

EXTRACT FROM SPEECH BY THE RT.HON. SIR GEOFFREY HOWE
QC MP(EAST SURREY), SHADOW CHANCELLOR OF THE EXCHEQUER,
TO SEVENOAKS CONSERVATIVES ON THURSDAY 6th MAY 1976

As the spotlight shifts away from yesterday's conveniently well-timed pay-deal, the British people can begin to see the four-star price tag on the bargain.

- X Labour's massive over-spending continues unchecked. One pound in every five is borrowed. Fifteen pounds a week for every family in the country. If Mr. Callaghan and his Cabinet cannot find the courage to cut back on Government spending then all our other sacrifices will be to no purpose.
- X All Labour's unwanted and expensive Socialist programme continues to be thrust through Parliament - nationalisation of aviation and ship-building, abolition of pay-beds and grammar schools, extension of the dock workers' freehold - all as part of the Government's continuing "payment" for the Social Contract.
- X Tight price control will continue to strangle jobs. Instead of facing the facts of the world in which we live, Government continues to put investment and confidence in the jobs of tomorrow at risk.
- X Skilled workers and middle management continue to be caned. All those people for whom Mr. Healey was recently expressing sympathy - the people for whom emigration is all too easy an alternative - will receive much less than the average.

This prescription for a flat-rate society will do nothing to encourage hard work or enterprise. Above all, Labour's continued failure to reduce public spending and borrowing threatens to undermine all the rest of their strategy.

../

Conservatives will certainly not attempt to destroy this fragile package for the conquest of inflation. We shall certainly not follow the example of the Labour Party when they were on the Opposition Benches. Not for us to declare, as did Mr. Foot in January 1974, that: "A victory for the miners will be a victory for the nation".

Certainly the deal can help by lowering expectations, by preventing still more people being priced out of jobs, and by curbing the cost of wages and salaries in the public sector - although many people will be astonished that those on incremental scales appear once again to have an easy ride.

But we shall continue to press the policies that are essential for the treatment of our long-term economic cancer:

- cuts in public spending;
- a reduction in the massive budget deficit;
- a shift of resources into profits and investment;
- more incentives and choice;
- and, eventually, lower taxes.