



10 DOWNING STREET

Prime Minister

I attach three articles
on the ALLIANCE PARTIES,
which are worth looking
at.

I have highlighted
the relevant parts.

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A SERIES OF
THREE ARTICLES
ON THE ALLIANCE

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Count David's Gang of One

THE TIMES 25/2/85

Meetings of the Council for Social Democracy do not, nowadays, attract much notice. The SDP's "parliament", meeting last month in the snowy tundra of the Birmingham National Exhibition Centre, was well outside the traditional conference season and still in the quiet mid-term trough between general elections. And the polls which now show a variety of increases in Alliance support were yet to come.

Although there was a brief and well-reported stir on the first morning when the platform disposed of a mutinous motion about the banning of plastic bullets, there was no formal debate on the question which dominates most SDP conversation and excites the deepest passions: the relationship with the Liberals.

Most speakers had the endearing habit of referring at least once to the moment at which they were converted to social democracy. Each personal watershed is converted into a rhetorical weapon. "I did not join the SDP to support motions like this", was a phrase in frequent use.

But the party has also matured. The debates were serious, intelligent and well-attended, although they inevitably reveal a party groping for an ideology. One speaker who sounded ready to march straight back into the Labour Party in search of social justice was immediately followed by a man who complained of the motion's dreadful neglect of the small entrepreneur. It has stopped worrying about its middle-class image and settled for the fact that its activists are middle-class. It is, in short, a herbivorous party.

But it is led by a carnivore. Dr David Owen's members regard him with a mixture of awe and unease. The attitudes of most can be located somewhere between the following two extremes. He is either using the party as a vehicle for his personal ambitions; rude, reactionary in instinct, at best liable to ruin the party's chance of power by stubbornness over the Alliance, at worst travelling on a political trajectory which will eventually take him into the Conservative Party. Or, again, he has rescued the party from gloom and obscurity by a brilliant performance with the media, created real debate about philosophy and objectives, positioned himself well to profit from future disillusion with Thatcherism and, into the bargain, is very attractive to the female voter.

There are other, less personalized, kinds of division among the party's 50,000 members: the electoral appeal of trying to attract defecting Conservative voters (especially those who started voting for them only in 1979 or 1983) and the intuitive wish to replace Labour as the principal opposition to Mrs Thatcher.

The SDP is also becoming the John Rawls party - although their claim to be the inheritors of the ideas of the American author of *A Theory of Justice* is likely to be as fiercely contested as the original

adoption of R. H. Tawney as the mascot for the SDP's equivalent of the Fabian Society. Rawls's theories offer an appealing combination from the instincts of liberalism and socialism.

The principal attraction appears to be Rawls's argument that, after several basic liberties have been guaranteed for all, social justice permits some inequality. But the inequality is only justifiable if it can be shown to benefit the worst-off in society.

An SDP member is currently sitting at the feet of the great man in Harvard and relaying reports back to London. The Tawney Society is about to publish a Rawls symposium. One chapter of David Owen's latest book attempts to apply Rawlsian principles to the British health and social services.

But the debate which matters is over the state of the Alliance, whose leaders are now starting to draft early election campaign plans.

Owen has made it clear that the party cannot benefit from his leadership unless it keeps its distance from the Liberals. On the other side, some of the SDP mandarins who saw David Steel as the natural heir-apparent to Roy Jenkins have begun to worry about his determination to stay at the head of his party and about his capacity to control his "loony left". Enough progress has been made on joint selection to offer the chance that it will not cause serious rupture, although many of the important test cases are not yet settled.

A subtler war of words is now taking place: Liberals and those SDP members who advocate a merger press for the Alliance to be declared "permanent". Owen has kept well away from the trap, but has been forced to make concessions on joint selection. But the path which he treads narrows with each month. He seized the limelight in his first 18 months as leader, but now faces the harder problem of lining his party up behind him - in the knowledge that only a minority supports stubborn independence.

The SDP, as led by Jenkins, espoused Keynesian demand management and, particularly, incomes policy - something more closely associated with supporters such as Dick Taverne, Matthew Oakeshott, David Marquand and Roger Liddle. In 1983 Owen disposed of the SDP's ideological commitments in two steps. He took control of the party's policy output by installing a Press Association newswire outside his office at the Commons and using it for pre-emptive strikes on the issues of the moment, consolidated by interventions in the Commons. The party's Cowley Street headquarters, suspected by Owen of sheltering old-guard revisionists and also shrunk by expenditure cuts, has become more of a secretariat than a headquarters.

