



Thorneycroft

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5/5/83

10 DOWNING STREET

4th May 1983

Thank you very much for your letter of 4th May, together with the paper which you had prepared on the Labour Party Policy Document. It is masterly. I have shown it to the Prime Minister. She has asked me to say, particularly, how grateful she is to you for having prepared this.

Tessa has spoken to your secretary on the telephone and I confirm that I am looking forward to seeing you in my room at the House at 5.00 p.m. tomorrow, Thursday 5th May.

IAN GOW

The Rt Hon The Lord Thorneycroft CH



## LABOUR PARTY POLICY DOCUMENT

1. This paper offers a few observations on the Labour Party Policy Document. Policy documents are not read by many and are generally written to ensure that they are fully understood by few. This document is no exception. It represents in part a treaty between warring factions of the Labour Party and is written in the kind of political doubletalk which conceals both the nature of the problems and the reality of the solutions offered.
2. In making their Election strategy the Conservative Party should not concentrate overmuch on answering Labour criticisms or answering their charges. There is a danger of losing the initiative and allowing the tactics of the battle to be dictated always by the enemy. What is said should be said in very simple terms.
3. The electoral battle is likely to be a pretty bitter and highly emotional one. The Party dogfight will after three weeks be somewhat distasteful to the public and the SDP/Alliance will seek to exploit this by representing the Election as a squabble between outdated class rivals.
4. I deal with this problem and the main themes of the Labour Party Policy document in the following paragraphs. I assume that the Treasury will cost the programme and individual Ministers will deal with detailed proposals within their Departments.
5. The policy put forward is the most extreme that has yet been offered by the Labour Party in this country. The extreme nature of its proposals is not confined to economics and industrial management but extends to the defence of the nation, to foreign policy and to the introduction of a network of Government controls affecting every aspect of an individual's life. The following paragraphs examine some of these matters.



6. THE ECONOMY

Political debate on economics rapidly becomes incomprehensible. In economic terms the Labour Party policy is

- (a) to spend a great deal more money which they would raise either by higher taxes or by borrowing or by simply printing it.
- (b) The effect of this will undoubtedly be to increase the rate of inflation. What you buy will cost you more.
- (c) The immediate result of this situation will be to stimulate demand for wage increases, attract imports and drive up prices.
- (d) The Labour Party answer is to claim they have or can get an agreement with the Unions to deal with the first (20), institute protection to guard against the second (31) and fix prices for the third (34).
- (e) The agreement with the Unions (Mr. Solomon Binding) does not exist. It is and is known to be a fudge. Protection quite apart from any international agreements under MEC or GATT will be unrewarding. You will have less choice at greater cost. We shall lose far more jobs than we could possibly gain. Fixing prices being driven up by costs is like putting a cork in a thermometer. Something will go bust. In this case the activities and jobs to which the policy is to be applied.



7. We need to consider how best to handle this rather complex situation in terms which the Electorate can understand. We must speak in language which people can comprehend. Prices will go up faster, jobs will be lost, estimates of inflation rates should be translated into the cost of shopping baskets. The export trade at risk should be translated into potential job losses. We have problems enough in a recession without adding these to them.
8. Jobs depend above all else upon a competitive and well managed industrial base. Labour plan an all-out attack upon the authority of management, increasing the right of Trade Unions to draw up plans for the industries in which they work and enabling the Government to negotiate plans with all leading companies and all banks. Fixing prices while wages rise and taking new industrial powers (38) is to hand over responsibility in a great range of industry to a Trade Union bureaucracy and to hand a whole range of new industry into Government ownership and control. (39).
9. Conservatives must carry the battle to the enemy. We stand for long term employment through efficiency, through sound finance, and access to world markets. Our opponents offer policies which increase inefficiency and raise prices in a constricted trading area. In no circumstances is this a recipe for long term employment.
10. DEFENCE  
In the document disarmament is placed before defence and the totality of the proposals amount to an abandonment of the NATO defence policy as it has been supported by successive British Governments, Labour or Conservative, over many years and resulting in a period of consistent peace.



11. The policy of the Labour Party now is, however, in terms deliberately designed to confuse the issue and provide dialectical loopholes for Labour voters who cannot be expected to support the proposals if they understood them. The policy is headlined on page 6 as "We explain how we can reverse Britain's growing dependence on nuclear weapons" (page 6). By the end of the document (197) it appears that a Labour Government will have scrapped all nuclear weapons and all British or American NATO nuclear bases. It envisages the ending of an independent nuclear deterrent, the maximum achievable weakening of the American deterrent and the abandonment of NATO in ~~time~~ with an abandonment of the Warsaw Pact, which is in fact no pact at all but the right for the Russian Government to decide what it will. The pathway between these priorities is obscured by a haze of suggestions that unilateral and multilateral are one and the same thing, and that we can negotiate from positions which we will have already announced that we intend to abandon.
12. The nuclear issue is highly emotive. A massive effort is being mounted in the attack upon anything to which the term nuclear can be applied from dramatic films on nuclear reactors such as ~~Meltdown~~ <sup>to marches</sup> by the CND. On the other hand many potential Labour voters would support an independent nuclear deterrent. We need to put our case with gravity and moderation basing it upon a peace in the West which has for many years now been secured. It's worked. Don't now risk it in a very dangerous world is the essence of the case. That there are too many weapons can certainly be said. The best way of negotiating a reduction is not by abandoning ones in advance. This makes commonsense.



