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FROM: ADAM RIDLEY
1 September 1983

CHANCELLOR

cc CST
FST
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MST
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Dr Rouse
Mr Battishill) w/o
Mr R I G Allen) attach-
Mr Hall) ments

*Can we keep
- in an 1983 election file
papers?*

ELECTION COMMITMENTS ON MATTERS OF TREASURY INTEREST

Here at last is the analysis you have asked for. It consists of a pretty self-explanatory cover-note, followed by the 130-odd key quotations, backed up by extracts from the Manifesto and the briefing for it.

2. You will see that the bulk of the important statements cover, as expected, Health, Social Security, and public spending. There are only at most one or two timeless commitments. In nearly every case the form of words used is on the lines of "we have no plans for", "there are no proposals to", it is not our present intention" and so on. However some of the statements are pretty crisp even so.

3. There are only a few real surprises: Mr Tebbit's seemingly endorsing negotiations with the Civil Service Unions about Megaw; the PM abandoning the 25% income tax rate target, and ruling out a further shift in taxes from earning to spending; and an unheralded target for another 1/2 million council home sales in this Parliament. Equally there are no important statements in many sensitive areas such as Defence, public sector pay, or Europe.

4. I should warn that even this magnum opus, for which Miss Deyes in EB deserves much credit, has had to be selective. There are plenty of other interesting statements known to us which could become significant in certain circumstances.

5. If you or other recipients want to pursue any quotations further, I would strongly advise studying them in the context. The compact format used sometimes unavoidably fails to convey their full significance. Miss Deyes, Lynda Rouse and I all have a pretty full set of the basic sources.

6. For obvious reasons, I am also sending copies of this work to Stephen Sherbourne at No 10, Peter Cropper and Cecil Parkinson's office. These papers have not so far been circulated widely by officials. I would agree with Mr Allen that Central Unit may consider it worth distributing it to them now - including the Inland Revenue.

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A N RIDLEY

ELECTION CAMPAIGN STATEMENTS ON MATTERS OF TREASURY INTEREST

Treasury officials and advisers have analysed speeches, press releases, election press conference transcripts, letters to members of the public, briefing on the Conservative Manifesto and the Manifesto itself to produce as complete as possible a catalogue of comments and important statements on Treasury policy matters. These are catalogued in the attached "digest", in which they are numbered, and sources, dates and so on indicated. Those of particular importance have been asterisked. In the very few cases in which timeless commitments have been given, these have been given a double asterisk. The following compact narrative attempts to pick out all the key points from the full catalogue of statements in speeches, press conferences, broadcasts and letters which covers pages 1-25. References are to the numbering used there. No attempt has been made to highlight the key quotations from the Manifesto or the Conservative Research Department's briefing on the Manifesto which are contained in annexes 1 and 2. Nonetheless these are worth at least a glance, and represent if nothing else important indications as to what Ministers had in mind at election time.

Key Statements

Items 1-50 cover the general background for the Manifesto, and broader issues of economic policy. The most noteworthy comments are:

32/33.

Mr Lawson offers the personal view that unemployment may well start to fall in 1984.

41. The Prime Minister denies that she had rejected the post-war commitment to successive governments to maintain full employment.

Items 42-49 contain a number of unequivocal, if obvious, pledges on local government reform.

47. Outlines the new deal for industry as regards industrial and commercial rates.

48. Affirms local sales tax is dead.

49. Says the Government would wish to consider rating revaluation.

On pay and pensions matters,

51. Involves Mr Tebbit committing himself to discussions with Civil Service unions about pay bargaining on Megaw lines.

52. Commits the Government to action to protect early leavers if the industry will not make progress by voluntary agreement.

Nearly all the statements on taxation in items 57-63 merit a note.

57. Promises further improvements in tax allowances and reliefs, further cuts in NIS, and further cuts in personal taxes.

59. Records the death of the 25% target for the basic rate of income tax.

60. Sees the PM refusing the dichotomy between tax cuts or dismantling the Welfare State.

61. Records there are no plans afoot for further shifts from taxes on earning to taxes on spending.

63. Records the Government is still interested in unifying tax and social security, but worried by the cost.

Items 64-74 deal with public spending, secret Manifesto, etc.

64. Implies there are no unpublished plans for tax increases or spending cuts, and asserts "no intentions that are not disclosed in the Manifesto".

65. Denies that the logic of the 1982 LTPE exercise is false, or incompatible with subsequent decisions in the White Paper and the Manifesto. But it also observes that expenditure plans have to be reviewed every year, and appropriate changes made in the light of likely growth in the economy.

66. Records it is a matter of "the utmost prudence for any Finance Minister to try and assess long-term alternative hypotheses on the basis of which his colleagues can then fix their spending plans for the future", and denies there is a secret document behind or alongside published plans.

68. Refuses to accept that the bleak alternatives of major tax cuts or an extra £15 bn in taxation. It also records the then Chancellor as saying he expects no further cuts.

70. Comes close to committing the Government not to set a cash figure for public spending lower than the cash figure of the previous year.

71. Evades the issue of whether the public spending figure in real terms could be lower in one year than the preceding year.

74. Records usefully that public spending has to be reassessed every year, and the relationships between demand-led and cash-limited spending adjusted.

Items 77-83 cover Education.

78. Records the Government's aim to continue to improve provision for the under fives as resources allow.

79. Comments that there are no proposals for education fees, and that the Government does not believe vouchers are a feasible way of extending choice.

80. Reiterates the Government's commitment to wider parental choice within the maintained sector.

82. Offers a clear carefully qualified formula on student loans: no present intention of replacing any part of grants by loans, but the search continues for ways of widening access to higher education, in which student loans may have some part to play.

83. Commits the Government to hold spending on higher education steady in real terms after 1984-5 and offers a harder formula on loans, viz. "at present no plans to replace any part of the student grant for first degree course by a loan".

Items 84-87 cover Employment measures. The only pledge here is:

85. To maintain special measures as long as unemployment remains high.

Items 88-107 contain massive important comments on Health and Personal Social Services.

88. Pledges the Government to continue to maintain the NHS.

89. Records the Health Service is safe with the Conservatives and that the PM has "no more intention of dismantling the Health Service than...of dismantling Britain's defences".

90. Pledges maintenance of the NHS in the future as in the past.

92. Says that NHS spending plans will be subject to further upward review, but there is no question of a downward review on the White Paper figures.

94. Denies there is a possibility of privatising or changing the basis of the NHS at all.

95. Adds the Government has no intention of changing the finance of the NHS.

96. Reaffirms the principle that health care should be provided for regardless of ability to pay.

97. Rules out compulsory health insurance as a way of financing or privatising health care.

98. Says no plans exist to give more tax concessions to private health insurance, but it will be something for a future Conservative Government to consider.

99. Denies the Government intends to subsidise private health, and says there is no target for how big the private health sector should be.

100. Reiterates the 1979 election undertakings that there will be no charges for visits to the doctor or stays in hospital.

101. Repeats the point that no responsible government can promise never to increase prescription charges, and observes that "the exemptions remain".

103. Records that the Government, Treasury and DHSS have no commitment to introduce a cash limit on Family Practitioner Services.

104 and 105. Records the cash increases in spending (implicitly the net figures) on the NHS this year and in the two years to come.

106. Makes it fairly explicit that the Government will not necessarily compensate the NHS for uncovenanted-for increases in costs.

Items 108-112 deal with Housing.

109. Commits the Government to selling another half a million Council houses in the next Parliament.

112. Asserts the Government sees a continuing role for both Local Authority and housing associations housing.

Items 114-122 cover Pensions and other Social Security benefits.

114. Reasserts that retirement pensions will be price protected.

116. Observes there are "no plans at present" for changing the arrangements for the financing of state pensions, or the earnings-related component of the state pension system.

117. Pledges the removal of the earnings rule "as soon as we conceivably can".

118. Extends the price pledge to the other linked long-term benefit.

119. Records the necessary truth that unemployment benefit, which is not price-protected, could be allowed to fall in real terms in future as inflation rises.

120. Plays down the likelihood of such cuts.

122. Chronicles Mr Fowler reading into the record at a Press Conference the full list of "pledge benefits", and adding the gloss that the Government would aim to continue to price-protect unemployment and child benefit as it has done in the past, though neither is "pledged".

Items 123 and 124 on Child Benefit are terse, but very much to the point.

123. Denies plans to means test, and

124. Records "there are no plans to make any changes to the basis on which the benefit is paid or calculated".

Item 126 on Death Benefit refuses to offer a pledge to increase the death benefit (apparently even in cash terms), but adverts to the Government's intended consultative document on this subject.

Items 127-131 deal with National Insurance.

128. Refuses to pledge to hold NI contributions constant.

129. Expresses the contrary hope that NI contributions will remain very much at the same level.

130. Reiterates that there will be no privatisation of the NI scheme.

Item 133 pledges the Government to continue inflation-proofing of public service pensions.

Items 134-137 deal with Transport.

135. States that concessionary fares will be continued when the new London Transport authority is set up.

136. Says the Government will have an opportunity to review Mersey Tunnel finance when the Metropolitan counties are abolished.

DIGEST OF CAMPAIGN COMMENTS ON MATTERS OF TREASURY INTEREST

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Annexes

1. Quotations from Manifesto
2. Extracts from Conservative Research Department briefing

GOVERNMENT POLICY AND THE MANIFESTO

1. "I could not conceive of any administration that I would lead being extreme. It has not been extreme in the last 4 years, the Manifesto is not extreme, and our philosophies are not extreme in any way." PM at morning Press Conference 8 June.
2. Asked by Sir Robin Day whether if she got a big majority "this would encourage you to go forward with...policies that are perhaps a little more "Thatcherite" than some of those in the Manifesto", the PM replied: "No, I shall carry on in exactly the same way as I have in the last 4 years". Panorama 31.5.83.
3. "There were no extremes in the last four years. There are no extremes in our Manifesto. And there will be no extremes in the next five years either". PM at Fleetwood 7.6.83.
4. The PM was asked at the morning Press Conference on 6 June if she would do only what was in the Party Manifesto, and replied: "No...we have laid down the broad directions of our general policies in the Manifesto, and made certain specific promises...frequently things come up during the lifetime of a Government and of course one deals with them...But all of them would be within the scope of the present Manifesto policies and philosophy."

