

Whitney  
MP.

PERSONAL

mt

6th August 1981

Thank you very much for having sent to me a copy of your letter dated 3rd August, addressed to Francis Pym.

I have shown your letter to the Prime Minister.

I will be around during the Recess. Do give me a ring, and let us lunch or dine together.

IAN GOW

Ray Whitney Esq OBE MP  
House of Commons  
London SW1

RAY WHITNEY, O.B.E., M.P.



HOUSE OF COMMONS  
LONDON SW1A 0AA

PERSONAL

3rd August 1981

The Rt. Hon. Francis Pym, MC, DL, MP,  
House of Commons.

*Dear Francis,*

It is with the greatest reluctance that I presume to burden you with this letter at a time when you have every right to be looking to an alleviation of the pressures of office. I do so only because I find the implications of your Alnwick speech so disturbing.

We all understand the dangers of relying on press reports and I recognise that I have not seen the official text of your speech and that there are significant differences in the sections of it picked out in, for example, yesterday's Sunday Times and this morning's Times. We also all know, however, that what matters is the public impact of the speech rather than the actual words used and that there are many in the media - as well as our political opponents - who are anxious to build on any evidence of division and uncertainty within our Party.

I have to say that I was left with the impression that you were calling for a further substantial increase in public spending and suggesting that this was necessary to "alleviate" our present difficulties. You will not need me to remind you that our public expenditure record so far is one of which only the most irresponsible neo-Keynesian would be ashamed, whether measured by total spending, as a percentage of GNP or by the PSBR. The economic staff of The Times - who are certainly no friends of the Government - calculated a few weeks ago that even another £4 billion on the PSBR (and are we really likely to hold it to £10½ billion this year?) would at most produce 150,000 jobs. Certainly any new jobs are greatly to be welcomed - but what would such a programme do to interest and exchange rates and inflation (not to mention the credibility of the Government and our prospects of sustained economic recovery)?

.../...

The Rt. Hon. Francis Pym, MC, DL, MP,  
3rd August 1981

I believe that the calls for what Peter Parker termed a "more flexible" approach to nationalised industry spending, now being carefully co-ordinated by the Chairmen and the relevant union leaders, are particularly worrying. Most of these industries are highly capital intensive, are riddled with exactly the sort of restrictions and misuse of resources we are pledged to eliminate and over the past decade have never produced a return on capital significantly above zero. I hope very much that Ministers now tempted to succumb to the Chairmen's pressure will take the opportunity of the Recess to read, if they have not already done so, Richard Pryke's book on the nationalised industries. Formerly a defender of public sector industry, Pryke is now a trenchant and effective critic.

Reflecting on the damage wreaked by the unions in this huge area of our economy, I have to confess I was particularly puzzled by your reported advocacy of a new partnership between the Government, management and unions. Obviously, no-one can be looking for confrontation with the unions and I am delighted by the many signs of greatly improved relations between management and workers at plant level - which could be reinforced by changes in trade union law. But surely your proposal would take us straight back to the collectivism which has been responsible for so many of our problems and ignores the political motivation of some trade union leaders?

The proposal that this triumvirate should "work together to identify the key sectors of the economy and the most promising export markets" seemed, if I may say so with great respect, to be one more triumph of hope over experience.

Of course I agree that we must win the next election but I do not believe we shall do so - or deserve to - by relaxing our policies still further when we have two and a half more years in office (and at least one in which we should get on with the job that is needing to be done) and by trying to steal the inadequate clothes of the Social Democrats. In many respects, British industry is already much fitter and the economic upturn will come in time for the election. To turn further away from the paths we signposted in 1979 would negate all the obloquy we have endured and the sacrifices made by the private sector in the past two years.

I believe the British people are more sensible than many think and can be made to understand what needs to be done to remove the many remaining obstacles to our economic recovery. There is a vital job here for all of us.

.../...

The Rt. Hon. Francis Pym, MC,DL,MP,  
3rd August 1981

I am sure we share the same basic objectives but I fear that I have serious misgivings about what I understand to be your views on how these might be achieved. I believe my misgivings are shared by a number of backbench colleagues, whilst acknowledging that your own views also have their supporters.

I apologise for writing in this manner at such length. Please do not trouble with a substantive reply.

Yours ever,  
Ray.

c.c. The Rt. Hon. Sir Geoffrey Howe, QC, MP.  
The Rt. Hon. Michael Jopling, MP.  
Ian Gow, Esq., MP..

and Gow, Esq., M.P.,



*with the  
compliments of*

RAY WHITNEY, O.B.E., M.P.

HOUSE OF COMMONS  
LONDON SW1A 0AA