devolved parliaments that were strictly subordinate to the Westminster Parliament. Nowadays, many Liberals are much more ambitious; in their dreams, our country is transformed into a federal state with a number of legislative assemblies, whose powers are rigidly defined by a written constitution.

The SDP has implicitly rebuked its Alliance partner over federalism, stating that 'the "federal method" is unlikely to be acceptable to public opinion in this country, and is in any event inappropriate to British conditions' (*Decentralising Government*, SDP Green Paper, 1982). Instead, it has proposed elected assemblies of the kind that Liberals of an earlier generation would have approved. Gladstone and Asquith would have had little difficulty in accepting the SDP plan, published last year, for subordinate assemblies in Scotland and Wales with substantial legislative and executive powers, though these great predecessors would probably have baulked at the proposition that 13 or 14 assemblies (with similar powers) should be inflicted on the English regions. They would have thought it even stranger than Ulster was omitted altogether from the plans.

The Alliance Manifesto shows that the SDP has now retreated from its 1982 devolution blueprint which, even as originally conceived, must have struck many Liberals as unduly modest. The Alliance propose a parliament for Scotland alone in the first instance; Wales and the English regions would have to be content with 'the framework for decentralisation', about whose shape and essential functions the manifesto is completely silent. All that can be inferred is that the framework would emerge (at some unspecified point) from the 'economic development agencies with substantial powers' which would precede it in the English

regions. In other words, businessmen alone are to feel the smack of firm regional government consisting of quangos.

The proponents of greater political 'participation' are not now offering a referendum before the first pieces of the new constitutional framework start to appear. Devolution for Scotland was rejected in the 1979 referendum. At the hands of the Alliance, the Scottish people can look forward to receiving an additional tier of government, whether or not they want it.

Nor do the Alliance show signs of having considered the profound practical implications of their proposals. They assert that the Second Chamber 'must include a significant elected element' which can act in part as a further tier of authority above the proposed regional development agencies. Such a reconstruction would involve many constitutional difficulties. But the Alliance is not concerned to demonstrate clearly that they could be overcome before seeking to reconstitute the House of Lords.

6. PROPHETIC WORDS

'I don't believe anything in our policies ties us down.'

(**Mr Cyril Smith**, Alliance Press Conference, 19th May 1983)

7. THE ALLIANCE MANIFESTO IV: DEFENCE AND EUROPEAN AFFAIRS

Defence and European Affairs

'Trident should be cancelled to avoid a new and provocative contribution to the nuclear arms race...Polaris should be included in the merged START and INF talks' (p.29).

If Trident is cancelled, Britain will effectively be disarming unilaterally in the mid-1990s, when Polaris becomes obsolete. And to include Polaris in the Geneva disarmament negotiations would be to ignore the fact that our nuclear deterrent, like that of France, is intended as an independent, national force of last resort.

The Manifesto's formulation on Polaris is a victory for the SDP over the Liberals. The Social Democrats have always wanted to keep Polaris for as long as it is effective, whereas the Liberals, who have traditionally opposed an independent deterrent, have wanted to phase it out as soon as possible.

'Before deciding whether or not to oppose the deployment of Cruise missiles in Britain, an Alliance Government will take account, in particular, of the negotiating position of the Soviet Union and the United States; the attitude of our NATO partners in Europe, and whether arrangements for a double safety-catch system have been agreed' (p.29).

Liberals and Social Democrats have been sharply divided on the issue of Cruise missiles. Since the Liberal Assembly of September 1981, the Liberal Party has opposed their deployment, whereas the Social Democrats have more or less supported the Conservative Government's line, except on the dual key.

So far as the dual key question is concerned, the **Prime Minister** stated that:

'the existing understandings between the United Kingdom and the United States governing the use by the United States of nuclear weapons and bases in this country have been jointly reviewed in the light of the planned deployment of Cruise missiles. We are satisfied that they are effective. No nuclear weapon would be fired or launched from British territory without the agreement of the British Prime Minister' (*Hansard*, 12th May 1983, WA Col. 435).

