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Revision 3

THE WORLD ECONOMY

During the last three years, the world has been experiencing a deep and prolonged recession. No country has been spared. The great European economies of Germany and France, once the engine of growth of the European Community, now struggle with declining outputs and a growing army of unemployed. Across the Atlantic, the United States, Canada and the great nations of Latin America are also experiencing the most severe slump for 50 years. Even the miracle economies of the Pacific Basin, Korea, Taiwan, Hong Kong and Singapore, as well as that industrial giant Japan, are suffering what to them is a deep recession.

No-one foresaw a world recession of such depth and gravity. What were the causes? At one extreme - purveyed by many a politburo - capitalism itself is the culprit. But the unblinkered eye will see that the economies of the Eastern Bloc are in a far worse state than the West. Poland and Rumania are almost bankrupt, and the whole of the East is riven with shortage of everything from seed corn to sewing thread.

Blackpool,
Last week in/much of the comment of the Opposition suggested that I, single handedly, have brought on the world slump. What powers they attribute to me. If only I had such powers! Then I would do such things as would whisk away recession for ever. But we have no time for idle dreams and convenient delusions.

The main culprit, and there are others, is the great inflation - the greatest sustained inflation in the recent history of the West.

/For more than

For more than a decade, savers in America and Europe were systematically robbed. Not by any mugger or thief, but by the steady erosion of their savings.

For more than a decade, the growth of output has been retarded by fears of ~~the instability caused by inflation.~~ *continued inflation & its effects.*

For more than a decade the ranks of the unemployed have swelled in the wake of inflation.

In 1979, *followed later by* ~~the United States and many of us in Europe~~, began the long, hard job of wringing *this is simple* ~~inflation~~ out of the system. ~~In all these countries governments said they were going to conquer inflation.~~ Governments had promised as much many times before. But, as soon as the going got tough, they quickly resorted to the printing press again. People had every right to be cynical.

persevere. Few believed in us until
Few in this country expected us to ~~press ahead resolutely until we had beaten inflation.~~ Journalists, most but not all of them on the Left, were predicting almost daily U-turns. Some, indeed, confidently went around the bend. Now most commentators with attitudes varying from awe to rage, *recognize* ~~believe~~ that we have stuck to our policy. ~~Few now doubt our resolution.~~

It was not easy. It has not been easy.
~~I never promised that it would be easy.~~ After so many years of delay and drift, ~~a policy to beat corrupting inflation was bound to be painful.~~ But now we are beginning to see the fruits of that policy.

With inflation falling, with interest rates coming down and with honest finance, confidence is returning. Here lies the basis for a sustainable increase in our standard of life.

No longer ^{will} ~~with~~ the saver find his money ^{devalued} ~~debased~~.

~~No longer ^{will} with the debtor be blessed by inflation's erosion of his debts.~~

No longer will paper booms explode in confetti money.

~~With inflation falling, the world economy should begin growing again next year. In Britain ^{it} ~~we~~ have ^{just} ~~already~~ started to grow, hesitantly and slowly. I do not anticipate, indeed I would not wish for a boom. ^{slowly} ~~slowly~~ but sure and ~~irreversible~~ progress is what we seek and what we shall find. And we shall be in good company with our Allies.~~

In this United Kingdom, inflation has come down far faster than most people dared to hope. As the Chancellor said in New York, he expects inflation to be at about 6½% by the end of this year. Many commentators believe that next year it will be down to 5% or even less. But the battle against inflation is not over. It will go on. And we shall win.

Restoring people's faith in their currency is a necessary condition for a strong and prosperous Britain. But it is not enough. Stable prices alone will not ensure ~~perpetual~~ growth nor will they banish unemployment.

Parkinson's

Our prosperity and our jobs depend upon ourselves. The energy, enterprise and skill we put into ^{our trade and} production; that will determine our ^{level of} employment and our standard of life.

We came to office in 1979 after many, many years when ~~the~~ problems had been ^{long} postponed; ~~and all~~ ^{many} nettles were too painful to grasp.

many issues too easy to fudge

The public sector had grown to become an intolerable burden on the ^(back of) competitive market sector. Trades unions, with the immense powers conferred by laws long ago, asserted their rule over many areas of trade and industry. ^{was Government} Regulations and controls had run amock - on foreign exchange and credit and on productive enterprise of every description. [We started these reforms with great success in the abolition of exchange controls in 1979, ^{That was a} and we are slowly but surely making progress in releasing people and business from the ^{many other} regulations and restraints that have long bound them.

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It took Britain a long time to get into this state ^{of torpor} and it will take a long time to get out. But there are already promising signs. ~~that~~ For example, there has been a great sea change in workers' attitudes and management efficiency in large areas of British industry. Restrictive practices, hallowed by years of rule-book respect, have been not only questioned, but actually banished. Many managers now assert that they have improved their techniques to rival or beat those of their competitors in Germany and France. *I have seen it and I believe them.*



And all these improvements are gradually being revealed in the large and unexpected increase in productivity in the manufacturing sector. *The reforms are bearing some fruit.* No, my friends, it is not a victory, but it is a beginning.

These increases in industrial efficiency have begun to restore the profitability of British business. It is only through increased profits that we will increase employment. New jobs will be created ^{only} if there is profit in them. But all this will take time.

Profitable jobs cannot be created by Government fiat. Indeed if they could be conjured up by rhetoric then Britain would have wealth beyond measure and more jobs than we could ever fill. ✓

The Leader of the Opposition promised that he would reduce unemployment by more than two million. ~~It is fortunately a promise which he knows he is unlikely to be called upon to keep.~~ ^{we must ask} But how would it be done? Simple. He would expand public employment of all kinds (except perhaps the police and the armed forces.) Bureaucrats would have a field day recruiting all and sundry. Labour councils would happily ^{take on} recruit more social workers and council scribes. This, after all, is ^{what we must expect from} the record of these many past years.

There may be some decrease in unemployment, but it would not last more than a few months. Rates ^{demands} would rocket to new highs and the taxes ^{needed} to finance these new bureaucrats ^{would} fall as an unbearable burden on the remaining productive sector of the British economy. It is a story familiar to us all. But we cannot forget about it. It is an ever-present threat.

The Opposition also claim that they will increase the competitiveness of Britain by devaluing sterling. Let me assure Mr. Foot that I ^{really do} believe him! ~~That~~ ^{have no} I do ~~not~~ doubt at all. The advent of a Socialist Government would bring down sterling ^{at} such a pace that would be the alarm of the world.

/And he has

foreign

And he has promised us a restoration of exchange controls. He intends to put a Berlin wall around Britain to keep your money if not your body ~~on these islands~~ ^{under his control} — The better to expropriate the people of ~~these islands~~ ^{this Kingdom} — I leave it to you all to find your way through the maze of ~~these~~ ^(The rest is) Socialist measures, controlling this, subsidising that, regulating all. But for our part, we must be resolute in steering this great country back on to the path of sustainable growth and high employment.

I am quite convinced that the expropriation of the savings is any foundation for permanent prosperity

We want to see no flash flood of jobs, but a permanent tide.

We want to see no fickle paper prosperity, we want to see a permanent restoration of Britain's economic position in the world.