UK ECONOMY GENERAL [see also Annex 1 item (i)]

5. Costs of proposals [see also Public Spending paras.] "Our costs have been calculated; they are already included and have been published in all the forward expenditure programmes which you have seen." PM in morning press conference 18.5.83.
6. "Our task is not yet done. We, the British people, walk taller than we did in 1979...But we still have a long way to go together before we have fully restored the pride and the prosperity that we know should be ours." PM in News of the World 5.6.83.
7. In her Edinburgh speech on 31 May, the PM referred to the Williamsburg meeting and stressed that all those present "agreed that to sustain recovery...we must all focus on achieving and maintaining low inflation and reducing interest rates. And we all renew our commitment to reduce budget deficits by limiting the growth of expenditure".

Exchange Rate [see also Annex 2 items 1-2]

8. "As is well known, the exchange rate of sterling is one of the factors we take account of in determining our monetary policy. We shall continue to do just that...to promote a fall in the value of sterling would be profoundly unhelpful to economic policy in this country in every respect." Sir Geoffrey Howe at morning Press Conference 8 June.

Financial Framework [see also Annex 1 item (ii) and (xi)]

9. "Interest rates are not wholly within our gift...interest rates are affected not only by your own economy but by other economies...what we do can exert a downward pressure on them. And one way of exerting a downwards pressure on them is by limiting the amount the Government borrows." PM at morning Press Conference 23 May.

10. "Government borrowing is under control - that keeps interest rates down and mortgage rates down". PM in D. Mail article 8.6.83.

11. "We have laid out our plans for the next 3 years on government spending...they are all laid out to see. The assumptions on which they are based are laid out for everyone to see. Any sensible government, like any sensible business, must keep its expenditure within its income, plus within reasonable borrowing at reasonable interest rates." PM on "Weekend World" 5.6.83.

12. In interview with Financial Weekly published 27.5.83 Sir Geoffrey Howe is reported to have said "that the recent surge in money supply, and the public sector borrowing boost at the end of the 1982-83 financial year, are not yet a cause of major concern".

Government and Industry [see also Annex 1 item (iii) Annex 2 items 3-4]

13. "As a Government, we shall do everything in our power to help businesses, large and small

- to cut costs by keeping inflation down and keeping taxes down and keeping interest rates down;
- to increase incentives and rewards for effort and success;
- to satisfy our customers across the world". PM at Finchley 19.5.83.

14. "Lower costs, higher sales, more jobs - that's the way it works. That's the way this country will increase the employment we all want to see". PM at Harrogate 26.5.83.

15. A paper agreed between Mr MacGregor and Mr Parkinson, and circulated to small business groups and the media, set out Conservative Party Policy towards small business. It included the following indications of future lines of policy:

- continue the policy of reducing inflation...and through this and continued success in reducing Government borrowing keep the pressure on for lower interest rates;
- build on the 100 plus measures that have been introduced to help small business - in particular encourage financial institutions first to take the risk and...to enable businesses to start and then to finance growth...;
- encourage use of the business expansion scheme and monitor its progress...;
- continue to stimulate the private sector and local authorities to provide an adequate supply of small sized premises...;
- introduce more measures to stimulate small business to compete on level terms for Government and local authority contracts;
- continue to expand services of Department of Industry's Small Firms Division...continue to publicise this...;
- continue to reduce legislative burdens, including form filling and 'red tape'.

Growth

16. Asked in the context of projections for the rest of the decade whether the Government had "effectively abandoned any idea of growth", Sir Geoffrey Howe replied: "No. Absolutely not...Nobody can forecast with certainty at what level growth will actually take place". BBC2 5.6.83.

17. Speaking at the morning press conference on 20 May, Sir Geoffrey had said: "Virtually every figure that has appeared since the beginning of this year shows that there is taking place an improvement in the economy...last year our economy grew by 1 per cent, the first time for many years that we were growing, when the rest of the world was still moving backwards. This year we should grow twice as fast as that".

Industrial Relations [see also Annex 1 item (iv)]

18. We want to finish restoring the balance between unions and employers and between unions and their own members...For the first time, many of them will have the chance to choose whether or not to join a union. For the first time in many unions, they will be guaranteed a right to choose their leaders by ballot. For the first time many union members will be able to choose for themselves whether or not to go on strike - and to choose by secret ballot, without intimidation." PM at Birmingham 5.6.83.

19. "We have decided to legislate to give trade unionists a right to elect the governing bodies of their own unions...to ensure that every trade unionist will have an equal and unrestricted opportunity to vote in secret by marking a ballot paper in a direct election to elect the governing body of his union...Secondly we shall legislate on the issue of the political funds of unions...we shall invite the TUC to discuss with us what measures they would propose to ensure that there is a free and unfettered choice on whether the levy should be paid or not. If those talks are unsuccessful then we shall have no hesitation but to legislate...Third we shall take measures on the need to get more strike ballots before men are called out on strike. So we shall legislate to withdraw immunity from strikes which are called without a ballot having been held...Finally on the essential services; we shall consult again with the unions on how we should proceed to specify particular essential services in law to construct procedural agreements...and then we should legislate also to ensure that if those procedural agreements were not honoured then there would be immunity for such strikes". Mr Tebbit at morning press conference 18.5.83.

20. The difference which I propose is that where a trades union gives official support to a trade dispute - to a strike - where they back it up at all, then if there's not been a ballot, the trades union's funds would be at risk...if it's a flash strike, as long as the trades union leadership doesn't support it, the trades union leadership and their funds are not at risk. There is no question of course of prison". Mr Tebbit at morning Press Conference 3 June.

21. Asked [presumably] about employer sanctions Mr Tebbit said: "As to layoffs...it could be represented that that gave an unfair advantage to the employer. I don't say it necessarily would, but I don't believe we are at that stage today where it could clearly be shown that lay-off powers are necessary...I have no proposals to bring forward such law at present".

Inflation Outlook [see also Annex 1 item (v)]

22. "We no longer have to worry, as we did 4 years ago, that inflation is running riot. The housewife, whose shopping for food had become a nightmare of ever rising prices, now knows the bill will vary little from one weekend to the next". PM in News of the World 5.6.83.

23. At the morning Press Conference on 25 May the PM was asked about NIESR forecasts that the annual inflation rate would rise to 6.5 per cent by the end of 1983 and 8 per cent by the end of 1984. She pointed out theirs was only one among a wide range of outside forecasts and added "I believe we can sustain a low inflation economy and that we can improve upon the present figures".

24. "Even 4 per cent a year is too high...in the next Parliament we shall aim to bring it lower still". PM at Cardiff 23.5.83.

25. Asked about the future course of inflation in relation to the PSBR forecast, the PM made reference to the effect of changes in the exchange rate, saying: "There's always that factor, which is not a factor in long-term inflation but which is a factor in short term prices. I hope if the pound rises against the dollar that we shall not get that increase in inflation to the extent which we had forecast in November. But you always have to watch the control of your money supply, your public expenditure within your own country, and then of course the exchange rate can have an effect on prices. One does not have full control on that because the amounts of money moving around the world are far greater than our reserves, so we can't control it". Weekend World 5.6.83.

26. At the morning Press Conference on 20 May Sir Geoffrey Howe had already said: "There is no reason whatever to expect an upsurge in inflation at the end of this year or any time thereafter".

Jobs and unemployment [see also Annex 1 item (vi)]

27. "Lasting jobs, real jobs, will come with lower inflation, and with lower interest rates, with the new industries we are helping, with the new products we are supporting, with the small businesses we are backing. And when they come, the one thousand million pounds a year we are spending on training, especially on skills for our young people, will begin to pay off". PM in News of the World 5.6.83.

28. Asked about rising unemployment, the PM said at the morning Press Conference on 26 June that she would "be astonished if unemployment rose above 4 million". [Mr Tebbit at Press Conference 3 June also stated: "Personally, I don't believe it will go over 4 million".]

29. Asked when she thought unemployment would start to come down, the PM said: "I am very wary of predicting when. I know the opportunities are there. I go round and see...new companies starting...But some of the older industries are still in difficulty...And those are still coming down while the others are going up. But the new jobs are coming...I believe that...there are more opportunities and that there'll be a good chance if those opportunities are taken. And if people give us a fair chance then unemployment will come down".
Panorama 31.5.68.

30. Asked whether unemployment would fall during her next term of office, the PM said: "I believe it will. I cannot promise it" and went on to emphasise personal responsibility in the workforce, need to avoid damaging strikes, etc. Panorama 31.5.68.

31. On BBC TV on 8.6.83 the PM was more explicit: "The opportunities are there; the numbers of unemployed should be down certainly by the middle of the next Parliament".

* 32. At the morning Press Conference on 30 May Mr Lawson had said: "In my judgement, all the signs are that there is a very good prospect that by next year we will see the start of a fall in unemployment...my best guess is that unemployment may well start to fall next year - but that is my own opinion and you can judge it and take it for what it is worth".

* 33. Mr Lawson at Cleveland on 26.5.83 had referred to the causes of unemployment as being "many and complex, of which the two most important are the world recession and the behaviour of the trade unions - in pricing men out of jobs - in driving employers to bankruptcy - in driving valuable orders overseas". He pointed to the deterioration in the rate of increase and said "next year there is every prospect that unemployment will start to fall".

34. Asked in her Panorama interview whether she attributed the increase in unemployment entirely to the world recession the PM said: "Not entirely, no. I think there are four reasons. One is the world recession. Another is that at the same time we've got all the newly industrialised countries of the Far East producing the goods which we used to produce and marketing them here and overseas; that is new competition. Thirdly, we've got new technologies coming. The first effect of those new technologies is as you know is to take away unskilled and semi-skilled jobs. The next effect is to create more jobs, and more jobs are being created now, because it makes possible all sorts of product that we never thought

of before. The fourth one in this country is that we were hit harder because we had never dealt with certain things in the past - overmanning, restrictive practices. For the whole decade of the seventies our inflation was at a higher rate than that of our competitors. And, one of the worst things of all, people regarded themselves as having an absolute right to increase in pay regardless of output, and regardless of industrial performance. Those things were worse here". Panorama 31.5.83. [The same four reasons, in a different order, were given by the PM at the morning Press Conference on 25 May.]

35. Sir Geoffrey Howe in BBC Election Call on 25 May, attributed to world recession "at least half" of the rise in unemployment since 1979, and added: "The other half is due sadly to conditions which we have generated for ourselves in this country over many years. First, when we came into office we were experiencing a dramatic explosion in pay claims...and that in itself made a major contribution to the particular unemployment problems facing the UK and priced many people out of jobs. The second thing, which is even more fundamental than that because it is more long standing, is the long running decline in our economic performance".

36. "If you are not prepared to finance reflation and inflation [reference to Opposition proposals] then what is taken out in pay is a crucial component in deciding when - instead of merely a reduction in the rate of increase to unemployment - it actually starts to fall". Mr Brittan at morning Press Conference 30 May.

