Daily Notes

Tuesday 24th May 1983 No. 4

THE JOB PROVIDERS

Labour is basing its election campaign on the issue of unemployment.

Everybody cares about unemployment, including members of the Conservative Party. Members of the Labour Party would do well to recognise that Left-wing theorists and Left-wing politicians are the people who are chiefly to blame for our present problems.

Karl Marx died a hundred years ago. Since then the dominant theme of so-called progressive thinkers has been anti-capitalist and anti-business. The enterprising businessman has been cast as a pariah, to be beaten down by confiscatory taxation, controls and general discouragement.

It is no surprise that now, when the country desperately needs more jobs, the sort of person who could create them is hard to find. Many British people with business instincts are now abroad—in America or the Commonwealth. Many others, faced with ludicrous top rates of tax and the unpleasant prospect of endless hassles with sullen trade unions have gone for a more attractive career—as university lecturers, or in the antiques business.

This Government has already done a great deal to make Britain a more hospitable place for job creating business. A mass of tax changes in favour of small firms, more reasonable tax rates and less oppressive death duties—all these have begun to change the face of Britain.

It is clear that public opinion understands what the Conservative Party is trying to do to revive the business sector.

Labour's Manifesto shows how they mean to turn the clock back. The Alliance parties are equivocal. Only the Conservative Party clearly understands that the private sector is the engine of recovery and the provider of jobs.

Conservative
Research
Department

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1. THE CHANCELLOR'S CHALLENGE TO MR FOOT

A vital issue in this campaign is how much Labour's Manifesto promises would cost. Mr Foot agrees. Speaking in Oxford on the night of Thursday, 20th May, he said not only that they had been costed, but that it would be quite wrong for any Party to campaign on promises it could not cost or fulfil. Indeed to do so would be, in Mr Foot's own words, 'a cruel deceit'.

In his foreword to Labour's Manifesto, Mr Foot does say that the 'Emergency Programme of Action' to be launched by Mr Shore's *first* budget and described on pages 6 and 7 of Labour's Manifesto would cost £11 billion. But that obviously is only part of Labour's programme for the *five* years of a full Parliament. There are a multitude of other measures which could only be accommodated in the second and subsequent years of a Labour government.

At the Conservative Press Conference on Friday 21st May Sir Geoffrey Howe pointed out that Mr Foot and Mr Shore must have undertaken and been in a position to publish quickly clear, detailed and comprehensive costings for all Labour's other Manifesto promises for the full lifetime of a Parliament which are *not* included in the Emergency Action Programme for the first Budget. Their Manifesto is 39 pages long, and the pledges not covered by the Shore Budget account for nearly all of the 31 last pages of the Manifesto. Sir Geoffrey challenged Mr Foot to publish Labour's costings of these remaining pledges by Monday 23rd May, and undertook to do so himself if Mr Foot did not.

Later on Friday Mr Shore replied, but completely failed to rise to the challenge. He simply sent to Sir Geoffrey details of his Emergency Action Programme and his earlier 'Alternative Budget', which was issued as a press release long ago, before the last Budget. In so doing he was either confirming the growing suspicion that he has *no* costings for the promises not included in his own Emergency Action Programme, or seeking to confuse the issue, which had been clearly pointed up by Sir Geoffrey's challenge.

Unless Labour have by Monday night come up with the full costings to cover all the pledges that Mr Shore refuses to cost, Sir Geoffrey is likely to publish on 24th May his own detailed assessment, which rests on objective calculations by the Treasury and other Government departments.

What do Labour's Plans cost?

Labour's Campaign document *New Hope for Britain* [Mark 1] was published at the end of March, and an official costing prepared. In a speech on 6th April at Richmond, Mr Leon Brittan, Chief Secretary at the Treasury and Minister responsible for public spending, announced that the proposals provided in it appear to require some *£30 bn to £40 bn* a year extra public spending, quite apart from the enormous one-off costs of nationalisation and other proposals. He invited clarification or correction to his estimates. The Prime Minister cited similar figures at question time on 4th April (see Hansard, *WA,* Col. *154*). So far the Labour Party have not responded to either public statement.