He announced that the SDP had too many committees and abolished several. Others, such as the original group of high-level economic ad-

visers, seldom meets. Owen worked from the belief that the early years of opposition are the crucial period for reexamining policy which cannot be so thoroughly debated in the shadow of a forthcoming election. He had floated the economics of the "social market" in a speech in 1981, but the underdeveloped idea did not win much notice. He hired as economic adviser Alex de Mont, author of a party pamphlet on the same subject, who had worked as an adviser to William Rodgers.

De Mont's first task was to draft something which would make a stir along the lines which have recently most influenced Owen: the arguments of neo-Keynesian writers such as Samuel Brittan and James Meade who stress disillusion with old-fashioned demand management. He began writing an article in response to an invitation made to Owen by the Institute of Economic Affairs, a think-tank influential on government policy. The party conference speech at Salford, which duly caused the requisite fuss, was drawn from the (then) unpublished article. The speech inaugurated the steady trickle of complaints about Owen's "crypto-Thatcherism". The impression is consolidated by media concentration on this topic; his uncontroversial utterances achieve little publicity.

Owen has built up interlocking circles of private advice. Further economic contributions come from Christopher Smallwood, who had been the party policy chief under Jenkins and has now returned to private industry, Professor Richard Layard of the London School of Economics and Derek Scott, once adviser to Denis Healey. Further subjects were covered by Tom McNally, once adviser to James Callaghan and now with GEC, Nicholas Bosanquet, an expert on health and social services, David Stephen, Owen's adviser in Foreign Office days, and Tom Burke, an environmental activist.

Meetings of Owen's groups are sometimes minuted by Harold Carter, a young scion of the Cowdray family and occasional contributor to party funds.

Owen's loyalists are heavily and resentfully preoccupied with the machinations of the "Jenkinsites". Owen is making conspicuous efforts to move into his camp Ian Wrigglesworth, the one MP who might, one day, represent that faction against him.

In the near future Owen's position on the shape of the Alliance looks secure. An emergency motion at Birmingham in favour of altering the party constitution in favour of joint selection was easily scotched. But this question will be revived at the next Council for Social Democracy, which is due to discuss constitutional questions in Kensington in May.

But the current position cannot last beyond the next election, especially if it again produces a handful of powerless Alliance MPs with the SDP in the minority. Time

is reckoned to be short to build defences against a takeover by Steel. The best defence of all would be an election sensation and an impregnable large SDP parliamentary party. There is already talk from senior SDP figures that the informal agreement that the leader of the larger party in the next Parliament will take over sole leadership of the Alliance will be "hard to sustain".

The Owen group sees conspiracy and innuendo everywhere, a world of Jenkinsites supplying the dinner table gossip circuit with a fund of stories about the reactionary instincts and personal rudeness of "Dr Solo". Jenkins himself has taken to likening Owen to the Javanese *upas* tree, poisoning all other life nearby. Led by Taverne, the economic and industrial advisers of the previous leadership have grouped in the shade of the newly formed Public Policy Centre, whose organizer is Roger Liddle, once adviser to William Rodgers.

But on closer inspection many of Owen's enemies are also his reluctant fans. Few of them now begrudge him the credit for picking the party up off the floor after the election; they have no alternative candidate who could command half as much attention. With the Alliance still intact, fewer of them bitch behind his back about the risks he is taking with the Liberals.

One of the recent disagreements between Alliance factions has become known as the "balance of power argument". Owen, a long-time advocate of a "bridgehead" strategy, has recently been emphasizing the Alliance target at the election as being to hold the ring in the Commons. There is some opinion poll evidence that stress on this more realistic outcome may bring in more votes. Owen's "marketing" advisers met a few weeks ago and decided to commission a poll to explore this question further (to be paid for with £3,000 from Harold Carter and £1,000 from party funds).

There are doubts in both parties about the wisdom of doing this. It may allow opponents to spend an election campaign relentlessly pursuing the question of what the Alliance would do with its balance of power and it would look feeble if the polls ever start to suggest an even better result. Steel, although he has sometimes talked in this way, does not want to make this emphasis.

It is characteristic of Owen to look to poll data, although his party currently has little money to commission them. It is unlikely that he will be doing much research on the merger question. The advertising agency used by the SDP at the last election, Gold, Greenlees, Trott conducted some detailed discussions with typical voters. One conclusion which emerged was that they thought David Steel should be leader of the SDP, and Shirley Williams leader of the Liberals.

