



Mr. [unclear] 2

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From the Secretary of State for Social Services

Mr arrived late last night - DASS told us earlier that - then SDS was contributing an article - I can't see the Guardian carrying it as an article though. W

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mb

Prime Minister

I doubt if the Guardian will print this, but it has some good material in it.

LM
11/2

10 February 1983

N. Bayliff
Were you aware of this? I have no objection!
J 11/2

Your leader of 3 February was correct in stating that the Government does not "admit to cutting" the National Health Service; it makes no such admission since such cuts have not taken place and are not planned.

Other aspects of the article could be misleading. I enclose an article which sets out the facts about the Government's commitment to the service. I hope you will feel able to publish it.

NORMAN FOWLER

MEETING THE DEMANDS OF THE 1980s

Rt Hon Norman Fowler MP, Secretary of State for Social Services

Kenneth Harris's excellent biography of Attlee recalls two views of the new National Health Service given on the same day in July 1948. One was that of Aneurin Bevan who said at a Labour rally:

"We now have the moral leadership of the world and before many years we shall have people coming here as to a modern Mecca learning from us in the twentieth century as they learned from us in the seventeenth century."

The other was Attlee's own view given in a broadcast. Attlee took pride in the new service but warned:

"All social services have to be paid for in one way or another from what is produced by the people of Britain. We cannot create a scheme which gives the nation as a whole more than we put into it ... Only higher output can give us more of the things we all need."

Thirty-five years later what do we find? Certainly the National Health Service has had many successes and made many important advances. But sadly we are still some way from Mecca.

Doubtless some on the Left will say that this shows only a lack of purpose. "If only we had the will all would be achieved." "If only defence spending was cut." "If only the wealthy were taxed more heavily." "If only" But given that over the thirty-five years Labour has been in Government for approaching half that period it is an answer which does not carry much conviction.

A likelier explanation is that all too often over the past thirty-five years Attlee's words have been forgotten. We have sought to devise ways of distributing wealth but not creating it. It has been assumed - particularly in areas like health and social services - that resources would be made available automatically once a need was adequately demonstrated. Economic growth and industrial recovery have been subjects of limited interest in this debate.

In the health service this process has been particularly apparent. In an Exchequer-financed health service all ills can conveniently be blamed upon the Government. Successive Governments therefore have been portrayed as being unreasonable, mean, short-sighted and set on destroying the National Health Service as we know it.

No one should believe for one moment that these are new complaints. It has always been thus. There were complaints about the post-war Labour Government; there were complaints about the following Conservative Government; and there were complaints about the Governments which followed that. A typical example comes from Mr Albert Spanswick:

"The National Health Service is more in danger, more in fear for its very existence than ever before The entire service faces a very severe cutback in its expenditure allocation."

Now although you might think it Mr Spanswick was not in fact talking of this Government. He was talking in 1976 of the last Government and the policies that had to be pursued on the instructions of the IMF.

All this has relevance not only for today but for the demands that there are going to be on the health service and the social services over the next ten years. We should remember that most of the years up to certainly the early 1970s were years of economic growth and expanding world trade. Against such a background it should have been easier to obtain our social goals.

The last years throughout the western world have been years of recession. As a result of this every country in Western Europe is having to look at its social policies. The challenges of rising demand and of limited resources respect neither national frontiers nor the political creed of Governments.

Nor should we be in any doubt about the growth in demand. The numbers of the very elderly are increasing substantially. By 1991 there will be 3½ million people over the age of 75. This will include $\frac{3}{4}$ of a million people over the age of 85. At the other extreme of the age range there are nearly 1½ million children living

in one-parent families. The progress of medical science means that it becomes possible to treat conditions which it was previously beyond our capacity to do.

Taken together these developments put an upward pressure on health and social service spending at a time when fast economic growth can no longer be guaranteed. This poses immediate and difficult problems.

The 1980s will self-evidently be difficult years. We are going to need all our ingenuity and all available sources of social provision to successfully meet the demands that will be made. It is not a question of there being a choice between public and private provision. It is not an "either" - "or" situation. We will need both. The country will need good efficient public services. There is no question of that. Equally there is no question that any Government which was to turn its back upon private provision or the contribution of voluntary organisations would be carrying out an act of social vandalism.

Faced with this prospect the Labour Party - in their policy document Labour's Programme - have simply set out a shopping list of publicly financed aspirations with a price tag of somewhere between £10 and £20 billion. For good measure the same document rejects the concept that voluntary organisations can or ought to take a major responsibility for the care of mentally handicapped children leaving hospital: and is quite specific that a Labour Government would remove pay beds from the National Health Service, would prohibit the further development of new private hospitals and "shall ensure that private practice is actively discouraged".

I do not want to take time in discussing this policy document. It is enough that it should become better known.

The Conservative attitude is radically different. Certainly we recognise the contribution that can and must be made by the State. We do not want to follow Labour down the road which says that there is only one way of providing health care or personal social services provision. We are not going to simply put forward the opposite dogma of Labour.

It would be absurd for the argument to polarise so that one party stood for public provision exclusively and the other party stood for private provision exclusively. We have absolutely no intention of turning our back on the National Health Service which successive Conservative Governments have helped to build up. Our aim is to develop the National Health Service and to provide a better service for patients.