Analysis of Labour's Manifesto proper—in almost all matters identical to the campaign document—has revealed one very significant change: omission from the Manifesto of a major Campaign Document pledge given personally to the National Pensioners' Convention by Michael Foot on 1st March. He said then that it was Labour's 'immediate priority' to begin raising the pensions of today's pensioners towards the objective of one third gross average earnings for a single person, and half gross average earnings for a married couple. The full cost at today's prices would be about £8 billion for pensions alone.

However, the value of the state pension is closely linked to numerous other 'long-term' social security benefits, and Mr Foot's pledge may well require them to be increased similarly. If so, the full cost of the pledge would move to about £14 bn. Since this pledge is so recent, it is difficult to believe it has already been withdrawn. Some Labour spokesmen continue to publicise this pledge, in which case its costs should be included along with Labour's other proposals. It is therefore Labour's duty in the days to come to shed light on where they stand. For them both to refuse to cost this pledge, to suppress it from their Manifesto, but to continue to campaign on a promise to implement it would be a doubly cruel deceit.

2. PAY AND THE 'NATIONAL ECONOMIC ASSESSMENT'

The Labour Party is clearly in difficulties about its proposed 'National Economic Assessment', which is supposed to be the centrepiece of its economic policy. The idea is that a Labour Government and the trade unions should decide how the nation's resources should be carved up, with the growth and distribution of incomes forming a vital part of the 'assessment'.

The trouble is that the unions will have nothing to do with anything that smacks of an 'incomes policy'. For example, **Mr Terry Duffy,** President of the AUEW and a member of the TUC-Labour Party Liaison Committee which agreed the proposal for a national economic assessment, has stated flatly:

> 'We are committed to no Government interference in free collective bargaining' (*Morning Star,* 1st October 1982).

Mr Foot and Mr Shore have therefore been forced to equivocate with peculiar phrases like 'planned collective bargaining' or even 'the planned expansion of collective bargaining' (*The Times,* 19th May 1983).

Mr Callaghan put his finger on Labour's dilemma at a meeting in Cardiff on 18th May where he shared the platform with Mr Foot. He said:

> 'I say this particularly to the trade unions: if you have reservations on this issue, mental reservations, if you don't intend to allow the national assessment to include an assessment of what we're going to do in the way of earnings, then you are not playing fair by the next Labour Government—let's say that from the beginning. You will not be playing fair by those of your comrades who are unemployed' (*ITN News at Ten,* 18th May 1983).

Despite the failure of the Social Contract under the last Labour Government, Labour's leaders have a touching faith in the reasonableness of their trade union colleagues. **Mr Peter Shore,** asked by Brian Walden on a 'Weekend World' programme on 18th January 1983 what he would do about unions demanding higher pay than the national economic assessment might allow for, lamely replied: 'I'm not a magician. I can't deliver what can only be collectively and nationally delivered. But I will keep my bargain and they will keep theirs'. He added, somewhat cryptically: 'I have no power beyond the power of government and the power of government working with and co-operating with people who have already said it is their principal objective to do exactly what I'm setting out to do.'

Mr Foot further clouded the issue at Labour's election press conference on 18th May when he said that the assessment was not a pay policy and a Labour government would not impose a pay norm; but there would be an *attitude* (our italics) by the Government to pay in the public sector which would be adopted after discusions with the unions (*Guardian,* 19th May 1983).

Thus the cornerstone of Labour's policy, which they claim will achieve economic growth and bring down unemployment to below a million within five years, is not likely to be set on very secure foundations.

(*Note:* the Oxford dictionary definition of the word 'assess' is 'fix amount of and impose' on person or community. . . .)

3. CONSERVATIVE SUCCESS IN CONTROLLING INFLATION

The Government's success in controlling inflation has been reaffirmed this month. In the year to April, inflation fell to only 4 per cent, its lowest level for over 15 years. It is now well below the European average of 7.6 per cent and set to fall still further.

The news on food prices was particularly good. Food prices rose by only 0.7 per cent in the year to April.

4. FARM PRICE ACHIEVEMENT FOR BRITAIN

On 17th May, EEC Agriculture Ministers agreed to one of the lowest farm price deals for years. **Mr Peter Walker,** Minister of Agriculture, has been pressing for price restraint since the last election. He is the only one of the Community's Agriculture Ministers to have supported from the start the moderate proposals put forward this year by the European Commission. Commenting on the agreement, he said:

> 'I am pleased that after long, tough negotiations, there will be no adverse effect on prices' (*The Standard,* 17th May 1983).