37. Pressed in her TV Eye interview over having said nothing to give encouragement that unemployment would be "other than up a year tomorrow" the PM said: "I think there's a very great deal" and then itemised progress on inflation, the fall in interest rates, help to small businesses, encouragement of new technology, and training schemes. "Now all of that is very, very positive". TV Eye 2.6.83.

38. Asked on Weekend World to confirm whether she relied on reducing unemployment by getting inflation down even further rather than by spending money, the PM said: "I don't believe you can go on spending money you haven't got...But equally, although we have to go on getting inflation down, because it can do so much damage to society, so much damage to investment, can make us so uncompetitive with others, that is not enough and I've never said it's enough...there must be incentives to enterprise, you must want to see a successful society, you must keep good managers, people here who can build up new industries and create new jobs, you must get into the science and technology of tomorrow. So inflation getting down, that is a necessary but not a sufficient condition. And that's why you'll find we've always put so much stress on trying to get taxation down and trying to encourage a successful attitude to society". Weekend World 5.6.83.

39. Asked on Panorama whether she denied any responsibility for the increase in unemployment since 1979 the PM said: "In putting inflation top priority to get it down it meant that in the short-run we'd have a bigger increase in unemployment. It means in the longer-run - and the longer-run is that which will happen in the next Parliament - in the longer-run our jobs will be better and more secure and have better prospects for the future". Panorama 31.5.83.

40. Asked whether her policy for continuing to reduce inflation required a further increase in unemployment, the PM said: "No, it does not. What is more, the policy of reducing inflation now is protecting the jobs of the twenty-three-and-a-half-million people in work. And if we ever went to a higher - policy of high inflation, many many of those twenty-three-and-a-half-million people in work would be very very fearful indeed". Panorama 31.5.83.

* 41. Asked whether she rejected the post war tradition of Government responsibility to maintain full employment, the PM said: "No I have not" and went on to quote from the 1944 White Paper "The success of the policy outlined in this paper will ultimately depend on the understanding and support of the community as a whole, and specially on the efforts of employers and workers in industry, for without a rising standard of industrial efficiency we cannot achieve a high level of employment combined with a rising standard of living"; "For if an expansion of total expenditure were applied to cure unemployment of a type due not to absence of jobs but to failure of workers to move to places and occupations where they were needed, the policy of the government would be frustrated and a dangerous rise in prices might follow..." and "Workers must examine their trade practices and customs to ensure that they do not constitute a serious impediment to an expansionist economy and so defeat the object of a full employment programme". Summing up: "...you see that policy for full employment is the policy which I am pursuing". Panorama 31.5.83.

Local government relations [see also Annex 1 item (vii) Annex 2 item 5]

42. "In the next Parliament we're going to make sure that every rate payer is protected against unpredictable and unreasonable rate increases by high-spending councils. We're going to take reserve powers to impose a general limit for rate increases on all Local Authorities. And we're also going to abolish the wasteful, unnecessary Metropolitan Councils and return most of their functions to great cities like Birmingham". PM in Birmingham 3.6.83.

43. "We shall abolish the GLC and the Metropolitan Councils. We shall abolish them and we shall return their functions - the vast majority of functions will in fact return to their constituent boroughs...[This] will obviously need detailed consultations on the

implementation ...That proposal...is one that this Conservative Government intends to take at the earliest opportunity". PM at morning press conference 18.5.83.

44. "We will have the earliest consultations after the Election to establish how quickly we can proceed on the Metropolitan counties; obviously staff are involved, services are involved, and we are anxious to see...that proper arrangements are made...Detailed arrangements will be taken in hand at the earlier possible dates". Mr King at morning Press Conference 26.5.83.

45. "There are a large number or a number of very very big spenders whose rate increases are quite excessive. We shall introduce legislation to curb those and at the same time we shall introduce general powers to limit the increases in rates. We hope we shall not have actually to bring those powers into operation but we shall take legislative powers to do so". PM at morning press conference 18.5.83.

46. "We would propose to include both schemes in our opening legislation so that they would be in one Bill". Mr King at morning Press Conference 26.5.83.

* 47. "In addition...we shall provide a statutory [duty] on every local authority to consult with industry and commerce before fixing rate increases and their expenditure for the year...we shall extend to a wider range of businesses the opportunities which are available to the smallest businesses at the moment to pay their rates by instalments...and we shall also stop the rating of empty industrial property...". Mr King at morning press conference 18.5.83.

* 48. Asked whether the Government's proposals meant that 'the bogeyman of local sales taxes' was dead, Mr King said 'Yes'. Morning Press Conference 18 May.

* 49. In a letter to the Machinery Users Association dated 6 June signed by the PM she wrote "The question of revaluation for rating purposes is certainly one the next Conservative Government will wish to consider".

North Sea Oil

50. Mr Lawson at the morning Press Conference on 30 May said: "It is going to play a major role for a very long time...it will probably peak quite soon, in about 1985, but...we had a number of tax reliefs in the Budget designed to encourage...development...I think we will continue to be self-sufficient in oil well into the 1990s and it will continue to play a very large part in our economy well into the next century".

Pay and Pensions [see also Annex 1 item (viii) Annex 2 items 49-54 and paras 106, 113 and 132-133 below]

* 51. "I hope that people seeing inflation falling, and being convinced that inflation will remain low, will continue to make prudent pay bargains which will keep down the price of their products and will help to get more people back into work. As far as central Government is concerned, of course, we continue the discussion on Megaw with the central civil service, and of course we look with concern on public sector pay rises if they are beyond what the tax payer could afford. But we have to see what happens in the Megaw discussions on central pay bargaining". Mr Tebbit at his 3 June press conference.

* 52. "On early leavers...we are quite determined to make progress in that area. We will be having a very earlier conference [with the pensions industry]...just after the Election...if we cannot make progress by voluntary agreement, we've already made it clear that legislation would be taken to protect the interests of the early leaver". Mr Fowler at morning Press Conference 24 May.

Privatisation and the nationalised industries [see also Annex 1 item (ix) Annex 2 items 6-11]

53. "In the next Parliament there will be further steps along that road...new technology is transforming British Telecom and other companies - British Airways, Rolls Royce, large parts of British Steel which should be free to compete, BL, British Shipbuilders and so on." Mr Jenkin at morning Press Conference 30 May.

54. "We have not given a categorical assurance of being able to privatise the whole of BL during the next Parliament...But large parts of it could be...that is for the Board to pursue". Mr Jenkin at morning Press Conference 30 May.

55. "I think the best thing to do for [the industries in the public sector], very often, is to denationalise the extraneous parts of their organisation, so they can concentrate on conducting the main business more efficiently..." Mr Lawson at morning Press Conference 30 May.

56. In a letter to the British Telecommunications Union Committee signed by the PM dated 27 May she said: "Our Manifesto states our aim is that British Telecom - where we shall sell 51 per cent of the shares to the private sector - shall become a private company...we shall be reintroducing the Telecommunications Bill which failed to reach the Statute Book because of the General Election".

Taxation Objectives [see also Annex 1 item (x) Annex 2 items 12-23]

* 57. In the morning Press Conference 18 May to launch the Manifesto the PM said: "...[we] will continue to make further improvements in tax allowances and tax reliefs. We hope to do better on National Insurance Surcharge...We've gone a long way towards reducing it and we hope as prosperity increases to be able to allocate further amounts towards direct tax reductions on individuals...and later in the same Press Conference: "... Most of us would wish to see that increasing prosperity should benefit the individual by a reduction in personal taxes." [Mr Leon Brittan in a Press release on 13 May stated that the Government remained committed to "continued reductions in personal taxation".]

58. Mr Lawson at the morning Press Conference on 30 May said: "I hope that we will have opportunities in the next Parliament to reduce the level of income tax still further."

* 59. A questioner at the morning Press Conference on 18 May asked: "What is the specific target for income tax? Does it remain at 25 per cent?" PM: "Well, we don't have a specific target excepting...reducing the total tax burden on individuals."

* 60. Asked on TV Eye 2.6.83 whether any future income tax cuts would be compatible with meeting the cost of the Welfare State, the PM said: "I believe that as we get expansion - and it's starting now, as you know, it is starting very slowly, but it is starting - I would like very much to ensure that a goodly proportion of the expansion goes back to people, to individual men and women, and to companies, because I believe they spend it better, they spend it more economically."

* 61. Tax balance. In a letter to the Drapers Chamber of Trade dated 1 June, the PM wrote "The 1979 Conservative Manifesto included a pledge to shift from taxes on earnings to taxes on spending, and this was carried out. The 1983 Manifesto included no such pledge, and no plans are afoot for further shifts in this direction."

62. Action on the tax treatment of holiday lettings was quoted by Sir Geoffrey Howe at the morning Press Conference on 6 June as an example of items that "we might try to introduce" in the Summer Finance Bill after the Election over and above Budget items lost because of the Dissolution.

* 63. Unification of tax and social security systems. Mr Fowler at the morning Press Conference 24 May said: "...we are still interested in it and concerned about it and obviously we are still attracted to the idea about it but...if it was introduced on the basis that was proposed in the early 1970s at a cost of £1.2 billion - now gone up to £5 or £6 billion in

present circumstances we simply cannot make pledges of that kind of expenditure...We will keep it under review".

PUBLIC SPENDING [see Annex 1 item (xi) and on staffing Annex 2 items 24-6]

* * 64. At the morning Press Conference on 6 June there were questions about "unpublished plans" to raise taxation or reduce expenditure if hopes of growth proved false. Sir Geoffrey Howe said: "Our plans have been published for the next 3 years and our Manifesto takes those proposals to the end of the Parliament and there are no intentions that are not disclosed in the Manifesto". Although any Chancellor was theoretically free to cut expenditure or raise taxes by any amount at any time, a Chancellor "operates within the policies of his Government...Our policies are designed to secure an effective control of public spending and the prospect of lower rather than higher taxes".

* 65. Asked whether the logic in his own memorandum to his Cabinet colleagues in the autumn last year was false, Sir Geoffrey Howe said "It is simply saying that if expenditure exceeds or is likely to exceed income beyond the limits of reasonable borrowing, that is...imprudent...Our plans and our decisions taken since last autumn now published in the White Paper and in the Manifesto take account of those rules of arithmetic and rules of prudent business management". Asked whether that meant that there would still be a PESC exercise this year, he replied: "let me remove any misunderstanding. PESC is as regular a routine in the Cabinet as Christmas and Easter - and it is bound to take place, under a responsible Government". A little later in the same session, he also said "The terms of arithmetic plainly involve relating the pattern of public expenditure to the likely growth state of the economy...", referred to the Labour Government's 1976 crisis by way of contrast, and concluded "Our plans, and our manner of conducting them, are designed to avoid that kind of crisis".

