

Tuesday 24th May 1983

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2. Foot openly supports Militant Tendency.
3. Labour on Polaris.
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8. Fusidex.

Note ^{supply} ~~reference~~ information
required by the banks to get
their application properly considered.

FOOT ON FASCISM

Mr. Foot last night expressly warned about Government policies leading to the rise of Fascism:

"Some people say I'm always talking about the past. Well, I'll tell you what happened in Western Europe when mass unemployment was tolerated year after year.

"It produced Hitler, Fascism and the Second World War - and that is what could happen again if mass unemployment went on in the way that is forecast."

(The Daily Telegraph, page 11
24 May 1983)

FOOT AND MILITANT TENDENCY

Meanwhile Mr. Foot - despite all his previous promises -
is lending his support to Militant Tendency candidates -
declaring: "I'm backing the lot." (Daily Express, p.3)

Well, does Polaris go?

Mr Michael Foot, who is Leader of the Labour Party, says in his foreword to its manifesto: "We are the only party that offers a non-nuclear defence policy." These words have naturally been taken to mean that Labour is offering a defence policy which excludes nuclear weapons from British soil and British waters.

That interpretation seems to be confirmed by the opening section of the manifesto, which is headed: Emergency Programme for Action. This pledges the next Labour Government to "cancel the Trident programme, refuse to deploy cruise missiles and begin discussions for the removal of nuclear bases from Britain, which is to be completed within the lifetime of the Labour Government." This, has naturally been taken to mean that the removal will be completed in the stated time, rather than simply the discussions: the grammar would appear to preclude any other interpretation.

Later, in a section specifically on defence, the manifesto states: "Labour's commitment is to establish a non-nuclear defence policy for this country. This means the rejection of any fresh nuclear bases or weapons on British soil or in British waters, and the removal of all existing nuclear bases and weapons, thus enabling us to make a direct contribution to an eventually much wider nuclear free zone in Europe."

It further states: "We will propose that Britain's Polaris force be included in the nuclear disarmament negotiations in which Britain must take part. We will, after consultation, carry through in the lifetime of the next parliament our non-nuclear defence policy."

Certainly the manifesto also contains a sentence acknowledging the continued presence in Labour's ranks of the multilateralist view. Everything cannot be done at once, it says, "and the way we do it must be designed to assist in the task to which we are also committed—securing nuclear disarmament agreements with other countries and maintaining cooperation with our allies." There is, however, nothing anywhere in the manifesto to suggest that this condition is intended to over-ride the repeated promise that a vote for Labour is a vote for a non-nuclear Britain.

This policy was unanimously approved in the "clause five" negotiations which settle the final shape of the manifesto by such old opponents of unilateralism as Mr Healey, Mr Hattersley and Mr Shore. Indeed, Mr Healey proudly claims that he wrote quite a lot of it himself. Since the document was published, however, Mr Healey has produced several new interpretations of what a non-nuclear policy might mean. In a Newsnight discussion on May 16 he said: "I believe that we can move

towards a no first use or nuclear weapons, which is a non-nuclear defence policy, because it means a conventional deterrent against conventional attack." At a press conference on May 20, he said: "We propose to put the Polaris force into the multilateral disarmament negotiations, and that's something the Russians would regard as essential. We would propose to negotiate the phasing out of Polaris in the context of these negotiations. But of course if the Russians refuse to make any response, that would be a new situation and we would have to consider it."

The innocent observer, armed with a copy of the Labour manifesto, would no doubt have assumed that this process of reconsideration could have only one outcome. A government committed to a non-nuclear defence policy would surely have to conclude that Polaris, which is by no known definition a non-nuclear weapon, and which has been the most cherished target of the unilateralist campaign over the years, would have to go anyway, whether Mr Andropov did the decent thing or not. Yet later the same day Mr Healey, speaking on Radio Leicester, said: "We want to put the Polaris force which we already have into

negotiations with the Russians. So we don't get rid of them unless the Russians cut their forces aimed at us."

Can it really be the case that a party which is pledged to go non-nuclear now intends to retain a weapon whose removal it was promising to seek even in February and October 1974? And which of these two apparently irreconcilable policies—the manifesto's and Mr Healey's—is the one at present advocated by Mr Foot? When the issue was raised at yesterday's press conference (after the chairman had first sought to disbar it) Mr Foot replied: "We are not proposing to scrap Britain's defences or scrap Britain's alliance in any sense whatever. Anyone who reads our manifesto will see that is rejected. They will also see from the foreword which I wrote to our manifesto, certain matters are underlined too. What we propose there on Polaris is that Polaris should be put into the negotiation. We believe that is the right thing to do, and we also describe the way in which we believe it can be done."