The EEC's agricultural support prices (which govern the amount received by farmers for their produce) will rise by 4.2 per cent over the coming months. It is estimated that this will be worth some £250 million to British farmers during the next full year. Bonuses for Britain include:

- *Help for the pig industry.* There are to be speedy improvements in the 'Private Storage Payments', as well as a special grant of £6.2 million towards the improvement of the Pig Processing Industry. Pig farmers will also benefit from the Council of Ministers' decision to make available two to three million tons of cereals in a way particularly designed to assist in lowering feed costs. The poultry industry will also benefit from this scheme.
- *Help for cow and sheep farmers.* The Community's present beef and sheepmeat schemes will remain intact.
- *The special UK butter subsidy.* This subsidy has been increased by 163% since the last election and stood—before the agreement—at 12.6p per lb. It is now to be increased by 1.7p to 14.3p per lb.
- *The school milk subsidy.* This will now be worth 12.4p per pint; the Community will be giving us £16 million over a full year.

Protecting the Consumer. As well as helping British producers, the new agreement fully protects the interests of British consumers. The Community will now be providing us with about £300 million in food subsidies each year. These subsidies will help to ensure that consumers do not face dramatic price increases. One important example is the UK butter subsidy, which will cancel out the retail price rise that would otherwise have resulted from the agreement. Cheese will go up by only about 2½p per lb, sugar by less than 1p, bacon by just ½p per lb, and a large loaf by no more than ½p. The agreement as a whole will cost the housewife less than ½p in the £ over a full year.

As **Mr Walker** pointed out:

'This must be the first time for many years when there has been no increase in the overall level of common prices as compared with the original Commission proposals and where the cost of the final package has not been allowed to increase. This is very much due to the insistance of the British Government.

'At the end of four years of negotiations, the Conservative Government can claim that the proportion of the Common Agricultural Policy benefiting British agriculture has more than doubled and the increase in the price of food over this past year to the British housewife is the lowest for twenty years' (London, 17th May 1983).

5. RATES: A TALE OF TWO POLICIES

The contrast between Labour and Conservative policies is nowhere more clear than in their approach to the plight of ratepayers.

The Conservative Government has already checked the relentless growth of local government spending and the average rise in rates has been reduced from 23 per cent in 1979-80 to 6½ per cent. in 1983-4. This year there would have been no rate increase at all on average if it had not been for 18 extravagant Labour councils. In order to deal with these and other irresponsible councils, Conservatives will legislate to curb excessive rate increases by high spending councils and have ready a general scheme of rates limitation should it be necessary. The abolition of the GLC and Metropolitan County Councils will help ratepayers in those areas.

Labour would repeal the ban on supplementary rates, and take away the safeguards the Conservative Government has introduced to discourage high levels of spending.

6. CONSERVATIVES AND NORTH SEA OIL

To date, around £30 billion (1981 prices) has been invested in the North Sea, the vast majority of it by private enterprise. Britain has been self-sufficient in oil since 1980. In just ten years, we have come from nowhere to be the world's fifth largest producer after the USSR, the USA, Saudi Arabia and Mexico. The visible trade surplus on petroleum and petroleum products in 1982 was £4.6 billion.

Under Labour, uncertainty, and Government interference and downright hostility seriously undermined private sector interest in future development. In 1979, only 48 new exploration and appraisal wells were drilled.

Conservative Record, 1979-83. Measures to restore incentives have had their effect.

* In 1982, 111 new exploration and appraisal wells were drilled, only 5 fewer than the all-time record. Early results in 1983 indicate that the momentum is being maintained.
* The seventh round of licensing in 1980-1 attracted a record response. The eighth round in 1982-3 opened up entirely new areas of the Continental Shelf for exploration, and attracted a gratifying level of interest in exploration for gas in the Southern Basin.
* Following the 1983 Budget, interest has been revived in the development of a number of fields which were, previously, only marginally economic. Nine new oil and gas fields are currently being developed, and projects are expected to come forward, for approval over the next two years at a rate of about one every six weeks.

