

THE CONSERVATIVE MANIFESTO 1983

Manifesto Briefing: Table of Contents

Foreward

Record on pensions	1
Record on NHS	2

1. The Road to Recovery

Cutting Income Tax	3
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2. Jobs, Prices and Unions

Reducing the inflation rate	4
Civil Service pay	5
NHS pay	6
Election of union governing bodies	7-8
Trade Union political funds	9
Ballots before strikes	10
Political levy	11-12
Strikes in essential services	13
Employee involvement	14
Training programme	15
Wages councils	16
Privatisation	17-18
Nationalised industries - gas and electricity	19

3. Encouraging Free Enterprise

Labour and the Finance Act 1983	20
New technology: Alvey programme	21
New technology: cable networks	22
Freeports	23
Open-cast coalmining	24
Energy Conservation	25
Tourism	26
Helping the glasshouse industry	27
Farming tenancies	28
Fishing industry	29

4. Responsibility and the Family

Extension of the right to buy	30
Right to buy: improved discounts	31
Building Societies and new housing	32
Method of uprating pensions	33-34
Inflation-proofing of pensions and long-term benefits	35
Public sector pensions	36
Earnings rule	37
Occupational pensions and early leavers	38

Fraud and abuse	39
Voluntary organisations	40
Parental choice	41
Education welfare service	42
Examinations	43
Consumer protection	44
Conciliation and divorce	45
Reforming the divorce laws	46

5. Law, Democracy and the Citizen

Police and Criminal Evidence Bill	47-48
More courtrooms	49
Video cassettes: public decency	50
Independent prosecution service	51
Debarring ex-criminals from jury service	52
Local government spending and manpower	53
Legal curbs on rate increases	54
Business rates	55
Abolition of Metropolitan Counties and the GLC	56-57

6. Improving Our Environment

Reviving the inner cities	58
Disposal of under-used public sector land	59
Privatisation and improvement of public transport	60
London Transport	61
British Rail: public investment	62
British Rail: decentralisation and private enterprise	63
Animal welfare	64

7. Britain in the World

Cruise missiles	65
Britain's nuclear deterrent	66
Civil defence and peacetime emergencies	67
Trade	68
Unfair competition	69
Overseas aid and investment	70

SUBJECT INDEX

Agriculture	27-28
Animal welfare	64
British Rail	62-63
Building Societies, new housing	32
Civil defence	67
Civil Service pay	5
Coal, open-cast mining	24
Consumer protection	44
Courtrooms, more of	49
Cruise missiles	65
Council houses	30-31
Divorce	45-46
Earnings rule	37
Education	41-43
Employee involvement	14
Energy conservation	25
Fishing	29
Finance Act 1983	20
Fraud and abuse in social security	39
Freeports	23
GLC	56-57
Housing	30-32
Income tax	3
Inflation	4
Inner cities	58
Jury service, ex-criminals	52
Land, public sector	59
Local government	53-57
London Transport	61
Metropolitan Counties	56-57
Nationalised industries - gas and electricity	19
NHS	2,6
Nuclear deterrent	66
Occupational pensions, early leavers	38
Overseas aid	70
Pensions	1,33-35,37-38
Police and Criminal Evidence Bill	47-48
Privatisation	17-18,60
Prosecution service, independence of	51
Public sector pensions	36
Rates	54-55
Technology	21-22
Tourism	26
Trade	68-69
Trade Unions	7-14
Transport	60-63
Unfair competition	69
Video cassettes	50
Voluntary organisations	40
Wages councils	16

RECORD ON PENSIONS

"We are proud of the way we have shielded the pensioner ... from the recession."
(p.6)

BACKGROUND

1. Pensions have been raised faster than prices under this Government
 - faster than RPI
 - faster than the pensioner price indices

2. Between November 1978 and November 1982:
 - retirement pensions rose 68.5 per cent
 - widows' pensions rose 68.5 per cent
 - the RPI rose 61 per cent
 - the RPI (less housing) rose 56 per cent
 - single person pensioner price index rose 58.1 per cent (Q4 to Q4)
 - two person pensioner price index rose 57.4 per cent (Q4 to Q4)

3. In November 1978 the single pension was £19.50; the married £31.20
In November 1982 the single pension was £32.85; the married £52.55

4. In November 1979 pensions rose 19.5% (including making good shortfall)
In November 1980 pensions rose 16.5%
In November 1981 pensions rose 9% (after recovery of 1% overshoot)
In November 1982 pensions rose 11% (including making good 2% shortfall)

5. On the assumptions published at the time of the budget the rise in pensions between November 1978 would be about 75 per cent; the rise in prices in the same period would be about 70 per cent.