The 'existing understandings' referred to in the Prime Minister's statement have applied to American bombers for many years. All previous British Governments have regarded these arrangements as satisfactory, including those Labour Governments of which Mr Jenkins, Dr Owen, Mrs Williams and Mr Rodgers were members.

'If successful progress in nuclear weapons reductions has not been achieved in the negotiations at Geneva, an Alliance Government will explore the opportunities for a verifiable, mutual freeze on the production and deployment of all nuclear weapons' (p.29).

Lack of progress in the negotiations at Geneva would presumably imply the continuance of the present imbalance in nuclear weapons in favour of the Soviet Union, particularly in intermediate nuclear forces. In short, the Alliance's proposal would enshrine Soviet superiority.

'The Alliance is wholly committed to continuing UK membership of the European Community' (p.29).

On most matters of substance, the Alliance support Conservative European Policy. But their manifesto is silent on the differences between the Liberals, who are federalists, and the SDP, who are not.

There are divergences between the Conservatives and the Alliance on a number of points; for example, the Alliance commit themselves to an increase in the Community's revenue, without first ensuring that an adequate restructuring of expenditure has taken place within the Budget. Secondly, in committing themselves to membership of the Exchange Rate Mechanism of the EMS – a commitment shared in principle by the Conservatives – the Alliance enter no caveats about requiring the right conditions to join.

8. A LABOUR THREAT

Mr Sam McCluskie, Chairman of the Labour Party, speaking at the Fire Brigades Union Conference on 18th May, suggested that a general strike might follow a Conservative election victory.

Mr Cecil Parkinson, Chairman of the Conservative Party, commented:

'The Chairman of the Labour Party is saying that the people of this country can have any Government they like so long as it is Red. He is asserting that if the voters don't choose Labour, he and his fellow union leaders have the right to over-rule the democratic decision of the British electorate.

'The Chairman of the Labour Party must be very worried indeed about his party's electoral prospects if he is prepared at this stage to resort to blackmail and threats of this kind.

'You may own the Labour Party, Mr McCluskie, but you don't own this country. It is still a free country and we are determined to keep it free' (19th May 1983).

9. OVER THE MOON

'This Party promises the moon; but it would have to borrow the moon'.
(*The Times* on the Labour Party, 17th May 1983)

10. A LETTER FROM MR ANDROPOV

Dear Michael, Comrade or Mr Foot,

As one Socialist to another, may I wish you and your British Labour Party our fraternal greetings for the General Election in your country on 9th June. The Communist Party of the Soviet Union does not have the problems of being removed from power. Perhaps you would be better-off without elections by the proletariat.

You are right on your views concerning nuclear disarmament, but you should play them down to the voters. It is no good cutting off your face to spite your nose—a good English expression, I think. When you win, you can do much that the voters do not like and were not expecting. The 'Iron-Lady's' press will make you look weak if you talk of peace and give support to those decadent women at Greenham Common. Also they will call you an ally of the Soviet Union, which you are comrade, and infer that you will deliver the West into the hands of its enemies.

You should not let cracks appear in your party during the election campaign. The British people like strength in their leaders, so deal with the Labour Party the way Margaret Thatcher deals with her colleagues. My experts tell me that your deputy, Mr Healey, is not one of our friends and that really he is a liberal with a Labour Party membership card. He will rally his supporters and prevent you and Comrade Benn from following the true path of Marxist Socialism. Perhaps Mr Healey could have a cold like my colleague Comrade Chernenko has had. Finally, don't

let those troublesome Unions get in your way. In Russia we don't have the workers telling us how much they should be paid.

When the election is over you must come to visit me at my dacha. Mme Andropova sends her greetings to you and your wife.

11. CONSERVATIVES ON THE EEC

The Conservative Manifesto pledges that:

'with the help of Conservatives in the European Parliament, we shall continue to try to shift the Community's spending priorities away from agriculture and towards industrial, regional and other policies which help Britain more'.

