

Sherman

5th March 1982

This is just to acknowledge the Memorandum which you sent to the Prime Minister today, entitled, "How We React to the SD-Alliance?".

I have put this with the three papers which you sent previously (Mark Goyder, Nick Bosanquet and David Marquand), and have put them into the Prime Minister's Weekend Box.

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HOW WE REACT TO THE SD-ALLIANCE?

From the Post-Electoral Perspective

The results of the 1983/4 elections are hidden in the fog of politics. So many factors may supervene to influence the result - trends and counter-trends, endogenous and exogenous, developments inside the Labour Party, the Alliance (and its constituents) and our own.

We must be prepared for all reasonably foreseeable eventualities, not merely because they will call for quite complex decisions quickly, if they occur, but because it is in light of all these future contingencies that we should be engaged in our present studies and mooting of attitudes.

Do you remember that only a year ago, the prospect of a split inside the Labour Party positively dazzled us? Who would have prophesied then that its arrival would cause us other panic rather than joy? Clearly someone has been amiss, either in his calculations, or in adaptation to the new situation, or both. I believe that basically, the split was good for Britain, but that it is up to the Conservative Party to make it so, to exploit its potentialities. This would call for self-critical thought and forward strategy, not hand-to-mouth reactions.

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I note, that at the time of writing, the polls show a downward turn for the Alliance. Let us not hasten to rejoice prematurely, as we did when their stock rose. For one thing, how ever far they fall, they cannot wipe out the fact that earlier this year, the polls had them better off than the two parties combined. They indeed did take two hitherto safe seats off us. We have yet to answer their question boldly and adequately: why did our stock fall so far? Secondly, we have yet to see where disillusioned activists go, and where SD electoral support goes.

We shall have no cause for rejoicing till three things have been achieved:

- *We shall have reversed the economic decline and other features of British society which sour electors.
- *We shall have a new dynamic 'eighties Conservatism' which has something to say to those whose aspirations and thoughtways have so far led them to identify more or less with Labour.
- *We begin to hold dialogues with Labour and SD groups which overcome their traditional stereotype of the Conservatives, and in which Conservatives can take the lead in shaping the national political climate, for the first time in generations.
- *If we cannot do this, what price our party's chances whatever happens to the Alliance.

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The coming elections are a major battle. It is pointless to blind ourselves to the considerations that we may lose them, in the sense of failing to obtain an absolute majority of seats. Any government other than a majority Conservative one would have corrosive effects on our party's political balance and the PM's position in particular. In many ways it would be worse than opposition. (Is there any need to spell this out.)

But it is no less true to say that the way we approach the elections is one major factor not only in determining whether we win or lose, but even more decisively how we win or lose. Both can be vital to the future of the party, of the PM's continued leadership, and place in history, and of Britain's future as a free country. It does not always depend on a party whether it wins, but it can so win, as to ensure future catastrophe; it can so lose as to destroy itself, or so lose as to ensure a great subsequent revival when its opponents are seen to fail.

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The temptation to imitate the Alliance is the greatest danger. It is impossible to achieve, since much of the Alliance is a protest against not only two-party politics as we know it, but party politics in general. The public resents the excessive power ^{wielded} by politicians and "establishmentarians" of limited vision but unlimited selfishness dominated by narrow political considerations. We can not adopt the Alliance's pose against two-party politics. Nor can we ignore public misgivings about it.

We stand or fall by strengthening cabinet government, designed to remove Britain's barnacles, not by replacing it by coalition non-government, designed to maintain new privileges unrelated to contribution.

Nor can we hope to emulate the "permanent-secretary's party" in blandly trying to run the status quo as though it were quite serviceable, and only trouble were people like Thatcher and Foot interfering with its God-given harmonies, when Thatcher and Foot are alternative ways by which the public manifest their recognition that it does not work. If we fail to change it to a point where it works, we may expect to suffer set-backs. But where we to pretend that it is workable, and that basic changes are not needed, we should rule ourselves out as a serious alternative to either Labour or the Alliance.

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Conversely, were the Alliance to reach a dominant electoral position by "sweetness and light" and a placebo-mandate, (no doubt attracting some more members from friends in the Labour Party and some drop from us) and then, inevitably fail, where should we be? Had we gone into the election on the truth, our position for revival and doctors' mandate would be strong. Had we gone into the election on me-too-ism, the public would be tempted to look elsewhere, and its new champions might not be pleasant.

At the time of writing, several electoral outcomes are theoretically possible:

An absolute majority of seats for the Conservatives, albeit on a smaller share of the poll.

A "hung parliament" in which the Alliance holds the balance, the Conservatives the largest party.

A similar hung parliament in which Labour is the largest party.