6. Pensioners have received the Christmas bonus every year under the Conservatives. By contrast, Labour refused to pay a Christmas bonus in 1975 and 1976.

7. The Government is paying record sums to help with the fuel bills of poorer people. Supplementary benefit heating addition is now paid automatically to householders over 70 on supplementary benefit.

RECORD ON NHS

"We are proud of the way we have shielded ... the National Health Service from the recession." (p.6)

BACKGROUND

Measured on any scale the support given to the National Health Service has been remarkable during the recession:

a) Spending has increased from £7½ billion (GB) in 1978-9 to £15½ billion in 1983-4 (comparable figures for England alone are £6.5 billion and £12.9 billion).

- Thus: - resources have been doubled in cash terms;
 - resources have been increased by around 17 per cent in real terms;
 - resources have brought a real growth in services of 7½ per cent in volume after allowing for higher relative price effects in NHS.

Expenditure per head in England has risen from £139 in 1978-9 to £276 in 1983-4

Capital spending in real terms has been raised by 18 per cent - in contrast to the cut of 35 per cent, by the 1974-9 Labour Government. We have planned capital investment of £1100 million. 140 major new hospital schemes are presently being designed or built in England alone.

b) Staff involved in direct patient care have risen substantially. In England

Whole-time equivalents	1978	1982*	Increase
Nurses and midwives	351,000	396,000	45,000
Doctors and dentists (hospital and community only)	36,000	39,500	3,500
Doctors - GPs	21,040	22,787	1,747
Dental GPs	11,796	13,170	1,374

* 1982 figure provisional.

c) The measure of how the NHS is doing its job is the number of patients treated. In 1981 (last year for which figures available) there were:
 Over ½ million more in-patient and day cases than in 1978
 Over 1½ million more out-patient and emergency cases than in 1978
 Over 375,000 more people visited at home by health visitors and district nurses than in 1978.

CUTTING INCOME TAX

"We have cut income tax rates and raised allowances at all levels." (p.8)

BACKGROUND

1. Since 1979 we have:

- cut the basic rate of income tax from 33% to 30% |
- cut the top rate of income tax on earned income from 83% to 60%, and the top rate of investment income from 98% to 75% |
- raised income tax allowances by more than inflation; on average, they have been increased by over 5% in real terms |

2. We would like to have done more but tax reductions had to compete with our other objective of reducing the weight of government borrowing while the NI employee contribution had to be raised to maintain social security payments. ||

3. Under the last Labour Government real take-home pay generally fell. This was partly because the basic rate of income tax was increased from 30% to 33% and income tax allowances were not increased as fast as the rate of inflation. v

4. The contrast between real take-home pay under Labour and Conservatives is shown below:

	<u>Change in net take-home pay in real terms</u> (average earnings)		
	Single	Married	Married couple with 2 children
1973/74 - 1978/79	-2.9%	-0.8%	+0.5%
1978/79 - 1983/84	+5.3%	+4.9%	+5.5%

(Hansard, 6th May 1983, WA Col. 163)

Note: figures allow for child benefit where appropriate.

REDUCING THE INFLATION RATE

"Yet prices are rising more slowly than at any time since the 1960s. During the last year inflation has come down faster in Britain than in any other major economy." (p.10)

"In the next Parliament we shall endeavour to bring inflation lower still. Our ultimate goal should be a society with stable prices." (p.10)

BACKGROUND

1. The 12-month increase in the Retail Prices Index to March 1982 was 4.6%, the lowest figure since June 1968.
2. In the 12 months to March 1983 food prices rose by only 0.9%.
3. The rate of inflation has fallen faster than in other countries.

	<u>12-monthly increase in consumer prices, %</u>		
	March 1982	March 1983	fall over past year
UK	10.4	4.6	-5.8
US	6.8	3.6	-3.2
Japan	2.8	2.3	-0.5
Germany	5.2	3.5	-1.7
France	14.1	9.0	-5.1
Italy	16.1	16.4	+0.3
Canada	11.6	7.2	-4.4

(figures may be subject to revision)

4. The Chancellor made clear at the time of the Budget that inflation was expected to rise slightly in the second half of 1983, perhaps to around 6%, but that inflation would resume its downward path in 1984. Since then the prospect for lower inflation has, if anything, improved.
5. The Government is determined to continue placing the emphasis of economic policy on the defeat of inflation. The Government believes that stable prices are a pre-condition for a sustained reduction of unemployment.

