

HESELTINE AND LABOUR: THE SIMILARITIES

'If you read Michael Heseltine's book, you will find it more akin to some of the Labour Party policies: intervention, corporatism, everything that pulled us down', (The Prime Minister, The Times, 19th November 1990).

A. GENERAL

Labour

'We will create a new and vigorous partnership between government and both sides of industry' (Looking to the Future, May 1990, p. 11).

Heseltine

'The health of British industry depends crucially, in many fields, on it having Government as a partner' (Where There's a Will, 1986, p. 97).

'What is missing is the conviction, the consistency and the machinery to mobilise owners, managers, financiers and the workforce to work together within a coherent industrial strategy. There can be no such strategy while there is no centre for its formulation within government' (Ibid, p. 106).

B. RESEARCH AND DEVELOPMENT

Labour

'Labour will encourage the private sector to expand its own research and development in the new technologies and the environment, using tax incentives and reshaping government grants to so do' (Looking to the Future, p. 14).

'Long-term investment in high technology will receive a special boost' (Ibid, p. 15).

Heseltine

'The present Government...pays out large sums for research and development, although these should be larger' (Where There's a Will, 1986, p. 129).

C. MONOPOLIES AND MERGERS

Labour

'We will require that take-overs are shown clearly to be in the public interest' (Looking to the Future, p. 15).

Heseltine

'...government should be more prepared to refer take-over bids to the Monopolies and Mergers Commission...the bidding company should be required to show that the take-over would have positive benefits in the wider national interest' (Where There's a Will, p. 125).

D. REGIONAL POLICY

Labour

'The Regional Development Agencies we propose for the regions of England will be based on the successful experience of the agencies created by Labour in Scotland and Wales' (Looking to the Future, p. 16).

Heseltine

'An English Development Agency would co-ordinate the thrust of government policy...' (MacMillan Lecture, 6th October 1987).

E. DTI

Labour

'Labour will restore the Department of Trade and Industry to its proper place as a key Department of State - and give it the enhanced status enjoyed in other countries' (Looking to the Future, p. 18).

Heseltine

'We ought to have a much more powerful Department [DTI] to counter the power of the Treasury' (Marxism Today, March 1988).

'A strengthened DTI would be responsible for seeing that there was proper liaison between industry and each Department of Government charged with policy in an area of concern to industry' (Where There's a Will, p. 107).

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BRIEF ON HESELTINE'S STRATEGY

The following quotations and references come from Chapter Five of the book 'Where There's a Will'.

Question One

On pages 100 and 101 of your book you state that intervention in industry is unavoidable in the modern world. You state that industrial managers should be offered a new partnership between those working in industry and commerce and the political and administrative machine. You state that the capitalist system works best when owners, managers, employees and Government understand a common interest and work as a team. You also claim that if those who argue that support for industry is not a Government responsibility are successful, the British economy would be Balkanised.

Does this mean that you would encourage the investment of taxpayers' money in privately-owned industries which are unable to succeed if left to their own financial resources?

Question Two

On page 105 you point out that a Conservative Government rescued Rolls-Royce in 1971 and to have let it go would have been to extinguish not just a company but a most valuable industry. You then state that the story of Rolls-Royce indicates that Government should not wait for industrial failures but to prevent them by anticipation. On page 106 you go on to argue that the Secretary of State for Trade and Industry should have a markedly greater seniority within the Cabinet and markedly stronger Department. You state that the Trade and Industry Secretary should chair a new and powerful Cabinet Committee to implement the 'inevitable roles of government which impinge upon industry'. You state that these include taxation policy, overall control of education,

macro-economic decisions such as interest and exchange rates, the provision of infrastructure, and the allocation of funds for research and industrial support. A strengthened DTI would be responsible for seeing that there was proper liaison between industry and each Department of Government.

Would this enhanced DTI be primarily concerned in picking the winners in future British industry? And would you agree that this is a complete reversal of the economic policy which has created successful industries over the past ten years?

Question Three

On page 108 you argue that a taxpayer should be able to claw back taxes for reinvestment provided 'he invested within certain approved categories of wealth-creating activity which are already defined by the Department of Trade and Industry'.

