

18th March, 1981

Thank you for your letter of 17th March.

I understand that you did have a talk with Geoffrey on Thursday of last week.

If we are to hold Minimum Lending Rate at 12%, let alone reduce it still further, as we would like to do, the amount of the P.S.B.R. must be constrained.

I think that time will show that the Budget was the right one for Britain. The reduction in M.L.R., the pilot loan guarantee scheme, Business Start Up Scheme, higher thresholds for the lower rate of Corporation Tax and V.A.T. registration are all designed to help new businesses and new industries. If we are able to give further encouragement, we shall certainly do so.

I would welcome a talk about these matters and have asked Ian Gow to arrange this.

Mark Wolfson, Esq. M.P.
House of Commons,
Westminster, London SW1

From: Mark Wolfson, M.P.



HOUSE OF COMMONS

LONDON SW1A 0AA

17th March, 1981

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
LONDON. SW1

Dear Prime Minister,

I write so that you should know my view. My bases are the Sevenoaks constituency and my other job at Hambros Bank where I am the Head of Personnel and a Director.

I am disappointed with this Budget. It lacks vision and appears to provide no inspiration to the people. The result is an uninspiring prospect for the economy, with little to encourage the investor, the industrialist and the would-be employer.

The C.B.I. have put forward reasonable and balanced proposals in their document "The Will to Win". These are not inflationary and I believe the Chancellor should have been more responsive to those ideas. If it were necessary for him to borrow more, in order to do so, then such action would have my support. I do not accept that a P.S.B.R. of £10.5 billion is sacrosanct and I believe it is essential to separate funds for capital projects from those used for current spending.

I see little prospect of Britain climbing out of recession under the present policies. For over a year now, I have been seriously worried by the lack of any positive industrial strategy emanating from the Government. In the modern world, I believe it is essential that any Government does see its role as acting in concert with industry, to achieve development of the new and decline of the old. That is in no way contrary to fundamental Conservative philosophy nor do I think it helpful that those in the Party who support this line should be labelled either "wet" or "gutless"

I now turn to the narrower Party position. It appears to me folly beyond belief, for us to be distancing ourselves so rapidly from the very industrialists who are our best friends. They funded our way to Government, looked forward to your advent and still back your courage and tenacity. But some are now seriously in doubt over the ultimate success of your economic strategy.

As a result, they will be open to the views of the Social Democratic Party and particularly vulnerable when appeals are made to them for funds. This has been my view ever since the Social Democratic Party began to take the stage and it was borne out last week by an article on this very subject in the "Financial Times".

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The Prime Minister

17th March, 1981

Many Chairmen and Board members in industry take a dim view of the Party political contest in the House of Commons. They are likely to fund the Social Democrats not because they support their particular policies but rather because they will see them as the way to achieve a balance of power between the two main Parties, leading ultimately to electoral reform.

This is a real danger to the Conservatives, unless we can 'deliver' during the next two years.

I come back to my fundamental point, that we should be more responsive to the views of industry than we have been in the last 18 months.

Finally, I wish to make two further points. The first is that public spending is still too high. I remain convinced that administrative savings can be achieved and some services curtailed. I question whether the internal monitoring being carried out by Sir Derek Rayner's teams will be successful.

My own experience in the commercial world is that, in the clerical field of work, savings of up to 20% can be achieved when methods such as Clerical Work Measurement are used. These do, however, require the use of some outside specialists, as well as the internal commitment of management, in order to achieve results. I wonder how satisfied you are with the performance of Ministers in this area?

Secondly, those further steps in industrial relations legislation to deal with Trade Union immunities are essential if our Party is to fulfil its Manifesto commitment to achieve a better balance of power between employers and Trade Unions. I served on the Standing Committee for Jim Prior's Employment Bill and supported his step by step approach, except over the closed shop. What I now look for is the second step in that approach. I am certain we must have it, otherwise when the recession does end, wage inflation, through monopoly bargaining power, will be as great a danger as before.

We may have made a fundamental error in going for a hard line on economic policy and a soft line on Industrial Relations. There is still time to alter that balance. If we do so, the chances of industrial growth are increased, providing more jobs and a larger Revenue base, while at the same time the likelihood of wage inflation is diminished.

Within the Party, I shall be arguing strongly for these things.

Yours sincerely,

Frank Wolfson