Hung parliaments, with Labour or Conservatives the largest party, but in which a working majority for one or either major party is possible only with the adhesion of the minor parties (i.e. Nats and Unionists).

A parliament in which the Alliance is the largest single group.

An overall Alliance majority.

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Given the distribution of the voting population inside present boundaries, which favours Labour and nationalists, the unlikelihood so far of the Social Democrats making sufficient inroads into safe Labour seats to take them, we could envisage an overall Conservative majority only if several major changes in the situation were brought about. I shall discuss those later. [The most likely outcome, as of now, is a parliament where the Alliance holds the balance, one way or the other. This is one of the possibilities to which we must address ourselves.] We must ask how the Leader of the Party, still MT pro tem till the first vote of confidence, would handle the situation, when one of the Alliance's major conditions of participating in a coalition with the Conservatives - given choice between the two parties - may be either the Premiership or a say in the choice of Premier.

This clearly involved some very hard advance thinking on alternatives, some second lines of defence, some outposts. This bridge must be crossed before it is reached, or the crossing will be missed. Digging second lines of defence and preparing contingency plans is not defeatism - it is common prudence.

But all this is tactical. The underlying strategic problem is for the Prime Minister and her supporters to break out of a corner in which they are, politically, a minority within a majority, or part of a minority, if you like. This is to say that the Prime Minister does not command the obedience, let alone the allegiance, of all her party, at any level, while the party commands a minority of votes and public sentiment, including the loyalty of the "political classes", media, bureaucracy, quango-holders, Church, and the rest of the "great and good", who are in practice mediocre, selfish and pusillanimous.

This need not be so. The break-away of the SDP is one sign of intellectual reassessment. It is not the only one. For every Labour member who has broken away, many are equally concerned, but are reacting in many ways. [Many Labour people realise that they have long since entered a blind alley.] I enclose current Fabian, Labour and other publications to make these points. The great danger is that this new movement will always appear on the Heathside of us, strengthening the hand of Heath, Gilmour, Patten, and the rest of that canaille, and further emphasising the PM's apparent isolation on the so-called "right". I re-iterate: this need not be so. We must outflank the Heathites by finding common-ground with Labour-SD dissidents.

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In many ways, whole groups in Labour as much as in the SDP are closer to Thatcherism now than ever before, closer than they are to other groups. They are conscious of decreasing returns to state intervention, that the kind of welfarism we have adopted has actually worked against the interests of the lower-income and less-educated groups, and in favour of the middle classes, particularly the new state middle classes, the NALGO and First-division and intermediates and politicians and trade union officials and councillors grabbing attendance allowances and added expenses, and large new bureaucratic structures of social work and welfare which seem to swallow up so much of the funds leaving the poor both poorer and more numerous. I get this back when I talk with Labour people who have no intention of either leaving the party or joining the SDP (for the present at least) "The link between effort and reward must be restored. That is Margaret Thatcher's contribution" - one said. I get it back from some elements in the SDP, and of course from the more intelligent Liberals. And they are quite representative of large sections of the "political classes", e.g. media, bureaucrats. I append long quotations from several Labour and DP sources.

There is the problem of reaching out to them. Not only to ex-Labour - whether or not they have joined the Alliance - but also to those in the Labour Party and to those who are generally sceptical of the standard Labour-Alliance-Welfarist view. In many ways, they are closer to us than the Heath-Tory-Reform wing is to us, or they to it; the TRG's views are basically imitative and factional.

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The Conservative Party, and the PM in particular, have common ground with Labour and the SD scentics as a basis for further exploration. They are willing to be critical of union behaviour, provided they do not lay themselves open to being tarred with the generalised anti-union brush. That is fair enough. We are not necessarily anti-union ab initio either; we could envisage the unions playing a very positive role in society, leading us to regret doubly that their role is so negative. They are willing to recognise that centralisation and even large welfare organisations are not the answer. But they want answers. So do we. We are not utopians, and we do not believe that the market solves all problems, only that uninformed tampering with it makes matters worse.

They mistrust the Conservatives, partly from habit, partly because the party and front-benches are so heavily weighted with Old Etonians and young careerists, and partly because Conservatives seem allergic to new ideas. Some people in the Labour movement are sympathetic to the Prime Minister personally, regard her as a good person fallen among Tories, as someone with whom they could find a common language.

But because of their prejudices, preconceptions and inhibitions, it is necessary that the PM reach out to them. You may remember my various notes, proposals and draft lectures from previous years. It is still not too late, but it is later. A few years ago many of the exodus from Labour could have joined us directly, perhaps in a special group, rather like the Unionists of the last century had we made the effort. Today, that opportunity has probably gone. But we could create good lines of communication directly from Thatcherism - the milieu and the ideas - to a number of milieux in both Labour and the Alliance.