The renewed interest is good news for the *offshore supplies industries.* Between 1979 and 1982, UK firms achieved 72 per cent of a market which averaged £2.5 billion per year.

The tax changes announced in the 1983 Budget involved the phasing out of Advance Petroleum Revenue Tax; provided a new tax relief for expenditure on new exploration; abolished royalties on most future fields; and doubled the oil allowance for these same fields. It is already clear that these changes will lead to the development of new fields which would otherwise have been left undeveloped.

Labour are committed to nationalise BP, renationalise Britoil and ensure public sector dominance of all future oil and gas exploration and development. This would undermine the basis of our success in the North Sea.

7. AN AUSTRALIAN LESSON FOR LABOUR

Mr Bob Hawke, Australia's new socialist Prime Minister, has attempted to reach an agreement with the unions of much the same sort as that now proposed by Labour in this country. The results of Mr Hawke's experiment are instructive:

'Five weeks after Australia's new Prime Minister, Mr Bob Hawke, achieved his accord with trade union and business leaders at an 'economic summit' in Canberra, his Labour Government has announced the spending programmes which are his side of the bargain. But the signs are that the other side of the deal—the promise of wage restraint—is fast evaporating.

In yesterday's mini-budget the Federal Treasury announced new job creation programmes involving expenditure of A$557m (£315.7m), most of them directed at the hard-hit housing and construction sectors. The Government is to claw back almost twice this sum by withdrawing federal support for some prestige projects . . . and by reducing a number of tax concessions which have been of benefit to the rich . . . In spite of this re-allocation there is no sign of matching gestures from organised labour. The general consensus after the Canberra meeting was that both employers and unions had agreed to a prices and incomes accord . . .

But . . . this week the Australian Council of Trade Unions said it would seek wage rises outside the . . . system unless the Conciliation and Arbitration Commission provided full quarterly cost of living adjustment from the start of this year.

. . . the Prime Minister may be unable to deliver the national economic consensus on wages and prices he promised during the election campaign' (*Financial Times*, 20th May 1983).

8. RETIREMENT PENSIONS

A number of queries are being received about the increase in retirement pensions later this year. The series of Questions and Answers below is designed to cover all the main points.

Announcing the New Pension Increases

Q. When are retirement pensions next being increased?
A. In November 1983.

Q. When will the new pension rates be announced?
A. After 17th June 1983.

Q. Will the announcement in June apply just to pensions?
A. No. Almost all social security benefits, including pensions, will be increased in November and the announcement giving the details will be in June.

Q. Hasn't the Government already announced some benefit increases for November?
A. The Government has said that child benefit will be increased from £5.85 to £6.50 per week in November and one-parent benefit (i.e., the addition to child benefit for the first child of single parents) from £3.65 to £4.05. As child benefit has replaced child tax allowances, this is normally treated as a budgetary measure. Hence these details were given in the Budget statement.

Method of Calculating Pensions

Q. Has the method of calculating pension and other benefit increases been changed this year?
A. Yes.

Q. What was the old method?
A. The old method was based on the *forecast* rate of inflation. For example, the Chancellor might announce in his March Budget that prices were expected to be rising in November by 10 per cent and then announce an increase in pensions and other benefits of 10 per cent to match it.

Q. What was wrong with that?
A. Quite simply, the Government forecasts of price rises were usually wrong. In the last seven years, they were wrong five times out of seven.

Q. So sometimes pensioners got too much and sometimes too little?
A. Exactly. And this meant pensions had to be adjusted the next year to take account of the mistake. This was very confusing for pensioners, especially when it happened year after year.

Q. What a ridiculous system. Why not change it?
A. We have. In future, pensions and other benefits will be based on the past rate of inflation. For example, this year the increase will be based on the rate of inflation in the 12 months to May 1983. The inflation figure will be published on 17th June and the details of the pension increase will be given shortly afterwards.

Q. So there won't be any mistakes in the future?
A. No. Because the new method looks back at past inflation, there is no possibility of a mistake.

Q. Why is the increase in pensions and other benefits announced in June, given that the uprating is carried out in November?
A. For sensible administrative reasons. For example, about seven million people (including wives and children) depend on supplementary benefits and these are calculated individually. That does take time.

Value of 1983 Increase

Q. What happened in November 1982?
A. Pensioners gained an extra 2.7 per cent increase ahead of inflation, because prices rose more slowly than had been forecast.