Tomorrow: the battle
for the Liberal soul

Liberals and SDP: George Brock on the delicate balance of power

David Penhaligon, Liberal MP for Truro, electrified a recent meeting of an Alliance joint leadership committee by asking Dr David Owen his first thought as he stepped out of the shower each morning. Was it of the SDP, or the Alliance? Nervous giggles filled the gap before Owen, not amused, replied that he thought first of the SDP - because that was the best way to build the Alliance.

The question had been provoked by a small but typical tussle over Alliance operations in the Commons. Should the 24 MPs experiment by having joint whips? The Liberals had proposed and Owen had resisted, but not without murmurs on his own side.

Much of the fretful nature of the Alliance stems from the dilemma of the Liberals. They have always felt, and still do, that they should be the dominant partners: their history, hard work and larger membership (between three and four times that of the SDP) deserve it. But they know at the same time that the Alliance vote depends to an unknown extent on the separate existence of the SDP. And that, in its turn, depends on keeping David Owen happy.

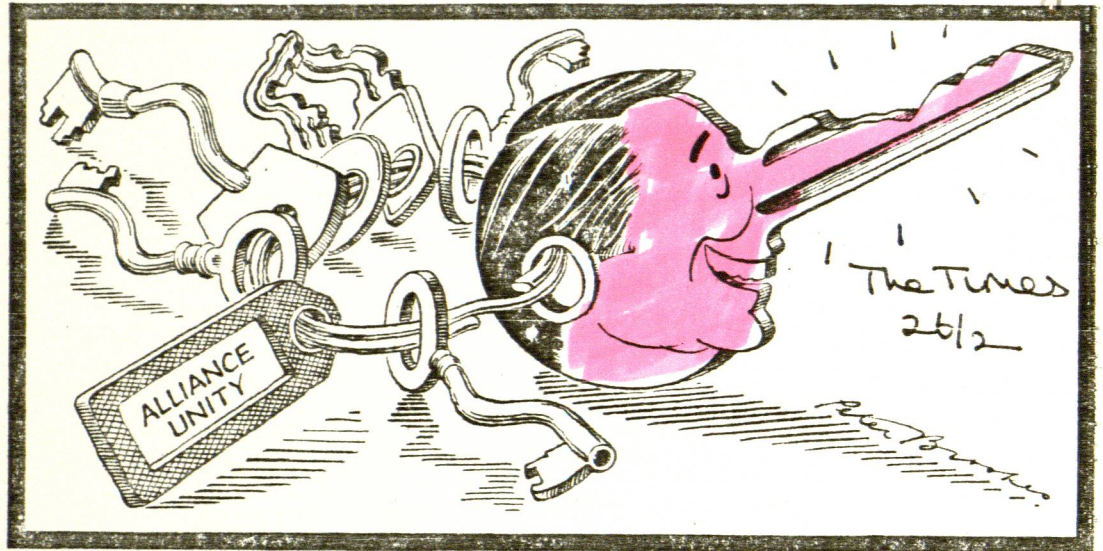
The two leaders cooperate and compete, with a good many people around them yearning for a more stable arrangement. Neither man has been able to gain a decisive edge in prominence, popularity rating or electoral strength. But neither can be easily dislodged and their public personalities count for a good deal in the Alliance poll ratings.

Senior Liberals are to be heard saying that Owen *has* to accept the "permanence" of the Alliance (which is coded language for "ultimate merger") and stop, as one put it, "this headbanging existential hero act". But they do not sound as if they mean it: Owen's positions and popularity - let alone his personality - cannot be incorporated into the Liberal Party. Some other Liberals, seeing Steel's occasional exhaustion in the past, have looked for another route out of the problem and secretly floated a deal to Owen: that if he accepted merger shortly before the next election they would subsequently back him for the leadership of the combined party.

Meanwhile, both leaders - but particularly Steel - are creating operational links to set up allied campaigning as soon as possible. Both have agreed to make more joint television appearances and a joint campaign office will be set up next year.

The period of doubts about Steel's stamina and will to carry on as leader appears to be over - although stories that he is available for other jobs outside politics continue to appear. In a speech last month to mark his twentieth anniversary as an MP he went self-consciously out of his way to say that he would be around for another two decades yet. "He really does see himself as the long-distance runner," said one insider.