The balance of Community expenditure is at the root of the problem of Britain's excessive net contribution to the Community Budget. The United Kingdom taxpayer contributes about 20 per cent of the Community's 'own resources' but the UK only receives about 10 per cent of total disbursements under the CAP. Because of the preponderance of agricultural spending in the Budget, the net receipts which Britain gets from the European Social and Regional Funds are not sufficient to balance our deficit on CAP spending. For example, on present shares of regional spending, the Regional Fund would need to be increased by twice the size of the total Community Budget to give the UK net receipts equivalent to our basic Budget 'refund' for 1982.

Some progress has already been made since 1979 in obtaining a better balance of spending in the Community. In 1978, for example, spending on agriculture absorbed 80 per cent of disbursements from the Budget compared with the 4.5 per cent allocated to regional and social projects. In 1982, agricultural expenditure fell to 61 per cent and regional and social schemes rose to take 13 per cent of total spending. The expansion of agricultural spending has been slowed from 210 per cent in the last three years of the last Labour Government to about 20 per cent under the Conservatives. The latter figure may well rise soon, however, following the introduction of a Supplementary Budget to cover extra anticipated agricultural spending following the bumper harvest of 1982 and a recent rise in dairy production.

The Government believes that the most important aspect of the reform of the Budget is that further savings should be made in spending under the Common Agricultural Policy – particularly through a reduction in the level of surpluses and a limiting of the Community's liability for financing export restitutions. Such a reduction in the cost of the CAP will not be easy to negotiate but factors militating in favour of reform are: the impending exhaustion of 'own resources'; the forthcoming accession of Spain and Portugal which have a considerable potential for expanding their agricultural production; and the increasing tension on agricultural trade policy with the United States.

The development of new policies on a Community level, or the expansion of some existing programmes, must play an important part in

the development of a better expenditure balance in the EEC Budget. In particular, initiatives would be welcome which save overall public expenditure by cutting out duplication, and involve the Community doing those things which it can do more effectively than can individual Member States. Thus, during the autumn of 1982, a series of speeches were made by British Ministers setting out which type of policies Conservatives would like to see developed at Community level. Many of them concentrate on non-expenditure policies such as the opening up of the common market for goods and services and the development of foreign policy co-operation. On expenditure policies, British proposals include calls for:

- increased Community support for the development of coal; and greater energy pricing transparency between Member States;
- expansion of the European Regional Development Fund, concentration of Community aid on unemployment black spots, and the making available of greater resources to combat the problem of urban decay;
- liberalisation of the Community market in services and insurance, coupled with greater competition for public contracts;
- an expansion of the Social Fund and greater concentration on combating youth unemployment.

The **Prime Minister**, when she became the first head of a Member State Government to speak to the European Parliament on the results of a meeting of the European Council, had this to say:

'To the Community, as well as to its Member States, the dictum of that distinguished political thinker, Edmund Burke, applies. He said in the 18th century: 'A state without the means of some change is without the means of its conservation'.

'Speaking for myself, I believe that the Community can and will rise to the occasion. For however diverse our national histories, we all know that our future lies in working together' (Strasbourg, 16th December 1981).

12. 1983 DISTRICT ELECTION RESULTS

Elections took place in all 369 Districts in England and Wales outside London. Conservatives emerged overall as the most successful party, with net gains of 134 seats compared with Labour net losses of 3, strengthening their position particularly west of London, gaining control of Reading, Kingswood and Cardiff, holding Birmingham and toppling the Socialists from control of Bristol. The Socialist position weakened; overall they had a net loss of 3 seats and one council. The Lib/SDP Alliance is less easy to analyse because some Liberals stood under the Alliance label, thus increasing the gains figure under this heading. Overall, the Lib/SDP Alliance had a net gain of 96. Independent and other parties took the brunt of the losses. Claims by the political parties of gains and losses are affected by the new boundaries. Where elections were fought on new

boundaries it is incorrect to claim gains or losses since no comparisons are possible. Statistics of the results are given below.*