We do not "admit to cutting" the NHS (Guardian leader of February 3) because such cuts have not occurred and are not planned. In 1983/84 we will be spending £15½ billion on the health service compared with £7³/₄ billion in 1978/79. That represents an expansion of services of 7½ per cent.

Only a small part of this expansion has come from efficiency savings. And as regional health authority chairmen have accepted the efficiency targets on resource it is difficult to see why - or on what evidence - the Guardian regards them as a euphemism for cut-backs in patient care.

No one of course denies that there are still formidable problems facing the health service - problems like the services for the elderly, the mentally ill and mentally handicapped people. It is possible for Conservatives to paint the picture of need as vividly as those on the Left. But what should distinguish our attitude is that we also have practical policies which will seek to meet that need. We are not content to provide shopping lists of desirable social measures without being clear that we have the resources to meet those aims. Ultimately no party will get any credit for raising hopes which cannot be realised.

The idealism of the Conservative Party is a practical idealism. We care; we want to meet the social needs of this country; but we are determined to develop practical policies on how we should meet them rather than to make easy promises that not only cannot be fulfilled but will add to the disillusion of those people who have trusted in them.

So first, we believe that the proper starting point for the consideration of social policy is the economy. It is not enough to state that problems exist or to declare that resources must be provided to solve them. We have to implement the policies whereby resources can be created and central to such an economic policy is the reduction of inflation.

Sometimes there are difficult choices to be made inside the social area itself. The health service is the biggest employer inside Western Europe let alone in this country. Every extra 1 per cent on pay means an extra £65 million that has to be provided from the budget. No Government should therefore seek to evade making decisions on what the country can afford. The difference between this Government and the last Government is that we were prepared to face up to such decisions and to stand by them.

The second broad aim of the Conservative Government is to get the best possible value from the amount of money that the taxpayer is providing. All told my Department is now responsible for something like 41 per cent of all public spending. We have a budget of £49 billion for 1983/84. But there is no merit in spending money in itself. What counts is what that money buys. That is why we have made it our purpose to improve efficiency.

We have for the first time established a system of annual regional reviews whereby Ministers check on the progress being made in improving performance by each of the Regional Health Authorities. We have introduced new arrangements for the supply of information on manpower and the setting of manpower targets in a service where some 70 per cent of whose budget is accounted for by pay. We have set up a management inquiry by men of exceptional management skill.

But it is in the third area - private and voluntary contribution - that the difference between the parties becomes most marked. As Conservatives we believe that not everything should or can be done by the State. Help is still given by families and by neighbours on a scale which no amount of national organisation or local authority organisation could ever provide. No sensible Government should ever try to interfere with that. Nor should any sensible Government seek to do other than encourage the magnificent range of voluntary and private organisations in this country.

Conservative and Labour attitudes differ here. But when we come to private health care the difference is fundamental. The underlying attitude of Labour is that it is only Government that can provide or should be allowed to provide any kind of health care. It is only Government that can run hospitals. It is only Government who can have the responsibility for treating patients. It is only Government perhaps aided by local Government who can look after the sick and the disabled and those who need care.

Our case is that that approach is not only absurd. It is totally contrary to the interests of the patient. It is contrary to the interests of the patient because it deliberately rejects a valuable source of health care. For our part we welcome every contribution to the sum of patient care. And to judge whether our approach is right let us remember what the private sector actually is.

There are about 34,000 beds in private hospitals and nursing homes in England and almost 3,000 private beds in health service hospitals. This compares with the provision in the National Health Service of about 350,000 beds in about 2,000 hospitals. But the bulk of private beds in this country are not in private hospitals at all. They are in small nursing homes who in total look after well over 20,000 elderly people. Is it seriously argued that we should turn our back upon provision of care which by any standards is much needed simply because it is provided by the private sector?

The fact is that the private sector is a mixture of voluntary, charitable and commercial enterprise ranging from small nursing homes to modern hospitals capable of undertaking major surgery. Health authorities have had contracts to use some of these facilities for many years. At present something like 3,000 beds in the private sector are used by health service patients.

In the acute sector the major purchasers of care are the non-profit making provident associations. Currently there are something over 4 million people covered by health insurance, mainly by the provident bodies. The picture then is of an informal but growing private sector with a wide variety of provision and a wide range of patients. The largest numbers are accounted for by private nursing home provision for elderly people and the growth in the provident associations.

It is sometimes argued that to welcome the growth of the private sector is to implicitly attack the public service. But that is clearly the most spurious nonsense. We welcome every contribution to the sum of patient care. We do not accept for one moment that to support the private sector is to attack the public sector.

What Britain needs in the 1980s is a developing partnership between all those involved in the provision of care whether in the public sector or private. We need to concentrate most on the objective of the effective delivery of care and less on the sterile debate about who should be allowed to provide it. This vital principle of partnership in care underlies the approach of this Government. It is an approach which meets the needs of the 1980s and it is an approach which combines economic realism with commonsense.

10 February 1983

(This article is based on a speech given to the Bow Group.)