



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000 26 March 1982

Jack Straw Esq MP
House of Commons
LONDON SW1A 0AA

Dear Jack

Thank you for your letter of 22 March.

I was delighted to see that you have been studying my Budget speech and all the speeches which the Prime Minister and I made in the course of the 1979 General Election.

But I am surprised that you should have failed to note how often and emphatically we stressed before the Election that Britain's deeply rooted and long standing economic problems would not be instantly or easily solved. Many of the quotations which you list in your letter make precisely that point.

And I am puzzled at your apparent failure to find any mention of the need to sustain, over the life-time of more than one Parliament, the effort to reverse the national economic decline. You imply that, contrary to what I said on Budget Day, this was a startling new thought, only revealed after our 1979 election victory.

This is just not so. The 'Right Approach' - widely regarded at the time and since as the most important statement of our policies in Opposition - was published as long ago as October 1976. It said:

"... it is sustained recovery that is needed. For the troubles of our economy are by now long-standing and deep seated. To make the structural changes that are necessary to restore the dynamic of a mixed economy will need a settled approach over a long, hard haul. It is idle to talk, as so often before, of an economic miracle that is round the corner. The foundations of economic health will not be relaid in less than a decade. Our best hope is to start this difficult task sooner rather than later."

That "decade" began in May 1979.

/I myself believe



I myself believe that our willingness to tell the electorate the truth about this country's long-term difficulties, and our declared determination to tackle these difficulties vigorously and over a sustained period, were a key factor in the last Election, and will be no less important in the next one. I cannot recall from the Labour Party, in Government or more recently in Opposition, an equally thorough diagnosis or as straightforward a prescription.

Since you released your letter to the press, I shall similarly release this reply.

Yours
Geoffrey Howe

GEOFFREY HOWE

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Prime Minister Econ RA

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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

26 March 1982

Michael Scholar, Esq.,
No.10 Downing Street

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Dear Michael,

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You should be aware of the attached exchange of letters between the Chancellor and Mr. Jack Straw, MP. Central Office will release today the text of the Chancellor's letter. Our press people are forewarned, and you may wish to show the exchange to Bernard Ingham.

A copy of this letter, and the two texts, goes to David Heyhoe in the Lord President's Office.

Yours ever,

J. O. Kerr

J.O. KERR