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Release Time:

9.30 hours/6th June 1983
GE559/83

Statement by the Rt Hon Sir Geoffrey Howe, Chancellor of the Exchequer, at a Press Conference, at Conservative Central Office, on Monday, 6th June 1983

Voters now have before them a clear choice of economic policies.

Without our policies, prices are now rising more slowly than at any time in the last fifteen years, and the rate of inflation will fall still further. Our opponents' policies would very quickly push inflation back into double figures and beyond. Nothing is more certain than that. And nothing would do more damage to the prospects for lower unemployment.

With our policies, the strengthening growth of the British economy is helping the world recovery. This was the clear conclusion of the Williamsburg Conference, which also agreed that ours is the only sure way to lower unemployment in the longer run. Our opponents policies, with their dreams of boosting the economy by higher spending, would very quickly have to be put into reverse. Higher taxes, higher interest rates and crisis cuts in public spending would be inevitable, just as they were when Labour had to submit to the judgement of the IMF in 1976.

We have provided incentives for economic recovery by reducing the burden of income tax and by cutting the higher and basic rates. We are well on the way to abolishing the tax on jobs, the National Insurance Surcharge which our opponents introduced and then increased. Once again ours is the only way to lower unemployment.

This weekend has witnessed yet another Labour attempt to scare voters with another so-called leak. Yet all the issues were clearly resolved in my exchange of correspondence with Peter Shore last September.

Our fully-costed plans for public spending were announced months ago in the Public Spending White Paper and confirmed in our Manifesto itself.

Printed and Published by Conservative Central Office 32 Smith Square SW1

The serious questions are for our opponents. They concern not the imaginary proposals Labour attribute to us, but the real pledges in Labour's published Manifesto. For even now Labour have not begun to answer them coherently.

****** The 100 promises for extra spending in Labour's Manifesto which we can cost would increase public spending by at least £35 billion a year by 1988. Heaven only knows what the price tag would be if we knew the cost of the other 77. These pledges are a sure recipe for higher interest rates, and higher inflation, and financial crisis even worse than that which destroyed the last Labour Government. Even on the most charitable assumptions in favour of a Labour Chancellor, he would find himself obliged: either to increase tax by 20 pence in the £, and to take the basic rate, plus national insurance contributions, to the grotesque level of 60 pence in the £; or to treble the rate of Value Added Tax to a level of 45 pence in the £.

The other opposition parties' promises call for extra spending of at least £20 billion a year by the end of a Parliament - and are almost equally incredible. They would take us in the same catastrophic direction, too.

Long before either of their programmes had been carried through, the economy would have reached the point of collapse. Inflation and unemployment would both be moving out of control.

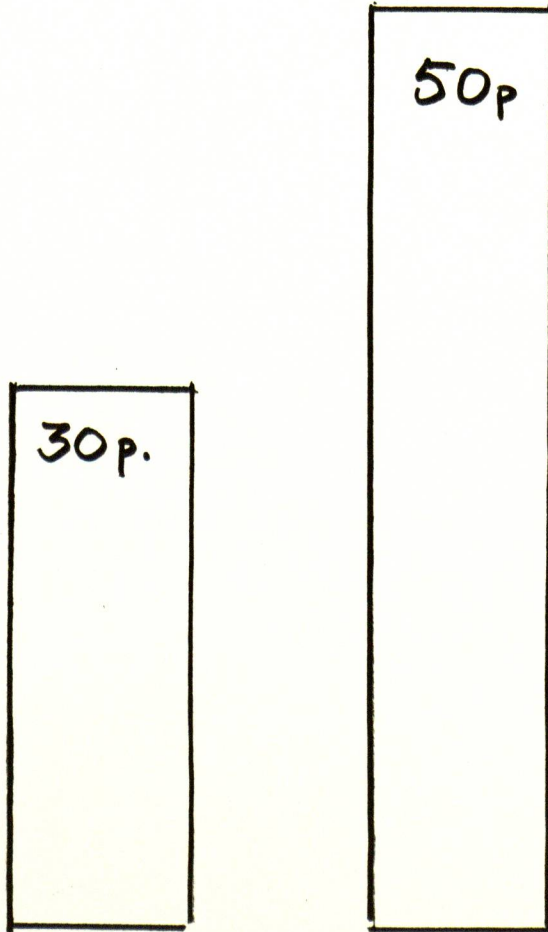
There is no substitute for the responsible and realistic proposals which we have laid before the country and which we are on the way to carrying through.

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THE COST OF LABOUR'S MANIFESTO PROMISES

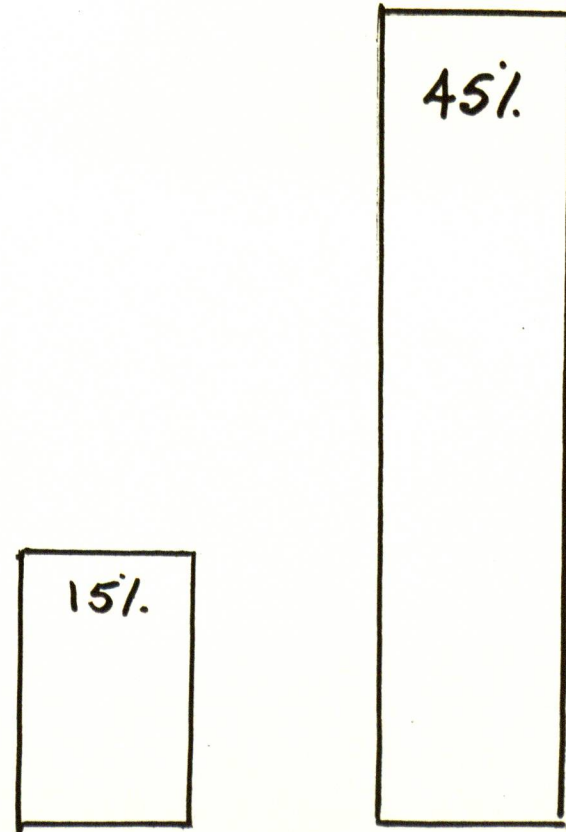
INCOME TAX : BASIC RATE



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