13. EUROPE

The Labour Party intend to leave the European Common Market. (176).

This is, of course, a vast and controversial subject. It raises in a direct manner the attitude to Nationalism and international co-operation. The Labour Party naturally deny this. They fudge every policy statement and this is no exception.

14. Labour has already announced its proposal to abandon for all practical purposes the Alliances formed for the purpose of providing European and Western defence. The European, or perhaps better expressed as the non-European policy is an extension of this relative approach into the economic field.

15. In truth a European alliance between what are in effect a number of free or relatively free capitalist societies upon the basis of free trade between them is wholly incompatible with a Socialist approach to policy as outlined by the Labour Party.

16. Labour has in effect adopted inflation as a policy. This would inevitably result in a rush of imports. Labour's policy is to move over to a highly protectionist policy which would contravene all our international trading agreements whether in the EEC or GATT. If tariffs are raised against Europe they must under GATT be raised world wide. If Labour intends to withdraw from the GATT they should be asked to say so.

17. There are two things to be said about this protectionist world which Labour plans for us -

- (a) That it will lose a lot of jobs for Britain. We export more per capita than most. We are vulnerable to retaliation, and trade restraints will do us a lot of damage. Winston Churchill once said that if such a policy was followed half the population would have to leave and he supposed that there would be much argument about which half.



(b) If employment is the main problem we have to face, international co-operation and restraint on introducing protectionist measures on a national basis is part and an important part of the solution. It would be foolish for the U.K. which has the most to gain from such international trading rules to be the leader in dismantling them.

18. THE WAY OF LIFE

The policy document throughout illustrates an approach to the British way of life sharply different from that assumed by the Conservative Party. In part this stems from the measures affecting important areas of national life. Spendthrift expenditure demands controls to limit the consequences of inflation. A whole range of prohibitions and restrictions would need to be introduced to discourage or prevent a man from educating his own children.

~~19. A pathless statutory planning system ~~mainly~~ in the main.~~

19. In the hands of the Trade Unions bureaucracy is introduced to bolster the claim to State control and to limit the powers of the management to manage. Britain's industrial future will be in the hands of men like the local shop stewards at Cowley - trade unionists and consumers alike should in large numbers deplore the introduction of these policies.

20. From the control of Banking to the abolition of foxhunting the Labour Party cover the field. Individual wishes, judgments and pleasures cease to count. The State in the form of ever increasing numbers of officials determined ever more what we do. Britain's industrial effort together with many of her citizens in most innocent occupations grinds to a halt amid a sea of regulations, penalties, prohibitions and penalties.



21. THE SDP/LIBERAL ALLIANCE

Though not asked to comment on Alliance policy it is worth noting that the more intense the struggle between Conservative and Labour the more the SDP will exploit the situation. It would be wise to reflect on how best to meet this attack. I make the following comments.

- (a) SDP policy is broadly to choose a point midway between Labour and Conservative, e.g. where the issue is between a deterrent and no deterrent choose a deterrent that is out of date. When the issue is between a vast expenditure of public funds and a prudent use of them choose to spend a great deal too much but not as much as Labour. Where the issue is about the effect of large public expenditure and how to deal with the resultant inflation choose a wages policy even if you have no hope of getting it and experience has shown it to be damaging.

22. The attack on SDP solutions is to demonstrate that they are indeed yesterday's men and that the policies they proclaim have been tried and found wanting.
23. They will, however, as Mr. Steel has admitted, switch their target sometimes aiming at the Conservative and sometimes at the Labour candidate dependent on the voting situation. An information service which helps our candidates with quotes from other areas will help.
24. GENERAL  
There remains the general strategy of the Conservative Party. The picture we want to present is of a Party already successful in many areas of a difficult world and poised for a breakthrough. Increased efficiency in what will always be a tough competitive world. Strongly defended and well armed both to protect ourselves and with



the negotiating position together with our allies to contrive a lowering of the number of nuclear weapons and warheads while preserving the existence of the deterrent which has preserved peace between the most powerful nations.

We must speak well of Trade Union members while limiting the growth of power among some Trade Union leaders. We must argue the benefits of a mixed economy seeking to help all aspects of it to work while recognising the inherent difficulties of management in the public sector.

25. The further we can distance ourselves from the long list of detailed measures favoured by the Labour Party or slick solutions advocated by the SDP, the better. We should avoid gimmicks, propose nothing that we have not fully worked out, argue as succinctly as possible for principles and stick to them.
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Thorneycroft

4. pm. ?  
✓ Tuesday  
26th April

18th April 1983

In case you have not seen the new Labour Party policy document, I am enclosing a copy.

I would like, if I may please, to come and see you in order to have a talk about this, and I will give you a ring.

I do hope that you are now feeling 100% fit again.

IAN GOW

The Rt Hon The Lord Thorneycroft CH