* 66. In a BBC TV interview Sir Geoffrey Howe said: "We have published our plans for public expenditure for the years immediately ahead in February this year; we published our finance for the Parliament in the Manifesto...It is a matter of the utmost prudence for any Finance Minister to try and assess long-term alternative hypotheses on the basis of which his colleagues can then fix their spending plans for the future. We have done that and we have reached our conclusions and published our spending plans for the rest of this Parliament (sic) and there is no question of a secret document sitting behind or alongside them". Sir Geoffrey Howe on BBC2 5.6.83.

* 67. Mr Leon Brittan at the morning Press Conference on 30 May said: "We are fighting this Election on the Public Expenditure White Paper published this year and we have not got any plans beyond that".

* 68. Asked on BBC TV 5 June whether he would be unable to maintain the Welfare State as it is at the moment, by the mid-1980s, without an extra £15 billion in taxation or cuts, Sir Geoffrey Howe said: "I do not think that either of those things will be necessary. We have looked at the prospects: we have taken up and formulated our plans in order that they may be fulfilled. Our plans were laid before the public on a prudent and responsible basis...Every Finance Minister in the world...is facing the realities of a need to contain his expenditure, to avoid inflation going through the roof, to avoid interest rates going up..."

Interviewer: "So you expect further cuts?"

* Sir Geoffrey "...I expect no such thing".

Interviewer: "Well why the warning?"

Sir Geoffrey "We will be planning our expenditure on the basis we have presented to the people: responsibility over the last four years without being driven to the IMF".

69. Relationship Economic Strength and Welfare Spending. "Getting the economy right is the best way of continuing to look after the most vulnerable among us. That is real caring. Constructive practical caring. Because in the long run it is prosperity which guarantees protection." PM in News of the World, 5.6.83.

* 70. Cuts Asked whether she would give a pledge not to cut public expenditure in the lifetime of her next Government, the PM said: "...I have never known in my 30 years in politics any government...which has actually cut expenditure below the expenditure of the current year. Can you mention one? I can't". Weekend World 5.6.83.

* 71. When the question was rephrased to refer to a cut in real terms the PM replied: "Ah, but we no longer budget in real terms. We budget in the way any business budgets, we budget in the way any household budgets: 'What is the actual amount of cash I've got? I've got to keep my expenditure within that'." Weekend World 5.6.83.

72. Asked whether there wouldn't need to be further cuts in government spending, to reduce inflation, the PM said: "No, I don't think you're being right, logically, because I think you have not taken into account that in the end the degree of inflation you have in the longer run, the relationship it has is to your money supply..." Weekend World 5.6.83.

73. Pressed about the implications for real provision if inflation exceeded expectations, the PM said: "I don't expect that over the lifetime of the next Parliament that we are going to run policies which will lead to inflation rising, we are going to fight it; and secondly, and even within the actual inflation - let me give you an example, we managed to get more capital projects out of the same amount of capital expenditure because of the firm kind of financial policy we've been running. The tenders went down, and we actually got more roads and more schools tendered for within the same amount of money. This is sound financial policy and I'm going to stick to it. What I'm saying is that we've got a certain amount to spend and will spend as best we can." Weekend World 5.6.83.

* 74. She added: "I am equally going to say I have to look at public spending every year and afresh." The same phrase was used at the 23 May morning Press Conference when the PM said: "You revise your public expenditure each year, because new demands come up. Not all of your public expenditure is cash-limited; some of it is demand-led, and each year you look afresh at your public expenditure when they are published".

Defence [see also Annex 1 item (xii)]

75. Asked at the 18 May morning Press Conference about the omission of a mention of Trident from the Manifesto, Mr Heseltine said: "We are committed to the purchase of the Trident system as a replacement of the Polaris submarine system and we are committed to the maintenance of an independent British nuclear deterrent which this present Polaris and the future Trident submarine system represent."

76. At the morning Press Conference on 25 May he said: "We're very anxious to see a satisfactory agreement with the Soviet Union at the Geneva Intermediate Range talks, but we've made it absolutely clear...that if we don't get a satisfactory agreement then we shall proceed on time with the deployment of the Cruise missile systems in Britain and in the Continent of Europe".

Education [see also Annex 1 item (xiii) Annex 2 items 27-34]

77. "We believe that access to the State education service should be a fundamental right, and our continuing aim is to improve standards in that service", the PM stated in a letter dated 23 May to the NUT.

* 78. She told the Association of One Parent Families that "it would certainly be our aim to continue to improve the provision for the under fives as our resources allow". Letter dated 6 June.

* 79. "There are no proposals for fees in education. We have no intention of doing anything of that kind. We're always anxious to find ways of extending the opportunities for choice in education. We do not believe the voucher scheme offers a feasible way of achieving that. We are willing to look at any suggestions...to extend parental choice." Sir Geoffrey Howe on BBC Lunchtime News, 6.8.83.

* 80. "We didn't mention vouchers in the Manifesto because the idea is only one way...of increasing parental choice. What we are committed to is the search for wider parental choice...if it were considered, purpose is to increase choice within the maintained sector". Sir Keith Joseph at morning Press Conference 1 June.

81. In a letter signed by the PM dated 25 May to the National Federation of Voluntary Literacy Schemes the PM told them "it will certainly be necessary for the next Government to consider whether the Adult Literacy Basic Skills Unit could be expanded and whether such expansion would be the best way of encouraging the work of organisations such as your own".

* 82. Asked at the Party Press Conference on 1.6.83 about student loans, Sir Keith Joseph referred questioners to his recent Parliamentary Answer which stated: "The Government have at present no intention of replacing any part of the student grant by a loan. We remain interested in finding means of widening access to higher education without excessive cost to the Exchequer and in this context will continue to examine the whole system of stringent support. Student Loans may have some part to play in this."

* 83. In a letter dated 7 June signed by the PM the regional AUT was told that for higher education "the intention is to hold the level steady in real terms after 1984-85" that without compulsion on institutions of higher education it could not be guaranteed that every student with two 'A' levels would find a place, and that the Conservative Party "has at present no plans to replace any part of the student grant for first degree course by a loan".

Employment measures

* 84. "[The] Youth Training Scheme which from September onwards means that no young school-leaver of 16 need go onto the dole if he can't [get] a job; there is a full year of training and work experience open to him or her." Mr Tebbit at morning press conference 18.5.83.

* * 85. In a letter dated 25 May to Church Action on Poverty, the PM wrote: "The Government has an impressive record in helping the unemployed: we have committed over £2000 million this year to training and special measures for the unemployed. As long as

unemployment remains high we shall maintain special measures of this kind which bring effective help to many of those who have no job".

86. "From the autumn of this year, all school leavers without a job will be guaranteed a year's training". The PM in a letter dated 6 June to the Unemployment Alliance.

87. "I am confident that [in YTS] as well as TOP we will meet the Christmas undertaking this year". Mr Tebbit at Press Conference 1 June.

[Falklands - see Annex 2 item 35]

Health and Personal Social Services [see also Annex 1 item (xiv) Annex 2 items 36-39]

* 88. NHS. "We shall of course continue to maintain the Health Service". PM at morning Press Conference, 18 May [repeated in PM's speech at Fleetwood 7.6.83].

* 89. "I understand that Labour is suggesting that the Tories would undermine or dismantle the NHS...I said it last year: The Health Service is safe with us. I have no more intention of dismantling the Health Service than I have of dismantling Britain's defences". PM in speech at Edinburgh 31.5.83. [This formulation was repeated almost word for word in the Panorama Interview 31 May and in PM's Birmingham speech 5.6.83.]

* 90. "We will maintain the National Health Service in the future as we have always done in the past." PM in S. Express 5.6.83. [Same formula used in PM's speech at Birmingham on 5.6.83.]

* 91. "On health, Conservatives will maintain the NHS in the future as we always have in the past. Conservatives will not dismantle the Health Service." PM in D. Mail article 8.6.83.

* * 92. "We have set out our spending plans in the White Paper and these plans will be subject to further consideration and upward review if that is necessary. We are not making a commitment on the amount of money we will be spending above what is in the public expenditure White Paper. There is no question of a downward review taking place on the White Paper figures already published." Mr Fowler at morning Press Conference 7.6.83.

* 93. Hospital building. "There's an excellent programme for new hospitals - £1.1 billion allocated - and there are 140 new hospitals either in the designing stage or being built". PM at morning press conference 18.5.83.

* 94. "There is no question of privatising or changing the basis of the NHS at all. We shall, of course, continue the arrangements for partnership between the public and the private sector which have existed since the health service began. Of course we are anxious and willing to find any ways we can of attracting additional resources into the provision of better health care for the people of this country." Sir Geoffrey Howe on BBC Lunchtime News, 6.6.83.

* 95. "We have no intention of changing the finance of the NHS. As you know, Sir Alec Morrison looked at this and had a major report upon it, and its very interesting. But we have no intention of changing it and it will continue to be financed by taxation." PM in Panorama 31.5.83.

* * 96. Asked by Sir Robin Day whether she stood by her statement of October 1982 including the principle "that adequate health care should be provided for all regardless of ability to pay must be the foundation for any arrangements for financing the NHS", the PM said "Yes".

* * 97. "At the morning Press Conference on 24 May Mr Fowler stated: "Privatising the health service in the sense of seeking a new way to finance it by compulsory health insurance...we have ruled out".

* 98. Asked at the morning Press Conference on 7 June about 'plans that exist to give tax concessions on private health insurance' Mr Fowler said: "There are no plans", and when pressed further: "I think that it would be something for a future Conservative Government to consider, but there are no plans at the moment".

* * 99. Questioned at the morning Press Conference on 31 May on the use of private facilities by the NHS Mr Fowler said: "The criterion is that health authorities make use of the independent sector when it can contribute economically and effectively to the care of NHS patients...We are not in the business of subsidising the private sector but we are in the business of encouraging and stimulating the independent sector just as we are of the voluntary sector..." The Government had not "got any total aim or total percentage aim how big the private sector should actually be."

* * 100. Quizzed about undertakings given in the 1979 Election campaign the PM said on Panorama 31 May: "I gave two undertakings: one was that I would not put or not institute charges for stays in hospital nor for going to the doctor. I repeat those pledges." PM in Panorama 31.5.83.