These words, though they help to pass the time, do not even begin to deal with the point at issue, as Labour's general secretary appeared to accept when he promised that "further elaboration" would be available later on. No public statement, however, could be extracted from party headquarters later in the day. So Mr Foot should tell us today, in unequivocal terms, whether his party's pledge on Polaris is absolute, or whether it is conditional on what the Russians are ready to concede at the negotiating table; and whether what we are being offered is a wholly non-nuclear, or only a partly non-nuclear, system of defence.

NATIONAL INSTITUTE REVIEW
 (The Times, 24th May 1983)
 (Page 17)

Question Doesn't this prove that Government optimism about recovery is unfounded?

Background: The NIESR review predicts that although output will be 2.4 per cent up on 1982, the rise will be shortlived if present policies continue. Unemployment will continue to rise to a total of 3.2 million by the end of 1984 and inflation will rise to 8 per cent by 1984.

Line to take: Forecasts are notoriously unreliable.

Points:

As the table below shows, different forecasters come to remarkably different conclusions depending on the assumptions they feed into the computer.

For example: NIESR predicts 1.2 per cent GDP growth by 1984 with 8 per cent inflation while the Liverpool Research Group predicts 5.1 per cent GDP growth and 1.5 per cent inflation.

WHAT THE FORECASTERS ARE SAYING						
	GDP Growth		Inflation		Unemployment	
	1983	1984	1983	1984	1983	1984
Treasury (Mar)	2	2½(a)	6	6(a)	3.0(b)	3.0(b)
National Institute (May)	2.4	1.2	6.5	8.0	3.1	3.2
London Business School (Apr)	1.8	2.0	5.8*	7.7*	3.2	3.2
Cambridge Econometrics (May)	2.1	2.2	6.9*	8.5*	3.3	3.6
Hanley Centre (April)	1.8	2.7	5.3*	3.1	3.1	3.3
Phillips and Drew (May)	2.2	1.8	6.0	8.0	3.1	3.2
Simon & Coates (May)	2.4	1.5	6.8	7.0	3.1	3.3
James Capel (May)	1.9	2.9	6.4	6.0	3.0	3.1
City University (May)	2.4	3.8	6.2*	3.3*	3.2	3.2
Liverpool Research Group (Feb)	3.3	5.1	4.4*	1.5*	3.1	2.8
CBI (March)	2.1	2.4	5.8	6.2	3.0	3.0
OECD (Feb)	1.5	1.75	6	6(a)	3.25	3.3(c)

(a) 1983 H1 to 1984 H1 (b) planning assumption, Great Britain only (c) 1984 H1
 Growth: output measure except Treasury and OECD (composite) and Liverpool (expenditure)
 Inflation: end year except* where average rise on year
 Unemployment: UK adult average but Cambridge Econometrics and OECD include school-leavers, National Institute and CBI refer to fourth quarters

WHERE IS THE EVIDENCE FOR RECOVERY

Points to make:

1. Retail sales 5 per cent higher in 3 months to April than year ago.
2. National output up $\frac{3}{4}$ per cent in Q1 1983 - highest rate of growth since Q2 1979. National output now at highest level for 3 years, up 2.5 to 3 per cent on its low point in spring 1981. Last year output grew 1 per cent and this year Treasury is predicting 2 per cent.
3. Industrial production and manufacturing production up $1\frac{1}{2}$ per cent in Q1 1983.
4. Inflation down to 4 per cent - lowest for 15 years.
5. Housing starts 16 per cent up in six months to February 1983 and 30 per cent higher than a year earlier.
6. Volume of fixed investment forecast to rise by around $2\frac{1}{2}$ per cent in 1983 (doI).
7. Output per head in whole economy rose by 4 per cent year to 1982 Q4.

KM/CR
24.5.83

PRESS CONFERENCE BRIEFING

Textiles

Line to take: We have helped the textile industry both by negotiating a tougher Multi-Fibre Agreement than Labour did when they were in office, and by successfully managing the economy so that the industry can once again have the benefit of operating in a stable non-inflationary climate.

Background

1. Multi-Fibre Agreement. The new (third) MFA extends the protection of UK clothing and textile industries against low cost imports for a further four years and is much tougher than the second MFA negotiated by the last Labour Government. In the most sensitive areas growth in UK quotas will be much below 1% per annum between 1983-6.
2. Government Support. Under this Government the textile industry has received £120 million in Regional Development Grants and under the Science and Technology Act, and £95 million from the Temporary Short Working Compensation Scheme.
3. British Textile Confederation. BTC published an Plan for Action in March 1983 asking the Government to provide an interest rate abatement scheme. But the best way the Government can help the textile industry is by reducing inflation and its own borrowing, so that interest rates will fall. Britain's textile industry is now better placed than France's, where they have a Sectoral Aid Scheme but inflationary Macro-economic policies are pursued.