Q. By how much would pensions have gone up in November 1983 under the old method?
A. The Government has predicted that inflation in November 1983 will be around 6 per cent. Under the old method, this figure would have formed the basis for the rise in pensions. However, if you deduct from this the 2.7 per cent overshoot from last year, the increase would probably have been around 3.3 per cent.

Q. And by how much will pensions go up under the new method?
A. Obviously it depends on the inflation rate for May, and we will not know that until 17th June. However, the Government has suggested that it is likely to be around 4 per cent.

Q. Will the 2.7 per cent overpayment last year be deducted from this?
A. No.

Q. So pensioners will be no worse off under this method compared with the old method?
A. Exactly. In fact they will be slightly better off.

Conservative Record

Q. This is all very well, but difficult to put across on the doorstep. What about our record generally?

A. It is a very good one as the table below shows.

	£ per week Nov 1978	Nov 1982	Percentage increase
Single Pension	19.50	32.85	68.5
Married Pension	31.20	52.55	68.4
Retail Prices Index	202.5	326.1	61.0

Q. What if you take account of the changes in 1983?

A. Assuming the pensions increase is 4 per cent and prices rise by 6 per cent in November 1983, pensions will have risen by 75 per cent in the five years to November 1983 and prices by 70 per cent.

Q. Anything else?

A. Yes:

- the rate of inflation has been brought down to its lowest level for fifteen years, which means pensioners' savings are better protected;
- heating additions for many of the low-income pensioners on supplementary benefit have been greatly increased in real value;
- the Christmas Bonus has been paid each year under the Conservatives: under Labour it was not paid in 1975 or 1976;
- the cut in the basic rate of tax from 33 per cent to 30 per cent, and the raising of tax allowances faster than inflation, means that pensioners can keep more of their own income;
- The 1983 Manifesto specifically reaffirms that 'we will continue to protect retirement pensions . . . against rising prices' (p.26).

9. TRADE UNIONISTS SUPPORT CONSERVATIVES

Trade Unionists supporting:	1979	NOW
Conservatives:	33%	39%
Labour:	51%	35%
Alliance:	13%	26%

Labour to Conservative swing: 11%

(From MORI poll, published by *The Standard, 16th May 1983*

10. NHS: THE CONSERVATIVE RECORD

One of the features of Labour's campaign has been its strategy of spreading deliberate distortions of the Conservative record on the

National Health Service. In her foreword to the Conservative Manifesto, **Mrs Thatcher** expressed her personal pride in that record: 'We are proud of the way we have shielded the pensioner and the National Health Service from the recession'.

The facts are that under the Conservatives:

- Spending in cash terms on the National Health Service has been almost doubled—from £7¾ billion in 1978-9 to £15½ billion in 1983-4. This represents a rise of over 17 per cent in real terms, and it has brought about a growth in services of 7½ per cent.
- The best measure of how well the NHS is working in the service of the public is the number of patients being cared for. In 1981 over two million patients—outpatients, inpatients, emergency and day cases—were treated in hospitals in England alone than were treated under Labour in 1978; 375,000 more people were visited at home by Health Visitors or district nurses; 2,000,000 more courses of dental treatment were undertaken.
- Key staff connected with direct patient care have increased in numbers. By last autumn there were some 45,000 more nurses and midwives, and over 6,500 more doctors and dentists working for the NHS than there were in 1978 (full figures below).

On every reasonable assessment the National Health Service under the Conservatives has more resources, more nurses, more doctors, and is treating more patients than ever before.

How do Labour represent this success story—remarkable during the world recession of the last four years? Quoted in the *Morning Star* of 16th May 1983, Labour's spokesman on Health, **Mrs Gwyneth Dunwoody** declared that, if the Conservatives were re-elected, 'there wouldn't be a National Health Service left . . . Their intention is to destroy the NHS. I would say that the social services are being deliberately deprived of money and support'. Labour's official spokesman thus represents record spending and record numbers of patients treated as evidence of a Conservative plot to destroy the NHS.