101. Questioned in Parliament about what she had said in 1979 in relation to prescription charges the PM told Mr Foot "If [he] looks at the full quotations he will find a sentence...to the effect that no responsible Government could ever promise not to increase prescription charges. I repeat that now. The important thing is that the exemptions remain". (Hansard 10.5.83 col 734).

102. The PM again declined to rule out any future rise in prescription charges (without mentioning exemptions) when asked about this at the morning Press Conference on 24 May (and on Panorama on 31 May). But Mr Fowler at the 24 May Press Conference laid stress on the exemptions, and was followed by Mr Clarke who said: "There's no reason at all why those people who pay for the 30 per cent of prescriptions which aren't exempt shouldn't make a modest contribution towards the cost of the service".

103. Mr Fowler assured questioners at the 7 June morning Press Conference that there were no plans for cash-limiting the Family Practitioner Services, backed up by Mr Clarke who said: "...the Government and Treasury and DHSS have no commitment to introduce a cash limit on Family Practitioner Services at all". (But he did refer to the study being carried out by Binder Hamlyn into ways to predict the level of spending and make sure of accountability for it.)

104. Asked on Weekend World: "You've also said in this campaign that you would no more dismantle the Health Service than you would dismantle the nation's defences. Does that mean that no matter what happens economically, you give the Health Service exactly the same priority that you give defence for the lifetime of your next Government?" the PM said: "No, because defence - if you look at our expenditure plans - the actual amount is in that expenditure plan because we're committed to spend three per cent more in accordance with our NATO commitment. If you look in the National Health Service, our plans for the future are laid out there, you'll recall that when we came into power there were £7 $\frac{3}{4}$ billion being spent on the National Health Service, now there is £15 $\frac{1}{2}$ billion. That's an enormous increase, an increase which is higher than the increase in prices. If you look at this year and next year and the year after; this year on top of that we plan to spend £700 million more, next year £800 million more, the following year £700 million more." Weekend World 5.6.83.

105. The same figures were quoted by the PM in her Edinburgh speech on 31 May where she described them as "all budgeted for within a sound financial policy. Not a promise but a firm commitment".

106. The PM in her Weekend World interview went on to say: "How that is going to be used will depend considerably on how we manage to negotiate and bargain within the National

Health Service on the wage structure. We've allocated the money but we have constantly to persuade people of the best way in which to use it. I am telling you that £15½ billion is what we are spending now, that we have allocated more for next year, more for the following year, more the year after; and I am equally saying that no system, no government, no democracy will work in this country unless each and every person exercises a degree of responsibility and discipline over what they do." Weekend World 5.6.83.

107. Personal Social Services. "We are committed to a civilised society where the poor and the rich, the disabled and the elderly, are properly cared for - by the community, by their families, by voluntary organisations. State provision, voluntary effort and family support march hand in hand to achieve the best possible life for the needy and the disadvantaged". PM at Wembley Rally 5.6.83.

Housing [see also Annex 1 item (xv)]

108. "It has long been our dream that everyone should have the chance to acquire some property...The best way to start is to buy your own home. Half a million council tenants have already done so. Many more will follow." PM D. Mail 8.6.83.

* 109. "Under the Conservative Government, half a million council houses were sold...In the next Parliament...we want to double that half million to one million, at least, and then go on from there". PM at Birmingham 3.6.83. [In PM's speech at Harrogate 26.5.83 this was worded: "In the next Parliament we shall go full steam ahead...We want to double that half million to one million, at least".]

110. In a letter dated 17 May to Mr G Bowden the PM wrote: "If the Conservatives are re-elected, the Government will be reintroducing the Housing and Building Control Bill...and I can assure you that this will include Clause 1 of the Bill giving the right to buy to council tenants whose homes are on leasehold land (ie whose landlord does not own the freehold)."

111. To the Pensioners Voice, the PM wrote on 25 May: "It is our policy that in public sector housing, a major priority should be the provision of homes suitable for elderly people, together with more sheltered accomodation.

* 112. "We are certainly not wishing to get rid of the public sector at all; we see a continuing and important role for both Local Authority housing and housing associations housing." Mr Stanley at morning Press Conference, 31 May.

Law and Order [see also Annex 1 item (xvi)]

113. "We believe in a police force that is well-manned, well-paid, well-equipped...". PM at Perth 13.5.83.

Pensions and other Social Security Benefits [see also Annex 1 item (xvii) Annex 2 items 40-48]

* * 114. Pensions. "On pensions, we have fully honoured our pledge we gave. Since the Conservatives came into office the retirement pension has gone up by 68 per cent - 7 per cent more than prices. We promise to protect our pensioners in the future too." PM in D. Mail article, 8.6.83 [also "We promise to protect the pensioner against rising prices for the next Parliament too" PM at Birmingham 3.6.83; "Retirement pensions will continue to be protected against rising prices." PM at morning Press Conference, 18 May. "Do not believe the scares and smears put out by our opponents...we WILL protect pensions." PM D. Mail article 8.6.83. "Last year pensions went up faster than prices. The pensioner will keep the extra. There will be no clawback. And we will continue to protect pensioners against rising prices. Each year the pension will be increased by the amount by which prices have actually risen". PM in speech at Edinburgh 31.5.83; "We will continue to protect the value of the pension as we have done over the past four years." PM in S. Express 5.6.83.

115. Mr Fowler amplified this at the morning Press Conference on 7 June saying "It has always been our position that we will keep the pension in line with prices but...if you are asking me whether we're going to return to earnings - or prices - whichever is the higher...the answer to that is no, we're not".

* 116. Earnings-related pension schemes. "Nor are there plans to change the earnings-related component of the State pensions. The 1975 Act was in fact brought onto the Statute Book with the full support of Conservative Members". PM in open letter to Mr Brynmor John 20.5.83. To Help the Aged she wrote, on 31 May: "This scheme...is financed on what is known as the pay-as-you-go system. We have no plans at present for changing these arrangements for the financing of State pensions."

* 117. Retirement pensions earnings rule. In a radio interview Mr Fowler said: "I would have liked to have moved faster; I would like to have got rid of it...But we have other obviously competing claims...But we are pledged to remove it as soon as we conceivably can". BBC radio 21.5.83. The PM told The Pensioners Voice on 25 May: "Our Manifesto makes it clear that a Conservative Government would continue to raise the [£57 a week] limit. It reaffirms our aim to abolish the earnings rule as soon as we can".

118. Other Benefits. At the morning Press Conference on 18 May the PM read from the Manifesto passage stating: "In the next Parliament we shall continue to protect retirement pensions and other linked long term benefits against rising prices."

119. At the morning Press Conference on 26.5.83, the PM confirmed that the absence of any undertaking in the Conservative Election Manifesto to index-link unemployment benefit meant that, if re-elected, the Government would retain the option of allowing its value to fall in real terms. [The PM stressed that the problem of unemployment benefit rising faster than wages - with its implications for the "why work?" syndrome - was much less likely to be a cause for concern in a period of low inflation.]

120. Mr Tebbit asked at his press conference on 3 June about hints that the real level of UB would not be maintained, replied: "Mrs Thatcher has not to my belief said that, and as I have no proposals to cut the benefit I don't think the question is relevant".

121. Asked whether "there needs to be a substantial gap between what a man gets by working and what he can get on social security benefits", Mr Fowler replied: "There ought to be, I quite agree. It is one of the problems". When asked how he would deal with it he replied: "It is one of the problems where social security has gone up in proportion with inflation. And that really is why we have put personal allowances up. It is a thing that I constantly have to have in mind". Daily Express 15.5.83.

122. Mr Fowler spelt out at the 7 June Press Conference which benefits are price-protected by Government pledge: "The 'pledge benefits' basically are the pension benefits - retirement pensions, widows pensions, war disablement pensions, war widows pensions, industrial disablement pensions, attendance allowance, invalid care allowance, supplementary pension and long-term benefits of that kind. Unemployment benefits not a 'pledge benefit'...nor is child benefit...but we have managed to price protect those benefits as well...and that would be our aim in the future."

Child Benefit

123. At the morning Press Conference on 25 May the PM was asked about 'rumours' of plans to means test child benefit: she answered "Nonsense. No, no, no."

124. In an open letter to Mr Brynmor John dated 20 May the PM wrote: "There are no plans to make any changes to the basis on which the benefit is paid or calculated".

War Widows

125. Writing to the Officers Pensions Society on 25 May the PM referred to recent improvements for Armed Forces widows and said she hoped there would be scope for more "limited" improvements in future, though she warned that the two main constraints were cost and "the sound working rule that a pensioner is entitled only to the benefits prescribed by his pension scheme at his retirement".

Death Benefit

* 126. Mr Fowler told a questioner on "Election Call": "I can't give you a pledge that we're going to increase the death benefit for everyone as a general benefit throughout the country. It's a matter of priorities". BBC Radio 17.5.83. Writing to The Pensioners Voice, 25 May the PM referred to the Government's consultative document and said: "We are anxious to study possible ways of concentrating more help where it is most needed".

National Insurance Contributions

127. "The National Insurance contribution is not a tax. It is an insurance premium that people pay to ensure that when they're retired they get a pension, if they're sick they have sickness benefit, and because it is an insurance premium that is why people get it [benefit] as of right and it's not means-tested". PM on TV Eye (in context of query about the burden of taxation) 2.6.83.

* 128. "No one could give any promise about not increasing the NI contribution. The whole of the pensions and social security/national insurance system is on a pay as you go basis...as you increase outgoings you have to increase the incomings". PM at Press Conference 24 May.

* 129. Mr Fowler, asked about contributions on BBC radio on 21 May, said: "I very much hope that we will be able to keep the contributions at very much the same level because clearly it is a very real imposition on the working population, and this is a balance that any Government has to hold".

* 130. Basis of scheme. Asked at the Press Conference on 25 May about Guardian report about "privatising" the NI scheme the PM said: "There is nothing in the Manifesto which says we are going to drop insurance in any way. We are not".

131. Unification of tax and social security systems - see 63 above.

Public Sector Pay and Pensions [see also Annex 2 items 49-54]

132. "We believe we've reached a fair settlement of last year's dispute [in the NHS], and one which is in line [with] what the economy can afford, and is reasonable and justified when you look at the kind of increases which people in equivalent occupations in private industry and elsewhere were getting...we are in process of setting up a review body which will give us independent advice on the right level of pay for nurses and midwives, some other professional staff, and we think that is a great breakthrough...we're also going to start discussions with those who represent the main [body] of staff about the way in which we negotiate their pay...we've got to deal fairly with our staff; at the same time we've got to keep within what can be afforded and not spend money at the expense of patient care".
Mr Fowler at morning Press Conference 24 May.