Relations with Owen continue to be poor. Steel was furious about the drift of one reply Owen gave in a long interview in *The Observer*. Justifying the "separate-but-together" alliance, Owen cited the leadership of the SDP on the



Why Steel stays the best bet for Alliance unity

subjects of unilateralism and the miners' strike, while agreeing that there were issues on which the Liberals had taken the lead: "decentralization for example, and environmentalism: the green issues". To Steel, the passage read as a patronizing pat on the back for the Liberals when they were sensible enough to leave the big issues to the SDP heavyweights.

The Liberal Party under Steel has often been seen as a combination of innocent grassroots members (laced with eccentric activists) headed by a sensible leadership ready to play coalition politics.

The changes in the party since 1979 are melting down those stereotypes: a new generation and type of activist is emerging. Many of them are gaining experience in local government: the party has doubled its number of councillors to around 2,000 in the past six years and a rising number are involved in power balances and coalition negotiations. Many new councillors are now in their thirties and first tasted power in the student politics of the late 1960s.

Numbers of activists taking elected positions in the party learnt

War on Want

Andrew Lycett's article "Bite the bullet, help the hungry" (January 31) contained a sub-editing error which misattributed to George Galloway, general secretary of War on Want, a passage from the January 1985 Economist Development Report. This error implied Mr Galloway condoned the misuse of aid by the Eritrean Peoples' Liberation Front. We accept he does not; and that he did not mislead the House of Commons Foreign Affairs Committee as to how far the Eritrean and Tigre Relief Associations are the relief arms of the liberation fronts. We apologize to War on Want and Mr Galloway for any embarrassment caused by these errors.

their political skills in social and environmental pressure groups such as MIND, Age Concern (sometimes nicknamed "Liberal Concern"), Friends of the Earth, Amnesty and so on. Few of either group are public figures outside their own area.

The party has had stalwarts from these sources before. But the newer generation are conscious of being a group, or at the very least a force. When Steel faltered it looked as if Paddy Ashdown, the MP for Yeovil, was manoeuvring for its support in case of a leadership election. With Steel's return to fitness, Ashdown's self-marketing campaign has been scaled down.

One of the new grouping's gurus is the veteran of the pressure group world, Des Wilson, ex-director of Shelter, campaigner against lead in petrol and now running the Freedom of Information campaign. Wilson has been collecting large votes when standing for membership of the party's national council and executive and it looks likely that he will be the party's president in 1987-88.

Wilson has argued that one way to mobilize the experience of Liberal party members and to counter the criticism that Liberals are unprepared for power is for the party to concentrate further on single-issue campaigns with specific "interim" objectives which can be realized without the party having to be in government. Steel appears to see some advantage in this. Although the new Freedom of Information campaign, the latest of a long line, is run with all-party backbench support, the Liberal leader is taking care to feature prominently.

Steel has lent himself readily to the intensive promotion which a Wilson campaign can provide. He spoke one weekend this month at a

party "Green Briefing", an event which combined some of the new elements with the traditional party establishment. Its striking feature was the emphasis on the specialized political techniques of single-issue campaigning directed at changing particular policies.

This development contains both threat and promise for the Alliance. The two parties can work easily together on many of the likely campaign subjects, but the changes also increase the chances of greater "radicalism" in Liberal policy, which would increase the difficulties of agreeing joint policy programmes.

Steel has also had to spend time repairing the damage inflicted by the last party conference debate on, and decision against, cruise missiles. His advisers fear that the Conservatives at the next election will rerun the tactics which proved so successful against Labour last time. Liberals would be branded as unilateralists in order to drive a wedge into the Alliance.

Much Liberal hope is pinned on the local elections in May, which occur in the shires and in none of the urban areas of Liberal weakness. There are almost no selection problems inside the Alliance at council level beyond the fact that both parties combined sometimes have difficulty finding one person prepared to stand for a seat. Alliance council by-election results have been consistently encouraging since 1983.

Steel's brief withdrawal from active politics concentrated the mind of his party on a possible future without him and his close personal connexions with the founders of the SDP. The most likely trio of contenders to emerge at the end of a succession race would be Penhaligon, the chief whip Alan Beith and Ashdown. Victory for either of the first two would ensure stable, if not necessarily exciting, prospects for the Alliance. Victory for Ashdown would mean complete recalculation: he would win only with the help of the party's anti-nuclear wing. In that event, the odds in favour of a lasting agreement with an independent SDP led by Owen would be slight indeed.

Tomorrow: joint selection and policy problems

Getting together on the Budget

3

The leaders of the Alliance parties will launch a joint budget strategy later this week. It is an important symbol for two distinct reasons.