A Party so willing to turn the truth upside down needs no statistical basis for its charges. However, Labour have concentrated attention on three particular areas:

Hospital closures. Prompted by Mrs Dunwoody, the *Morning Star* reported that 'under the Tory knife' 109 hospitals had been approved for closure between 1979 and 1982. That figure is true. Hospitals will always close from time to time in an evolving service. Under the Conservatives between 1979 and 1981 there was a net reduction in the number of acute beds in use in the NHS of some 4,000. But Labour's record of closures far surpassed anything that has happened under the Conservatives. Under Labour, between 1974 and 1979, the number of acute beds in use in England was reduced by 14,000. The number of NHS hospitals approved for closure by Labour Ministers between 1974 and 1979 was 272. Thus for every *two* hospitals approved for closure by the Conservatives, *five* were ordered for closure by Labour. Labour's Social Services Secretary, **Mr David Ennals,** defended hospital closures in forthright terms:

'Do not believe those who try and suggest that closures are evidence that the Government is starving the health service of funds. The reverse is in fact the case . . . The price of keeping surplus hospitals open is a lower standard of care than we could get by concentrating our hospital services to give a more efficient service to patients' (Press Release, 24th January 1978).

Hospital Building, Labour claim the Conservatives are starving the health service of resources. Figures prove that claim false—in terms of current spending and of capital investment. It was the last Labour Government between 1974 and 1979 that imposed the biggest capital cuts in Health Service history, axing the hospital and community health service programme by 35 per cent in real terms. The late **Mr Albert Spanswick** of COHSE protested against Labour's cuts, saying that the NHS:

'. . . is more in danger, more in fear for its very existence than ever before . . . (it) faces a very severe cutback in its expenditure allocation, so severe that it has now spread beyond the mere elimination of the unnecessary but desirable to the closing of wards and hospitals and reduction in outpatient facilities and patients' access to care' (Blackpool, 29th September 1976).

The Conservative Government, on the other hand, has increased capital expenditure by 17 per cent. We have committed £1,100 million to a major hospital building programme. At present, there are 52 major hospital capital schemes being built and 88 being designed in England alone.

Staff Numbers. Labour make much of the claim that there are some 8,800 unemployed nurses. This figure represents only about two per cent of the workforce—even less if one includes the number of part-timers. The number of nurses (whole-time equivalents) employed in the NHS expanded by almost 13 per cent between September 1978 and September 1982. The nurses' working week has been reduced from 40 hours to 37½ hours.

Nurses' pay has been advanced faster than inflation. Nurses have been offered a permanent review body arrangement for determining their pay from April 1984—something long sought by the profession. The Conservative Government has proved its support for a staff group so intimately concerned with patient care.

Full figures on NHS staff involved in direct patient care are as follows:

NHS Staff: September each year

	1978	*1979*	*1982 (provisional)*	*Increase 1978-82*
A. HOSPITAL AND COMMUNITY HEALTH SERVICE (whole time equivalent: many staff are part-time)				
Nurses and Midwives	351,000	358,000	396,500	45,000
Doctors and Dentists	36,000	37,000	39,500	3,500
B. FAMILY PRACTITIONER SERVICES				
General medical practitioners (unrestricted)	21,040	—	22,787	1,747
General dental practitioners	11,796	—	13,170	1,374

The increase in doctors and dentists 1978-82 is therefore 6,621 *for England alone.*

(Source: DHSS Official Figures)

N.B. In the past the Government has used the figure of *5,000* extra doctors and dentists (also to be found in 'Speakers Notes' 1983). This was based on the number of hospital doctors and dentists (3,500) and GPs (1,700), but *excluded* general dental practitioners. When the latter are included, the total is—as pointed out in the Manifesto—6,500.

11. BREAKFAST-TIME

An interesting exchange took place between Mr Michael Foot and Mr Jimmy Young on 18th May:

FOOT: Roy Hattersley is very able to look after himself. . .

YOUNG: I'm sure.

FOOT: . . . no doubt he's quite able to eat David Steel before breakfast if he hasn't already done so and I . . . don't want to destroy his appetite in any way at all because that would be a very commendable process.

YOUNG: Nonetheless, don't you think some of your people are in an awkward position?

FOOT: Well of course there are—there were—different views in the Labour Party. . .