* 133. In a letter dated 3 June to the Public Service Pensioners Council the PM wrote: "the next Conservative Government are pledged to ensure that public service pensions are protected against inflation; and I can assure you that this pledge will be kept. I cannot go beyond this pledge. To link public service pension to increases in earnings could be very costly, particularly as similar provision would have to be made for State retirement pensions. To adjust the pensions of those in the public service who retired during a period of income policy would cost at least £100 million a year and I think that other claims on our limited resources have a higher priority".

Roads and Transport [see also Annex 1 item (xviii) Annex 2 items 55-59]

134. "In the Department of Transport one of our highest priorities is the maintenance of a vigorous road programme with the emphasis on roads which aid economic recovery". Mrs Lynda Chalker in Banbury 29.7.83. Also on the same occasion: "We are awaiting the Inspector's report [on the proposed Banbury bypass section of the M40]. I cannot make any commitment in advance of the report and our response to it. However, if the Inspector's report supports the building of the M40 extension, work would be started about the end of 1986, which would mean completion around 1988 to 1989".

* 135. In a radio interview Mr Howell mentioned that when a new London Transport Authority was set up, steps would be taken to ensure that concessionary fares continued.

* 136. Mrs Chalker stated during the campaign that the abolition of the Metropolitan counties would give the Government an opportunity to review the financing of the Mersey Tunnels.

137. Writing to the Railway Development Society, the PM on 6 June said that there was no programme of major BR closures; the network maps in the Serpell Report were "no more than broad illustrations". The Government was committed to electrification, though projects must be assessed on their commercial merits. The question of reopening railway lines was a matter for the BR Board.

EUROPEAN COMMUNITY [see also Annex 1 item (xix)]

138. "On Europe, Conservatives - who have stood up strong for Britain's interests - will keep this country in the EEC." PM in D. Mail article 8.6.83.

139. "Within the EEC we are pledged to bring down our budget commitment". Lord Hailsham in 27 May press release.

MANIFESTO QUOTATIONS

(i) UK Economy General

The Manifesto lists as the first of "five great tasks for the future":

to create an economy which provides stable prices, lasting prosperity and employment for our people. (page 8)

(ii) Financial Framework

We shall continue to set out a responsible financial strategy which will gradually reduce the growth of money in circulation - and so go on bringing inflation down. (page 10)

(iii) Government and Industry

We will:- promote, in partnership with industry, the Alvey programme for research into advanced information technology; accelerate the transfer of technology from the university laboratory to the market place, especially by the encouragement of 'science parks'; help firms to launch new products through pilot schemes and public purchasing; build on the success of our Micros in Schools Scheme and our network of Information Technology Centres for the young unemployed so that they are equipped with tomorrow's skills; sanction the launch of new cable networks. (page 20)

We shall continue to maintain an effective regional policy...we do not propose sudden changes...but we will:- make sure that these policies are economical and effective in creating genuine jobs; secure more effective co-ordination between central and local government and the European Community's Regional Development Fund; further develop local self-help initiatives the 24 Enterprise Zones and...duty free trading zones...in certain experimental 'free ports'; diversify regional economies by encouraging the fullest use of our schemes for innovation. (pages 20-21)

We shall continue to ensure that our taxation and licensing policies encourage development in the North Sea...We shall press ahead with the development of safe nuclear power...we shall set up an Energy Efficiency Office to co-ordinate the Government's conservation effort. (page 21)

We shall legislate [on making more farm tenancies available] at an early opportunity.

(page 23)

During the next Parliament we shall introduce measures to restructure the fishing industry and to encourage investment and better marketing.

(page 23)

We shall continue to support the Tourist Board and tourism projects throughout the country.

(page 22)

(iv) Industrial Relations

We shall give union members the right to hold ballots for the election of governing bodies of trade unions; and decide periodically whether their unions should have party political funds. We shall also curb the legal immunity of unions to call strikes without the prior approval of those concerned through a fair and secret ballot.

(page 12)

(v) Inflation

In the next Parliament, we shall endeavour to bring inflation lower still. Our ultimate goal should be a society with stable prices.

(page 10)

(vi) Jobs and Unemployment

We have committed over £2,000 million this year to training and special measures for the unemployed. As long as unemployment remains high, we shall maintain special measures of this kind, which bring effective help to many of those who have no job. We will maintain special help for the long-term unemployed through the Community Programme, and for the older unemployed through early retirement schemes.

(page 14)

We shall go on reducing the barriers which discourage employers from recruiting more staff...and we shall help to make the job market more flexible and efficient.

(page 14)

Training for work must start with better, more relevant education at school. For school leavers we have provided the most imaginative and far reaching scheme in our history...from now on, no one leaving school at 16 need be unemployed in his first year out of school.

(page 14)

We shall continue to provide for, and improve, the special employment and training needs of the disabled.

(page 14)

(vii) Local authority/Government relations

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

In addition, for industry 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.

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. (page 37)

(viii) Pay

The last four years have shown that a bureaucratic machine for controlling wages and prices is quite unnecessary...But Government remains inescapably responsible for controlling its own costs. We are committed to fair and reasonable levels of pay for those who work in the public services. We shall therefore continue to seek sensible arrangements for determining pay in the Civil Service and the NHS...It is equally our duty to the nation as a whole to prevent any abuse of monopoly power or exploitation of the sick, the weak and the elderly. So we must continue to resist unreasonable pay claims in the public sector. (page 11)

(ix) Privatisation

Reform of the nationalised industries is central to economic recovery...we shall continue our programme to expose State-owned firms to real competition.

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 those who work in them. We shall also transfer to the private sector the remaining State-owned oil businesses - the BGC's offshore

oil interests...in the next Parliament we shall seek other means of increasing competition in, and attracting private capital into, the gas and electricity industries.

We will take steps to ensure that these new firms do not exploit their powerful positions...Those nationalised industries which cannot be privatised or organised as smaller and more efficient units will be given top quality management and required to work to clear guidelines. (pages 15-17)

(x) Taxation Objectives

Further improvements in allowances and lower rates of income tax remain a high priority, together with measures to reduce the poverty and unemployment traps. (page 19)

We want to encourage wider ownership. This means lowering taxes on capital and savings; encouraging individuals to invest directly in company shares; and encouraging the creation of more employee share schemes. (page 19)

(xi) Public Spending Plans

We shall maintain firm control of public spending and borrowing. If Government borrows too much, interest rates rise, and so do mortgage payments. Less spending by Government leaves more room to reduce taxes on families and businesses. (page 10)

We are successfully putting out to tender more services needed by central government. We shall press on with this wherever public money can be saved and standards of service maintained or improved. (page 36)

Putting services like refuse collection out to tender has played a major part in getting value for money and significantly reducing the level of rate increases. We shall encourage every possible saving by this policy. (page 36)

(xii) Defence

NATO must have strong conventional forces backed by a nuclear deterrent. And we in Britain must maintain our own independent nuclear contribution to British and European defence. At the same time, we shall continue to support all realistic efforts to reach balanced and verifiable agreements with the Soviet Union on arms control and disarmament. (page 43)

(xiii) Education

We shall continue to seek ways of widening parental choice and influence over their children's schooling. (page 29)

This country is now spending more per child in school than ever before, even after allowing for price rises. Exactly how the money is spent and how schools are run, is up to local education authorities. (page 29)

But the Government can help improve standards and make sure that children are taught and trained for the world they will grow up into. (page 29)

The very large sums of public money now going to higher education must be spent in the most effective way. Within that budget, we want to use a shift towards technological, scientific and engineering courses. (page 30)

We shall keep up the level of government support (for the arts and the national heritage), including a fair share for the regions. We shall also examine ways of using the tax system to encourage further growth in private support for the arts and the heritage. (page 41)

(xiv) Health and Personal Social Services

We intend to continue to make sure that all patients receive the best possible value for the money that is spent on the Health Service. The treatment of the elderly, the mentally handicapped and the mentally ill will continue to command our particular attention. We shall continue to make extra provision for those parts of the country in the North and the Midlands which have always been comparatively short of resources. (page 27)

There are now 140 new hospitals in [our] programme being designed or built. We shall continue to upgrade existing hospitals and brighten up shabby wards. (page 28)

To release more money for looking after patients, we will reduce the costs of administering the Health Service. (page 28)

We welcome the growth in private health insurance in recent years. This has both made more health care available, and lightened the load on the NHS, particularly for non-urgent operations. We shall continue to encourage this valuable supplement to State care. We shall promote closer partnership between the State and the private sectors in the exchange of facilities and of ideas in the interests of all patients. (page 28)

(xv) Housing and Environment

In the next Parliament, we will give many thousand more families the chance to buy their homes. For public sector tenants, the present "Right to Buy" scheme will be improved and extended to include the right to buy houses on leasehold land and the right to buy on a shared ownership basis. (page 25)

We shall also help first-time buyers who are not council tenants through our various low-cost home-ownership schemes: "homesteading", building for sale, improvement for sale, and shared ownership. (page 25)

We shall extend our Tenants Charter to enable council tenants to get necessary repairs done themselves and be reimbursed by their councils. Housing Improvement Grants have been increased substantially in the last two years and will continue to play an important role. (page 25)

We shall conduct early public consultation on proposals which would enable the building societies to play a fuller part in supporting the provision of new housing and would bring up to date the laws which govern them. (page 25)

We shall promote...revival of our inner cities both by new building and by sales by local councils of some of their rundown property to homesteaders who will restore the homes themselves. (page 38)

We shall continue to give priority to the areas most in need. Our programme for the reclamation of derelict land will continue. We shall increase our efforts to secure the disposal of under used public sector land... (page 39)

(xvi) Law and order

We shall be ready to increase police establishments where necessary in the war against crime. (page 33)

We shall...build more court rooms to reduce delays in trying criminal cases. (page 33)

We shall set up more community attendance centres to which the courts can send young hooligans. (page 33)

We shall complete our major programme of building which will provide another 4,800 places in ten new prisons. And we are recruiting more prison officers to staff them. (page 34)

(xvii) Pensions and Other Social Security

In the next Parliament, we shall continue to protect retirement pensions and other linked long-term benefits against rising prices. Public sector pensioners will also continue to be protected on the basis of realistic pension contributions. (page 26)

It remains our intention to continue raising the [earnings rule] limit and to abolish this earnings rule as soon as we can. The Christmas Bonus, which Labour failed to pay in 1975 and 1976, will continue to be paid every year. (page 26)

We will consider how the pension rights of "early leavers", people who change jobs, can be better protected and how their members may be given fuller information about their pension schemes. (page 26)

(xviii) Roads and Transport

The national motorway and trunk road network will continue to be developed and improved to high quality standards...we will also seek to make rail freight more competitive. (page 22)

We shall set up a new London Regional Transport Authority for the underground, buses and commuter trains in the London area...in the country we shall ensure better use of school and special buses for local communities. Restrictions on minibuses will be cut...We want to see a high quality, efficient railway service. That does not mean simply providing ever-larger subsidies from the taxpayer. Nor on the other hand does it mean embarking upon a programme of major route closures. There is however scope for substantial cost reductions in BR...We shall examine ways of decentralising BR and bringing in private enterprise to serve railway customers. To make life more agreeable in our towns and villages, we will push ahead our bypass programme. (pages 39-40)

(xix) European Community

We have tenaciously sought a permanent alternative to the annual wrangles about refunds. Until we secure a lasting solution, we shall make sure of proper interim safeguards for this country. Meanwhile, 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. We shall continue to

oppose petty acts of Brussels bureaucracy and to seek the removal of unnecessary restrictions on the free movement of goods and services between member states, with proper safeguards to guarantee fair competition.