*To those who recognise implicitly that socialism as we know it in all its forms has failed, but that they can neither be satisfied with the status quo, nor appear to regress to pre-Labour thinking and social relationships.

*To those who fear a Bennite dominated Labour Party more than they do anything else at present.

*To groups, particularly those with political roots in less affluent areas, to whom law and order is a major pre-occupation. These people are aware of ambivalence towards this issue in the Socialist movement - viz. the 1978 Labour Party Conference debate. Hattersley is aware of it too. [They want to know where the Conservatives stand, policy-wise, as distinct from rhetoric-wise.] They are as concerned about Scarmanism as the Tory "right". As Hattersley rightly pointed out, inhabitants of the inner cities stand to lose more from rioting than do the big companies and the rich. He said so only because he came under heavy pressure from his grass roots, but having conceded to pressure, he characteristically made a virtue out of necessity.

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Where do we stand?

The time for rhetoric about law and order is past. Action and visible policies would serve as a bridge to one kind of Laborite, proving that Tories do care as much about Bermondsey as about Belgravia.

*We need to engage in dialogue at both academic and sub-academic level.

None of this is consistent with knockabout speeches "knocking" the SDP. At this stage of the game, the election is quite far away anyway. In the meantime, the Alliance still has a fragrance of newness about it which sour remarks and party-political yah-boo on our part will not dispell. Only the SDer can dispell that themselves.

At this stage, we should combine welcoming the split with querying how far they have gone from their 1979 positions. Let us phrase the questions fairly, and accurately, and phase them in with developments. This process is perfectly consistent with harrassing the Labour party, which still remains our main threat. Indeed is complementary. By raising matters on which some SDers cannot agree amongst themselves, we can both maximise their dissociation from the Labour party, hence their political attacks on it, and divide their own ranks, as we traverse the emphasis from questions where a majority of Alliance opinion wishes to distinguish itself from Labour, to areas of greater ambiguity, and to areas where they can remain hoist with the Socialist petard.

In other words, the SDs should constantly be under pressure to explain how they differ from the Socialists of the Labour Party - and, secondly, when they did so - as well as how they differ from the Liberals. We should be cross-examining them, not harranguing them. It is their admissions, or failures to give a straight answer, rather than our accusations, which will carry the weight.

Certain attitudes on our part need warning against. There is no point in denouncing them for having been members of Wilson and Callaghan Governments. By the same token most of our front bench were members of the Heath Government, one of the most disastrous in most people's eyes. In the eyes of many people, having been minister or senior civil servant in any government since about 1955 seems prima facie disqualification. We believe in repentance. [The question surely is what have they learned from that experience, how much would they undo, how different would they be.] They fear five minutes of cross-examination more than hours of harranguing, because it forces them to take a stand which someone is likely to disagree with, both in their own ranks and in Labour. The public is genuinely disillusioned with the two-party knockabout. As unpolished draft, No. I reminded you, between the 1955 election and the Feb. '74, the joint poll-share of the two major parties fell from 97½% to 75%, a contraction which meant that one voter in four switched his vote from a major to a minor party. This indicates something.

When the share of the two parties began to fall substantially, its fall still did not fully reflect the number of voters whose former loyalty and faith in them was eroded, or the younger voters to whom it was not transmitted. Some go on voting out of habit, but many vote in order to keep the other party out at all costs.

It is important to remember that many traditional Conservative voters have long since been thoroughly disillusioned with the party. They have seen their lives worsen, not just relatively to other groups but absolutely. Domestic service has almost disappeared - though we must keep the millions of potential servants on generous welfare - grammar schools have been destroyed; personal safety has declined; saving is much harder; . they resent mass third-world immigration and trade union privileges, both creating a sense of insecurity. They resent the sneer inherent in attitudes towards middle classes. They believe that Conservative government could have done something had it tried, and that failure to do so partly reflected a hereditary tendency of the rich/powerful Tories to throw their middle-class supporters to the Socialist-trade-union wolves, to buy time, for themselves and their families. The view that politics is just the art of the possible does not appeal to a generation of Englishmen brought up to believe in the heroic dimension, with leaders in all fields expanding the range of the possible.

Beyond those who have increasingly "punished" the Conservatives by voting Liberal against a Tory government, or voted Liberal in despair, there are many more who share their feelings, and regard the Tories as a cheap unreliable lot, but would vote for the devil himself to keep out the post-Gaitskell Labour Party.