CONTROL OF COUNCILS BY MAIN POLITICAL PARTIES

	Conservative	Labour	Lib/SDP/All	IND
Gains	12	5	1	0
Losses	12	6	1	1
Net	0	-1	0	-1

GAINS AND LOSSES OF SEATS BY MAIN POLITICAL PARTIES

	Conservative	Labour	Lib/SDP/All
Gains	516	278	374
Losses	382	281	278
Net	+314	-3	+ 96

*There are now 15 hung Councils where no one Party has overall control, compared with 13 prior to the elections.

13. WHICH IS THE COMPASSIONATE PARTY?

Labour constantly accuses this Government of lacking compassion for the unemployed and those in need. This is not true.

Unemployment

What this Government has consistently refused to do is to pretend that there is a quick or easy cure for unemployment. For Conservatives believe in telling the people the truth, even when it is unpleasant.

Of course, a large part of the present tragically high rate of unemployment is caused by the serious world recession. A further cause is the growing competition in world markets, from Japan, and Third World countries. But what is also true is that the trend of unemployment has been rising for many years before this Government took office, largely because of mounting inflation here in Britain, which increasingly priced our goods out of markets both at home and abroad. The cause of this mounting inflation was a combination of excessive public spending and borrowing, pay settlements which went far beyond increases in productivity and an adherence to rigid working rules with a good deal of over-manning. This Government inherited a rate of inflation amongst the highest in the Western World; and it is now one of the lowest. So we are now having to regain our competitiveness, which is the only way in which to bring about a real and lasting improvement in job prospects.

The massive increases in public spending and borrowing advocated by both Labour and SDP Liberal Alliance would send interest rates rocketing and lead us straight back to the mounting inflation which more

than doubled the number of people out of work under the last Labour Government. True, there might be a very shortlived artificial boom; but in the longer term there would be greater and more lasting damage to jobs.

To pretend that we could solve unemployment by vast increases in public spending and borrowing would certainly not be compassionate. It would amount to deception and would put at risk the recovery in our economy which has now started.

Improvements in Social Services

The accusation that Conservatives do not care about the social services is backed up by the equally false allegation that this Government has cut the social services. Here are some facts:

1. Increases in the state pension have more than kept pace with price rises. As a result of the four pension increases made in November of each of the years 1979, 1980, 1981 and 1982 the pension went up by 68.5 per cent as against a rise in prices of 61 per cent. So in spite of the serious world recession pensions went up in real terms by 7½ per cent.
2. Spending on cash benefits for the disabled increased by over 9 per cent between 1978-9 and 1981-3, even after allowing for the rise in prices.
3. Child benefit and one-parent benefit are to be raised in November 1983 to their highest level ever, after allowing for price rises.
4. The increases in war widows' pensions have kept ahead of prices and these pensions have been completely exempted from income tax.
5. A Widows' Bereavement tax allowance has been introduced and extended.
6. Certain Service widows have been enabled to qualify for pensions for the first time.
7. Spending on the National Health Service has increased, even after allowing for price rises. There are 45,000 more nurses and midwives, and over 6,500 more doctors and dentists working for the NHS than in 1978. Over two million more patients a year are being treated. Waiting lists for admission to hospital fell dramatically until last year's unnecessary strike.
8. Spending on hospital building has been increased in real terms with 140 new hospitals being either designed or built. In contrast, the Labour Government cut hospital building by one-third.
9. Spending on local social services such as home-helps, meals-on-wheels and day-care centres for the elderly and disabled, has gone up by 9 per cent, even after allowing for the rise in prices.
10. In education spending per pupil is higher than ever before in real terms. The average number of children per teacher - just over 18 - is now the lowest ever.

14. BUYERS' MARKET

Interest Rate for new mortgages:	1979	11.75%
	Now	10.00%
Minimum Lending Rate:	1979	12.00%
Base Rate:	Now	10.00%

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