Who would make the decisions as to what were approved categories? Would this be Civil Servants within Whitehall, or Ministers or lobby groups from particular lame-duck industries or what?

Question Four

On page 112 you argue that the motor industry should be financially supported by Government. You state that it is simply not an option for the British Government to tell the country's motor industry to make its own way in the world. You state further that an ominous development has been an increase in foreign ownership and control. To allow major parts of the British motor industry to fall into foreign hands would leave it a hostage to decisions in Detroit, Paris, Turin and Tokyo. You conclude that the future of the sole remaining British owned and British controlled motor manufacturer, Rover, will continue to be a matter for the Government. Otherwise the British motor industry will find

itself further down the cul-de-sac to extinction. You further state that the original British Leyland rescue was a notable example of the right decision in principle.

Do you therefore believe that it was wrong to cut off Government support to Rover following its sale to British Aerospace and that the rise in investment by Ford and Japanese manufacturers in car manufacture in this country has been harmful economically? How has this harmed our economy when we now export more British made cars than ever.

Question Five

On pages 116 and 117 you argue that the management of Britain's affairs and the planning of our future is too serious a matter to be left to the existing Public Expenditure round procedures. You argue that there is not sufficient challenge to Treasury judgements which may frustrate the strategic industrial objectives of the Government and the work of the DTI. You recommend a major adjustment to existing machinery of which the creation of an industrial policy committee of the Cabinet would be the most important. It would be charged with the promotion of Britain's strategic wealth-creating interests.

Apart from taking powers from the Treasury and other Departments, you claim that the Foreign Office should become more involved in 'implementing Britain's overseas industrial objectives'.

How would this work in practice? Would taxpayers' money from this country be used to promote the sale of British goods overseas through soft loans or artificially low prices? If so, how would this measure up to our responsibilities under GATT and under European competition rules?

Question Six

On page 118 you argue that Aerospace, robotics, telecommunications and biotechnology are all areas which Britain's competitor Governments are supporting and that Britain should support on a similar scale. You also argue that the Secretary of State for Trade and Industry should become Chairman of NEDO in place of the Chancellor of the Exchequer and that the organisation needs more of the language of the factory floor and less of that of the Treasury.

Is this greatly enhanced role for the DTI concerning all sectors of Government and economic life basically a response to overseas practice and could it be described as 'keeping up with the Jones?'

Can you give one example of an industry which has achieved a high return on capital through Government propping up? The British electronics and motor industries have been given vast sums of Government support since the War whereas the chemical industry has been given very little. Why therefore is it that the chemical industry is among our strongest compared with other sectors?

Question Seven

On page 122 you observe that every EEC country except for Belgium and Ireland bestows public law status on its Chambers of Commerce and all companies are required to join so that the collective voice of business is more powerful in its dealing with Government.

Would you impose this upon Britain and force industries to join Chambers of Commerce?

Question Eight

On page 125 you argue that Governments should be more prepared to refer take-over bids to the Monopolies and Mergers Commission and that the bidding company should be required to show that the take-over would have positive benefits in a wider national interest. You claim that the present criteria are concerned too narrowly with competition.

Why would you seek to prevent shareholders responding to an offer from outside their company which is in their commercial interests? Why do you believe that Government should assist hostile managements in acting against the interests of their shareholders by preventing take-overs? Is there one major industry in Britain that has been harmed through take-overs?

Question Nine

On page 128 you advocate legislation setting out a code of practice whereby publicly-quoted companies employing more than 500 people would be expected to conduct a dialogue with their workforce.

Why do you not trust company managers to conduct relationships with their employees in the mutual interests of both without the Government forcing them?

Question Ten

On the last page of Chapter Five you argue that the Government pays out large sums for industrial research and development although these should be larger.

Is it not the present Conservative Government's strategy to reduce the amount of industrial funding provided by taxpayers? Do you believe that research and development in basic science paid for by taxation should be cut in order to

fund applied research dedicated to the development of commercial products? If so, is this not a total reversal Government policy over the past ten years?

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