CIVIL SERVICE PAY

"We are committed to fair and reasonable levels of pay for those who work in the public services. We shall therefore continue to seek sensible arrangements for determining pay in the Civil Service ... following the Megaw Report." (p.11)

COMMITMENT

The Government announced its intention of instituting new arrangements, based firmly on the Megaw Report, in December 1982.

BACKGROUND

1. The pay research procedures used (frequently but not invariably) to settle civil service pay were by 1981 widely recognised as defective and inadequate. In 1981 itself the overriding need for restraint in pay settlements throughout the country led the Government to base the annual pay settlement on cash limits (which caused an unprecedented industrial dispute). At the same time a committee under Sir John Megaw was set up to advise on new arrangements for the long term.
2. The Megaw Report, published in July 1982 (Cmd. 8590) criticised the traditional method of pay research (carried out by means of limited comparisons with private industry), and suggested that greater attention should be given to prevailing market forces by taking into account 'evidence on recruitment and retention of staff within and outside the civil service'.
3. The trade unions have been (and will continue to be) given every opportunity to express their views before the new system is finally established.

NHS PAY

"We are committed to fair and reasonable levels of pay for those who work in the public services. We shall therefore continue to seek sensible arrangements for determining pay in ... the National Health Service, following ... the resolution of the NHS pay dispute." (p.11)

COMMITMENT

- a) Part of the 2-year settlement of the 1982 NHS pay dispute was to establish a review body to report on the pay of nurses and of professions allied to medicine - the first recommendations to be for the period from 1st April 1984.
- b) The Government is also committed to entering discussions on better permanent pay arrangements for other groups of workers not covered by the review body proposal.

BACKGROUND

1. The Government has a good record on supporting nurses. Numbers of nurses and midwives have been expanded by 45,000 (whole-time equivalents) in England alone between 1978 and 1982. We have reduced the working week for nurses and midwives from 40 to 37½ hours.
2. Between 1979 and 1982 nurses' pay was advanced ahead of inflation. The 1982 settlement gave a two-year pay deal covering April 1982 to April 1984 of 12.3 per cent from 23 August 1982 until 31 March 1984 (7.5 per cent for 1982-83 plus a further 4.5 per cent in 1983-84).
3. The Government is consulting on proposals for the review body, i.e. staff to be covered, terms of reference etc. The review body will be independent - free to reach its own conclusions. The analogy is with the doctors' and dentists' review board, not with Clegg which simply looked at 'comparability'. Government must reserve the right not to accept the review body's recommendations for compelling national reasons; this is the normal position with review bodies. Government has always recognised the special position and dedication of nurses - the Royal College of Nursing did not take strike action against patients in 1982. The review body is a major Government initiative to recognise their special position; it is welcomed - and indeed has long been requested - by leaders of the profession.

ELECTION OF UNION GOVERNING BODIES

"We shall give union members the right to hold ballots for the election of governing bodies of trade unions". (page 12).

Commitment

To legislate in the next session of Parliament to give trade unionists a general right to free, fair and secret ballots for the election of the governing bodies of their union. General secretaries will be included where they have a vote on the governing bodies.

The legislation will require only that the ballot is direct, secret and fair, giving every member the opportunity to vote by marking a ballot paper. Public funds to cover costs would continue to be available under the Employment Act 1980. Members of a trade union who felt that they had been denied their rights - because the ballot was not held, or was unfair - would have recourse to the courts to secure compliance with its statutory duty. The Secretary of State would not be involved at all.

Background

1. This is not heavy-handed regulation of the internal affairs of trade unions. It is a moderate measure applying only to governing bodies which has been forced on the Government by the pressure of public and trade union opinion and by the continuing failure of the trade unions to reform themselves, despite increasing evidence that they are out of touch with their members and often in the hands of militant and unrepresentative cliques. Mr Eric Hammond, General Secretary of EETPU, has said:

"Trade Unions are not top of the pops. We are not a popular group in society. This is because most trade union leaders are just not representative of the ordinary members" (The Sun, 22nd December 1982).