Each lurch to the Left by the Labour Party - Wilson, Callaghan Foot and now Benn's shadow - held up the erosion of the Tory vote, with the argument: "Yes, but, look at the calamitous alternative." The moment that there seems to be another alternative to Labour, even with generous wishful thinking, and one must think wishfully to vote at all, more of the "keep Labour out" Tory vote collapsed. We are talking about something in the order of three out of every ten regular Tory voters.

It is no use saying that Orpington and Sutton returned to the Conservatives; so far a Liberal revival at the bye-election has presaged a Tory defeat at the next general election, and when the Liberal curve is up from Tory-presided election to Labour-presided election. It is essential to relate election results to the Tory party's appeal, its identity, what it stands for to itself and to electors, and seek to break into the new ground dimly envisaged by thinking members of all three (or three and a half) parties. The middle ground means certain defeat, and possibly annihilation of the party in the longer term, for if the Conservative Party competes with the Alliance, it need not come off best. This, after all, is what happened to Lloyd George's Liberal Party after the war-time coalition.

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So long as there appears to be no third choice, voters are bound to the two major parties.

When a third choice appears, however improbable, a temporary suspension of disbelief occurs, and only the hard core "pro" voters remain loyal to their first choice. Someone compared the two conflicting parties with two drunks wrestling, and thereby holding each other up. If one falls to the ground, the other does too.

People's perception of the parties differ from those of the parties themselves. A minority of the public identifies positively with one party or another, a minority looks benevolently on all. But many people are apathetic or hostile regarding politics as a profession devoted to the benefit, financial or otherwise, of its own members.

We have to face that fact. Instead of praising our party compulsively, someone ought to look at its shortcomings, from top downwards. Remember our main problem is not the Alliance, it is the Conservative Party.

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For one thing, the personal quality is uneven, this goes for associations, parliament and officials. Some associations undergo a ^{kind of} Gresham's law. People engaged in routine tasks gradually rise to the top by Buggins turn, and then exclude people of talent, innovation, freshness, who are needed as much at branch (ward) level as they are in cabinet, mutatis mutandum. [Would-be newcomers, be they successful businessmen, professionals, or academics, are told that they must sweat it out from ward committee upward to gain promotion, in an almost non-political manner in many cases. Hence local associations tend to become clubs for people with very little else to do, concentrated in the higher age-groups, The YCs, who, where they are not just there for the social side tend to pick up that last socialist conventional wisdom

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These people are rarely able to choose MPs of calibre, of achievement. Hence the production-line model conservative candidate, in his mid-thirties, from a non too testing profession. Few self-made tycoons, silks, top men in their professions, authors of best selling or influential books, generals are chosen. Mediocre lawyers pre-dominate. All too often we seem to get an endless succession of young men in their thirties married with two children, little to show, destined to be professional politicians for the rest of their lives, without ever generating an idea, and rarely appreciating one, or holding principles, indeed with no motivation other than personal ambition and a desire to be well thought of.

Should we not "head-hunt" MPs and area chairmen from men of proven ability, rather than choosing from what turns up?

This is no human base for a bold innovating government to steer in these turbulent seas.

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Our party was created a century ago as an electoral organisation, and electoral organisation it has remained. To change its character would be a revolutionary act requiring great force from the top in the first place. It would need continued force to make it percolate downwards. But it could mobilise powerful intellectual and political forces were it to do so. People are hungry for ideas, not only ideas, but cosmology.

The party does not engage in ideas. So if they are not generated or brought in at the top, they are generated nowhere. A few enthusiasts of the CPC diligently gather to discuss the text of the month, and send their predictable comments upwards, but that is all. Fora for exchange of exchange of ideas, particularly new ideas, are few. If one has ideas, one floats them in the press, be it Times, Spectator, or something more homely, for common consumption. The party needs a forum for new ideas. But a serious one, not heaven-help-us, something like Conservative News, (not mainly factual resumé's, however intrinsically useful.)

We must raise the whole gamut of problems, economic, political, social and national, equality, and fairness, nationalised education, the national character and limits of its erosion, how to prevent people slipping into poverty, how to create institutions - public or private - which will help them out of poverty and dependence, rather than maintaining their dependence by a huge highly paid career-structured but politically-motivated bureaucracy.

We must discuss the rationale of uneconomic investment: (can it indeed properly be called investment, it is not misinvestment, or at best a consumers' durable?)

We could take the lead in re-thinking, rather than leave it to Socialists and Alliance. We have the talents, what we need is the will, the boldness, the daring.

Such a development would free you from your corner, your minority-within-minority status, and make you leader of a new majority which would outflank your conservative opponents, and drag them on behind you, in a new radical populist conservative. I wrote some of this from 1974 onwards. Does not recent experience suggest that we take it up now? There is still time.