It is the opening move in a campaign to present the Social Democrats and the Liberals, particularly their leaders, in closer harmony: more joint exercises of a similar kind are on the way. Every agreed position turned into a public commitment well before the next general election is one less topic on which the two parties might find embarrassing differences in the sensitive campaign period.

Second, it represents the start of a shift by the Alliance, and especially by David Owen, towards an economic policy with greater emphasis on job creation than on productivity and wealth creation. Based on simulations on the London Business School computer model, it will stress the theme of expansion with discipline: measures aimed at the creation of jobs with minimum inflationary risks.

It is the Alliance response to indications that public faith in the Government's strategy is dropping off. It believes that a joint economic policy must be finely tuned to appeal to the disillusioned.

A different sort of inter-party co-operation is under way in Cambridgeshire. The three SDP constituency parties in the south of the county are now presenting the SDP leadership with a characteristically awkward dilemma over local intermingling with the Liberals. The constituencies had indicated to the national committee that they might hold joint "open" selection without permission - although they would prefer to do so by agreement. One seat was given to the Liberal

George Brock ends his series on the Alliance with a look at moves towards greater unity

candidate in the 1983 general election and a second was passed for joint selection last Monday. The third, Cambridge itself, is undecided.

Until mid-autumn, David Owen and his allies had resisted almost every move in this direction, but over the last two or three months have been forced to concede some ground. At around the same time, the Welsh SDP, led by its three ex-Labour MPs, delivered an ultimatum that it might secede if it were not granted its wishes on joint selection.

The Cambridge demand for a triple joint selection threatens the compromise, which is based on the hope that joint selection can be presented and permitted as the exception rather than the rule. Owen's position so far has been that he does not want the total of SDP candidacies to fall below 300 in the 650 seats. Below that figure, he has argued, the SDP will become a minor partner. The SDP national committee has now passed 11 joint open selections and 12 "closed" (combined memberships choosing from one specified party).

The next few months hold the key to this balance of power. By June or July, the bulk of the seat deals need to be made. The benchmark set by Liberal strategists is that all but about 20 "difficult" seats need to be fixed by then for enough time to be available for peaceful settlement of the outstanding problems. In seats which are not simply reselecting the same person the process is slower

than during the last parliament because the Liberal Party decided that it disliked national, and even regional, seat-sharing; constituency parties are now free to make their own choices and agreements.

So far there have been no open hostilities, although they were only narrowly avoided in Exeter, where local Liberals threatened to run their own candidate against the SDP. They were eventually dissuaded by their own party officials.

Both leaderships are also building up the areas of easy policy agreement in the hope of achieving a manifesto momentum which will carry them past any possible points of rupture. The "joint programme", due to be completed next year, is aimed at avoiding the last-minute wrangles which accompanied the hurried drafting of the first Alliance manifesto.

Two joint policy commissions are sitting at present, considering Northern Ireland and defence. Agreement on an Irish policy already looks likely on a line broadly sympathetic to the gently nationalist policies of the Irish prime minister, Dr Garret FitzGerald, or the majority report of the private Kilbrandon commission which met last year. Scottish SDP MP Robert McLennan has already left the commission in disagreement with its pro-nationalist drift. The problems will start when a gradualist policy has to be sold to the Liberal Troops Out faction.

On defence, the critical issues have not yet been settled, but are

clearly defined by detailed party commitments. After agreeing several items (such as opposition to Trident), they disagree on two. The Liberals (since last year's conference) want to remove cruise missiles from Britain; the SDP merely wishes to freeze their numbers. The Liberals want to cancel Polaris; the SDP does not, but wants it included in the strategic arms talks.

All this will be conducted while the Conservative and Labour parties do their best to prise the Alliance partners apart. Conservative praise is heaped on David Owen, while Labour takes care to underline affinity with Steel - Neil Kinnock and Norman Willis made a point of this at a GCHQ union rally in Cheltenham last month. The Alliance leaders are well aware that more than just a fear of them as an electoral force lies behind these tactics.

The major parties know there are election outcomes which will put more strain on the Alliance than others. The coalition bargaining which would follow the election of a hung parliament would produce problems which would put pre-election manoeuvring in the shade. On the strength of their recent public performances, Owen would be more likely to begin by negotiating with the Conservatives, Steel more likely to start with Labour.

But suppose either major party could form a government with the backing of only one part of an enlarged Alliance? What price the laboriously negotiated bonds in the face of such a temptation? In theory, of course, no such possibility exists. In practice, it is safe to assume that it is never far from the thoughts of those at the top.

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