(page 44)

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ECONOMY GENERAL

Exchange rate/international monetary matters

1. UK participation in exchange rate mechanism of EMS

Response suggested is that question of sterling's participation in ERM is 'kept under review'. The £ 'will join the ERM as soon as the time is right, which will be when market conditions are conducive to greater exchange rate stability.'

(QP1)

2. A new 'Bretton Woods'?

Briefing agrees that 'there is a need to achieve greater stability in international financial relationships'. But 'not possible to revert to system of fixed exchange rates similar to that established by Bretton Woods Conference in 1944 ... [this] collapsed in early 1970s because of the volatility of currencies for same reason it would be unworkable today.' Reference is made to previous Chancellor of the Exchequer's advocacy of 'sound financial policies' in international gatherings. 'There is no alternative to a pragmatic step-by-step approach of building on the existing international institutions and ensuring their effectiveness.'

(QP2)

Government and industry

3. Regional policy

Government 'committed to a regional policy'. Want it 'to be effective.' In particular, 'want to make sure policies are economical and effective in creating jobs'. But 'do not propose any sudden changes to regional policy'.

(QP69)

4. Machine tool industry

'The Government stands ready to consider support for product development under any scheme of rationalisation put forward by the machine tool industry. We would also look sympathetically at other proposals for financial support under the existing rules.'

(QP238)

Local authority/Government relations

5. Briefing refers to Government's intention to 'immediately introduce legislation 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.'

Briefing also gives reasons for not proceeding with selection of other proposals for change in the local government system of finance, including local income tax, poll tax, local sales tax, and central government block grants for education. (QP131)

Privatisation and publicly owned industries

6. BGC

Suggested response to queries about Government making BGC sell off its offshore oil assets is that 'there is no justification for a state-owned gas utility operating in the oil industry'... the Corporation's offshore oil assets are being formed into new subsidiaries which will be transferred to the Energy Secretary - a decision will be taken on the timing and method of disposal in the light of market conditions nearer the time. (QP102)

Suggested response to queries about gas showrooms is that 'powers exist under the Oil and Gas (Enterprise) Act for the Corporation to be required to dispose of its appliance retailing business'; 'work is going ahead on the development of a safety regime which will ensure that, should privatisation go ahead, gas installation and safety standards are fully maintained;' and that 'the Government has made clear to BGC its intention to ensure free and fair competition in gas appliance retailing'. (QP101)

7. BR

The Brief gives the answer 'No' to the question 'Does the Government intend to cut commuter rail services or raise commuter fares?' but qualifies this by adding: 'We want BR's plans to reflect commuter's own priorities. This means keeping down fares, better punctuality and reliability and cleaner trains ... There is considerable scope for paying for service improvements through efficiency gains in the running of commuter services ...' (QP224)

Suggested answers to questions related to the Serpell Report include: 'We believe that decisions [on the future of railways] should be taken on the basis of likely future performance and by social need for public transport'; the size of the present network is 'about right'; electrification 'is desirable. We are committed to electrification in principle. But investment in electrification on Inter-City lines will be based on a sound financial case being made for each project'. (QP254)

'We have no programme of major closures'.

(QP140)

8. BSC

Response suggested to question whether Government is committed to a future for BSC is: 'Yes'. Government's objective 'has been to bring the Corporation to economic viability'. Corporation 'now on target for obtaining (sic) viability in 1984-85. Government request for plans for next 3 years to be made on assumption of continuance of five major sites as cited as 'clear sign of Government's commitment to the steel industry'.

(QP64)

9. Electricity showrooms are described as operating 'in competition with private sector retailers' so not 'exercising purchasing power over manufacturers' as BGC ones do. Government 'will want to consider the findings' of the MMC investigation into the electricity industry.

(QP108)

10. NCB

On pit closures, Briefing points to 'the industry's legacy of old and hopelessly uneconomic pits' as contributing to Coal Board losses given the high prices which leave stocks unsold, and says: 'the way in which the NCB moves towards its objective [to bring output into line with profitable production] is a matter for management, but closure of old pits and concentration on the productive pits like the new one at Selby would seem a sensible course.'

(QP104)

11. Royal Ordnance Factories

Briefing says that Government 'decided last year that the ROFs should operate in a more commercial environment under the Companies Act', legislation will be introduced 'when the Parliamentary timetable allows'. Initially Government ownership will continue but with the intention 'in due course of involving private capital directly'.

(QP154)

Taxation

12. Tax credit scheme

Brief refers to proposals of Conservative Government in 1972 for a tax credit scheme, states that 'over the last decade progress has been made towards fulfilling the objectives of that scheme to bring together the tax and social security systems into one system, more rational, simple and cheaper to run...' and comments: 'The Government will continue to pursue these objectives as and when resources permit.'

(QP18)

13. Taxation of husband and wife

A consultative document is promised 'which will give the public an opportunity to assess the detailed implications'. The background information stresses that while there is plenty of support for independent taxation 'there is a wide diversity of opinion on what form it should take and that it would in any event be some years before a change of this magnitude could be implemented.'

(QP21)

14. Mortgage interest relief

The brief promises that a summer Finance Bill will contain the clauses lost before the Dissolution that were designed to raise the qualifying limit to £30,000 - as has been done. No specific further commitment is given: it says: 'The Government will keep the limit under review in future years.'

(QP19)

15. Taxation of benefits in kind

Brief states that 'it must be right in principle for remuneration in kind to be taxed exactly the same as remuneration in cash' and comments 'This is difficult to achieve but we have taken and will continue to take steps to avoid distortion in favour of benefits'. Cars are cited as 'a special problem'; the scales are currently far short of the true value of having a car available for private use but these 'can only be increased gradually towards more realistic levels.'

(QP22, 30)

16. Relief on personal expenses

Introduction of tax relief on commuters' fares and the cost of travel to work is firmly rejected: 'Such special reliefs erode the tax base and make it more difficult to achieve the central aims of a simpler tax system with higher thresholds and lower rates.' So are tax relief on premiums paid for private medical insurance or fees for private education, with the Brief advising in each case that a general tax relief 'would conflict with another important aim of ours: to have a wide tax base so that tax rates can be as low as possible.'

(QP23, 24, 25)

17. Abolition of Investment Income Surcharge

Brief points to reductions in the burden during period of Conservative Government since 1979, and promises reinstatement in the summer Finance Bill of the proposed increase in the threshold lost because of the Dissolution - as has since been done. The background note points out that 'the amount of revenue at stake makes it difficult to abolish [ISS] in one jump.'

(QP17)

18. Tax treatment of holiday lettings

Brief refers to the FST's announcement during Debates on the Spring Finance Bill that Government intend 'at a suitable opportunity' to change the law to provide 'certain capital gains tax reliefs for people carrying on a business of furnished holiday lettings, and to treat their income as earned income for tax purposes.'

(QP27)

19. Black economy

Suggested response to calls for Government to 'clamp down' on the black economy is that 'it is important the dishonest taxpayer should not gain at the expense of the honest taxpayer. But methods of investigation must not infringe the rights of the citizens;' and to point to recent increased recoveries of tax by the tax authorities who are 'constantly improving their techniques and procedures.'

(QP8)

20. Tax snooping (Keith Report)

Brief says 'The Report is a lengthy document: when the rest of the Report is received towards the end of the year the Government will consider it very carefully and listen to views before coming to any conclusions.' It also stresses that the Report itself emphasises the need for powers possessed by the Revenue departments to be subject to safeguards and checks on which it includes recommendations.

(QP9)

21. Abolition of NIS

After pointing to the most recent reductions, the Brief says 'The operation will be completed as soon as the cost can be afforded without endangering the Government's economic strategy.'

(QP7)

22. VAT

In relation to the EC Commission recommendation that zero-rating should be phased out, the Brief states 'We have made it clear that zero rates are an integral part of our VAT system' and explains that because unanimous approval by all member States would be required 'We cannot therefore be forced to make changes.'

(QP11)

The advice given for meeting queries on particular 'anomalies' in VAT that may be mentioned (eg house repairs, subs to sports bodies and entry to sports events, purchases by charities, women's sanitary requisites) is the standard 'line' that 'VAT was

designed as a broad-based tax charged on a wide range of goods and services .. a substantial range of broad reliefs is operated ... wherever you draw the line there will be problems ... at the margin ... the cost of conceding [further reliefs] could be large.' (QP10,12,185)

23. Freeports

The Brief explains that although the proposed enabling Bill was a casualty of the Dissolution, 'the Government remains firmly committed to introducing it in the next Parliament and are currently considering the criteria under which the selection process will be conducted'. No commitment as to numbers or timing is included. (QP13)

Note: Further announcement inviting applications for consideration was made on 27 July.

PUBLIC SPENDING

Civil Service Staffing

24. The Brief counters an inquiry in a CPSA questionnaire about steps to ensure that Departments have adequate complements of staff by insisting that 'The target of 630,000 [for achievement by April 1984] was not [as claimed by CPSA] an arbitrary one. It was fixed after a most careful examination of the manpower requirements of Government departments and of the possibilities for introducing better management and greater efficiency. All departments have now been asked to review and report on their manpower prospects from 1984 to 1988. Our aim will be to match departments' staffing levels with the work which departments have to do, taking into account the scope which exists for increasing efficiency.'

(QP265)

25. In response to suggestions from the CPSA that the duties charged to Government departments are 'better performed by the Civil Service ...' the Brief comments: 'The Government's policy is to contract work out to the private sector where this is cost-effective. The aim is to achieve greater efficiency and to improve the quality of service to the consumer.'