(Jimmy Young Show, 18th May 1983)

12. LABOUR'S MANIFESTO: THE THREAT TO COMPANIES

According to their Manifesto Labour would:

– *Nationalise companies* in electronics, pharmaceuticals, health equipment, construction, building materials, aerospace, oil, road transport, shipping, ports, telecommunications, forestry and 'also in other important sectors, as required in the national interest'.

They would also renationalise all the concerns that Conservatives have privatised, 'with compensation of no more than that received when the assets were nationalised.'

- Set up *'a powerful national oil corporation'* which would hold a 50 per cent minimum stake in all North Sea fields discovered since 1975. This state corporation 'will have the dominant role in all future oil and gas exploration and development in the North Sea'. BP would be nationalised.
- *Reintroduce exchange controls* and 'monitor closely the activities of multinational companies, through a Foreign Investment Unit. All UK based multinationals will have to operate within clearly laid-down guidelines'. This means that British companies' freedom to expand abroad, which goes hand in hand with the expansion of our exports, would be restricted.
- *'Give powers to a new Price Commission* to investigate companies, monitor price increases and order price freezes and reductions'. A Product Research Unit would test and investigate products and the Office of Fair Trading would police a statutory code of advertising.
- *A statutory minimum wage.* Labour also promise paid 'educational leave' and 'more flexible working arrangements, more time off for study, longer holidays, earlier voluntary retirement with adequate pensions'.
- *'Negotiate agreed development plans* with all leading companies' in order to ensure that they 'play a constructive role in supporting the national plan'. This national plan is the National Economic Assessment, itself part of a longer five-year plan and a reincarnation of the old Social Contract (see also p.00). Companies would be compelled to take part because Labour would 'support these agreed development plans with new industrial powers, including discretionary price controls, financial support and access to credit, and take powers to invest in industrial companies, *to purchase them outright or to assume temporary control*'. This planning system would be enforced by a new Government Department and a cumbersome three-tiered bureaucracy.
- *Give workers the right to convert their companies into co-operatives.* But no mention is made of the owners consent being required.
- *Introduce import controls.*
- *'Repeal Tory legislation on industrial relations* and make provision for introducing industrial democracy'. Labour say that their new partnership with the trade unions is the centrepiece of their programme. They would draw up the National Economic Assessment, on which all industry's plans must be based, in conjunction with the unions. Labour would also 'provide new statutory support for collective bargaining' (i.e., *strengthen the closed shop*), 'give proper employment protection to women, and to home workers, part-time workers and temporary workers', and 'give new statutory rights to workers—through their trade unions—on information, consultation and representation within their companies'. This last presumably means putting union officials on company boards.

Labour hope that this programme of nationalisation, planning and union dominance would, when carried out in conjunction with their massive public spending plans, revitalise the economy. But its more likely results would be:

- **Inflation.** Labour's policies are the best possible recipe for higher inflation, as they were in 1984. It is inconceivable that a National Economic Assessment could restrain costs in the face of Mr Shore's pledge to devalue the pound dramatically, depress interest rates, consciously abandon monetary discipline and launch increases in public spending on a gargantuan scale.
- **Higher interest rates.** Government borrowing on anything like the scale Labour contemplate would be bound to force interest rates up substantially.
- **Higher taxation.** Labour promise a wealth tax, reduced thresholds for higher rate income tax, a fiercer capital transfer tax, restriction on tax relief for high earners and 'action on family trusts and children's investment income'.
- **Higher local rates.** Labour promise to scrap the Government's ability to set ceilings on local authority spending and to allow councils to once again levy supplementary rates. High rates levied by irresponsible Labour authorities such as the GLC and West Midlands have been a major burden on industry. We propose to scrap the Metropolitan Counties, Labour promise to give them free rein.
- **Controls over the banking system** and financial institutions to channel savings into industry via a national Investment Bank. Labour say this would be done 'by agreement', but add ominously 'we expect the major clearing banks to co-operate with us fully on these reforms. However, should they fail to do so we shall stand ready to take one or more of them into public ownership'.

13. A CLOSE ENCOUNTER

Mr David Steel was recently filmed on campaign in Wales. Mr Steel turned to a mother and baby:

STEEL: Is he a Liberal baby?

MOTHER: No, he's a Conservative.

(*BBC1 News,* 18th May 1983)

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CORRECTION

Daily Notes No. 3, p. 42; line 11.
for "314" read "134".

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