(QP265)

26. In response to CPSA's inquiry about the effects on staff of the introduction of new technology in the Civil Service, the Brief comments: 'The Government's policy is to introduce new technology into the Civil Service where possible with the co-operation and agreement of the trade unions concerned' ... but departmental management 'must preserve its right ... to implement particular ... projects without trade union agreement if this proves necessary ... It is not possible for any guarantee

to be given that no jobs will be lost as a result of the introduction of new technology ... Civil Servants cannot fairly expect to receive as of right more pay or shorter hours just because the taxpayer has invested money in better equipment.' (QP165)

Education

27. Access: The Brief confirms that the Conservative Party 'firmly adheres to the principle that every child has a right to a proper education regardless of his or her parents' means.' (QP182)

28. On nursery education the Brief refers to increases in provision for 3 or 4 year olds since 1979 but comments: 'We shall continue to encourage local authorities to provide flexible low-cost nursery education where it is appropriate. But we still take the view that provision for children in this age group is primarily the responsibility of parents either acting alone or in partnership or in association with voluntary associations.' (QP88)

29. School age The Brief states: 'The Conservative Party has no plans to alter the compulsory school age.' (QP182)

30. Cuts The Brief rejects references to 'expenditure cuts' by referring to greater real spending per child and transitional problems of adjustment to falling school rolls. (QP182)

31. Vouchers The Brief comments that the Conservative Party has always favoured ways of increasing parental influence and choice: 'several different means of achieving this end are therefore being considered. But no final conclusions have been reached.' Moreover 'we would not in any case wish to introduce radical changes without widespread consultation, followed, if appropriate, by pilot projects on the part of those LEAs which expressed a wish to conduct them.' (QP182)

Elsewhere the Brief records: 'The Conservative Party is not in any sense committed to a voucher scheme however financed' and makes the same references to consultation and pilot schemes. (QP200)

32. Grants for 16-19 year olds

The Brief recommends answering suggestions that grants should be provided for young people continuing in full time education after 16 by reference to the numbers already

doing this without grants, the long term benefits likely to accrue to them, and the high cost (hundred of millions of £s of taxpayers money) that could be involved. (QP83, 141, 182)

33. Financial support to students aged 18 and over

The Brief states: 'The Government has at present no intention of replacing any part of the student grant by a loan. We do however remain interested in examining the whole system of student support and in finding means of widening access to higher education without excessive cost to the taxpayer ... student loans might have some part to play ... but we would introduce any reform only after widespread consultation.' (QP80 and 157)

Elsewhere it also records: 'We do not at present have any intention of removing, or substantially reducing, the parental contribution ...' It recommends candidates to reply 'yes' if asked whether they would vote against measures tending to force students to live at home. (QP184)

34. Universities, polytechnics and other higher education institutions

The Brief comments on questions about cuts by referring to the 1981 decision to reduce higher education spending in real terms, over three years and adds ...'this period of contraction is now nearing the end. In 1983-84 we will have spent £2.75 billion on higher education: and the intention is to hold the level steady in real terms after 1984-85.'

On higher education policy generally it says: 'Our policy is to respect the independence of institutions of higher education and to offer them all such support as is consistent with the demands of economic prudence.' (QP157)

About the UGC it says, after remarking that 'a body of this sort has a role to play', that 'we may well wish to review the structure of higher education funding, with a view to increasing the co-operation between the UGC and the NAB.' (QP157)

Falkland Islands

35. The Brief states that 'Conservative policy is to secure the Islands' defence and deter further aggression and to create conditions in which the islanders can live happy, prosperous and free lives under a Government of their choosing'. It records the commitment to spending '£45 million in the coming five years to implement the main recommendations of the Shackleton Report.' (QP133)

Health Service

36. Access The Brief records the PM's commitment of December 1981, reiterated in October 1982, to 'the principle that adequate health care should be provided for all regardless of ability to pay must be the foundation of any arrangement for financing the Health Service.'

(QP203)

37. Charges

'We believe that it is reasonable that those people who can afford to should make a modest contribution to the costs of their care and so to the overall resources available for spending on health ...'

(QP38)

'We have no intention of introducing any system of charges for visits to the doctor or treatment in hospital. We have no immediate or developed proposals for any further charges, and any changes in the present system will only be considered if they result in a fairer contribution to rising spending on health services from those who can afford it.'

(QP39)

'Cuts'

38. 'The service has to evolve to match changes in the pattern of population and in the provision of medical services. This will lead - as it always has in the past - to the closure of older hospitals and their replacement by newer ones. Some areas have a surplus of facilities for some services and a shortage in others so that, for example, funds can be released by closing surplus beds ... and ... improving services for the mentally ill and the aged ... no single closure is any evidence of a "cut".'

(QP 40 and 212)

'We expect Health Authorities to make 'efficiency savings' of $\frac{1}{2}$ per cent each year as a contribution to the financing of new developments ... many Health Authorities could do better than this ...'

(QP40)

Hospital building programme

39. ...'the Government has in hand a major programme of hospital building - in all 136 new hospital projects [not stated whether in UK, GB or E & W] are under way involving capital spending of £1,100 million'.

(QP42)

Pensions and Social Security Benefits

40. 'Any change in pension age is exceedingly expensive ... As a long term objective our aim should be to make possible a more flexible approach to retirement.'

The background note refers to the Social Services Select Committee recommendations, including progress to a common qualifying age for men and women and an option to retire at 60 on a reduced pension or continue beyond 60 thereby earning a higher one and says: 'The Government has not yet replied ... and is still studying its implications'.

(QP32)

41. Retirement pensioners earnings rule

It remains our ultimate objective to abolish the earnings rule, and we have raised the allowed earnings limit. But we have not been able to phase it out as quickly as we would have hoped.'

(QP33)

42. War widows

The Brief explains that extending the current occupational scheme, which pays the Falklands war widows, to all service widows whose husbands died before 1973, the start of the present scheme, would be too expensive. But 'we hope to make further improvements in war widows' pensions, particularly for the older widows not included in the occupational scheme, as our resources allow.'

(QP176)

43. Death grant

'In March 1983 the Government published a consultative document ... The Government is now considering the public response to this document.'

(QP165)

44. Child benefit

'There is absolutely no truth in the Labour smear that the Conservatives plan to abolish child benefits to use the resources for spending on other benefits ... The Conservative Party strongly believes in the principle of supporting families with children ...'

(QP31)

'There are no plans to introduce a means test for it'.

(QP258)

45. Mobility allowance age limit

'The cost of abolishing the 75 age limit for existing recipients would be about £2-3 million in the first year - at the current benefit rate ... no existing recipient will reach the age of 75 until 1989 and ... the Government will consider the whole issue very carefully nearer the time.'

(QP48)

46. Invalidity benefit abatement

'The [former] Chancellor has promised to restore the 5 per cent abatement when the invalidity benefit is brought into tax.'

Background note mentions that no definite date for taxation of the benefit has yet been provided.

(QP40)

47. Non-contributory invalidity pension "household duties test"

The Brief recalls that 'the Conservatives promised ... a review to find ways of overcoming this problem' and says 'We are still waiting for the outcome of the officials' report. We are determined to find a solution ... But those who press for an immediate change have to face the fact that the cost of abolishing the test completely would be £275 million.'

(QP43)

48. Help with fuel bills for people in need

After reviewing improvements since 1979 the Brief states: 'We will of course continue to concentrate assistance on the most needy in future.'

(QP41)

Public Sector Pay and Pensions

49. In suggested answer to query about intention Brief quotes from the Manifesto ['We are committed to fair and reasonable levels of pay for those who work in the public services' and 'we shall continue to seek sensible arrangements for determining pay in the Civil Service'] and adds: [for the Civil Service]

50. 'Our aim is to secure agreement with the trade unions on a new ordered pay determination system based on the recommendations of the report produced last year by the independent Megaw Committee. The trade unions have been (and will continue to be) given every opportunity to express their views before the new system is finally established.'

(QP265)

51. In response to an NUT suggestion that teachers' salaries should be 'restored to the level established by the Houghton Committee' and 'henceforth' determined 'on the basis of comparability with that of professions and groups broadly comparable to teachers' the Brief records: 'The Government has no plans for a further pay comparability exercise. We hope that any future review of the basis of teachers' pay will take account of the knowledge and experience of individuals and of supply and demand. Such a review should also seek to reward quality.' (QP182)

52. The Brief defends Members of Parliament from a hypothetical allegation that they are getting a salary increase of 30.9 per cent, by pointing out that the recommendations of the TSRB were not endorsed by the House, without offering any view on what should be the basis of determination of the pay of MPs (and Ministers) in future. [The eventual decisions to adopt much smaller increases than TSRB recommended were taken in July, in the new Parliament after the Election.] (QP208)

53. The Brief recommends that queries about index linked pensions should be answered by saying: 'The Government has never said that it intended to abolish index linking of pensions enjoyed by numerous other groups besides civil servants - for example teachers, doctors, nurses, police, armed forces, local government employees, employees of nationalised industries, and MPs... The main thing is to ensure that employees make a proper contribution to the costs of these pension benefits. A start has been made...'

54. There is also a recommended answer to queries about the effect of privatisation on the pension rights of employees of British Telecom: 'As far as existing pensions obligations are concerned, these will be fully honoured. As far as the future is concerned, the substantial protection enjoyed by BT's pensioners and its employees under the [pension funds'] trust arrangements will remain unchanged.' (QP28)

Roads and Transport

55. To the hypothetical question whether the Government is 'against transport subsidy' the Brief recommends answering: 'No. We accept the need for reasonable levels of financial support ... However we do not believe that local authorities should be unfettered in their ability to spend whatever they like of their ratepayers' money in subsidies to travellers ...' (QP219)

56. 'The new London Regional Transport Authority will take over responsibility for public transport in London and BR's main commuter lines. It will not have responsibility for roads and will not be allowed to precept London's ratepayers. It will enable public transport to be planned with greater efficiency and will be able to examine the scope for greater private sector involvement.'

(QP222)

57. 'Some 140 bypasses are in our active forward programme [not stated whether UK, GB or E & W]. All the remaining road schemes are due to start early in the programme for the next 5 years ...'

The background note adds: 'It is a fallacy to suppose that we could immediately and dramatically increase spending on roads ...[because of long lead times] dramatic increases in actual spending on new construction would not be possible within the life of one Parliament.'

(QP263)

58. Our bypass programme is expanding. In the next 4-5 years, another 220 communities will be bypassed.'

(QP249)