Polls show that electors and trade unionists think secret ballots for the election of trade union leaders a good thing. There was also overwhelming support for the principle during the consultations on the Green Paper.

2. Modern trade unions are large, rich, powerful and privileged bodies, often commanding large conscript armies in the closed shop. Both their members and society as a whole are entitled to demand that power is exercised responsibly and accountably. Yet of the 520 unions in existence at the

end of 1981 only a handful could satisfy the basic principles of democracy: leaders elected by fair and secret ballot, on the widest franchise. Low turn-outs, ambiguous rule books and deliberate malpractice - including, in a number of cases, ballot rigging and forgery - undermine public confidence in trade unions leaders. Frank Chapple, former General Secretary of EETPU, has spoken of a

"shameful assault of democratic rights of every member. Ballots were rigged, votes 'against' illegally disallowed and outspoken opponents threatened and intimidated." (Daily Mail, 19th November, 1982).

3. The Government's approach is flexible, reasonable and pragmatic. No model electoral procedure is presented, since this would be impractical (the NUS, for example, has members scattered all over the world), and other unions have a high turnover of membership.

TRADE UNION POLITICAL FUNDS

"We shall give union members the right to ... decide periodically whether their unions should have party political funds" (page 12).

Commitment

To make effective the Trade Union Act 1913, under which trade unions have to ballot their membership before they can have a political fund. Legislation will require such a ballot to be held every 10 years. A political fund would have to be wound up if its existence was not confirmed by a ballot of the membership within the previous 10 years. After the legislation is passed trade unions will be given adequate time to arrange for a ballot.

Background

1. Under the Trade Union Act 1913 trade unions are allowed to pursue their members' interests through political associations provided authority to do so is obtained by ballot, that the union maintains a separate political fund and that members are given the right to 'contract out' of the political levy (see THE POLITICAL LEVY, p.11). The ballot, however, is a once-for-all requirement and, since most trade unions who have political funds set them up shortly after the 1913 Act, some have not tested opinion on their political funds for periods of up to 70 years. It is therefore perfectly reasonable to require them to seek a fresh mandate.
2. This is not unwarranted interference. The 1913 Act, which provides for clear legislative intervention in union rule books, has stood for 70 years, and is in accordance with Britain's ILO commitments. The unions should not object to updating it.
3. There is also evidence of abuse. Some unions finance political activities out of their general fund, to which all members contribute.
4. Opinion polls show that the majority of electors and trade unionists think trade unions should not be involved in political matters.

BALLOTS BEFORE STRIKES

"We shall also curb the legal immunity of unions to call strikes without the prior approval of those concerned through a fair and secret ballot". (page 12).

Commitment

Legislation to make immunity from civil action for calling a strike dependent on the trade union concerned having held a free, fair and secret ballot of all those called upon to strike in order to secure their approval.

Background

1. The Green Paper, Democracy in Trade Unions, put forward proposals for a statutory "right to ballot" and for "triggered ballots", for example where a significant proportion of members demanded it.
2. Immunity would be withdrawn from trade unions calling or supporting strike action unless it had been endorsed in a fair, free and secret ballot of those concerned.
3. The liability of a trade union to damages will be established according to Section 15 of the 1982 Employment Act, which sets out when a trade union is to be regarded as liable for unlawful industrial action organised by its officials. The scale of damages will be limited according to Section 16 of the Act.
4. So long as the ballot was free, fair and secret, trade unions would be able to make their own arrangements and devise their own question. Where the wording of the question was in dispute the courts could be asked to decide.

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POLITICAL LEVY

"We intend to invite the TUC to discuss the steps which the trade unions themselves can take to ensure that individual members are freely and effectively able to decide for themselves whether or not to pay the political levy. In the event that the trade unions are not willing to take such steps, the government will be prepared to introduce measures to guarantee the free and effective right of choice". (page 12).

Commitment

To make effective Section 5 of the Trade Union Act 1913, whereby any trade union member who objects to contributing to a union political fund has the right to claim exemption (ie 'contract out' of the political levy). The TUC will be invited to discuss with the Government what ^{steps} they can take to guarantee a free and effective right of choice. If they ~~do~~ ^{are} ~~not come up with satisfactory proposals~~ the Government will legislate and, if necessary, reintroduce the system of 'contracting in' which obtained between 1927 and 1946.

Background

1. Steps the TUC could take include enclosing a 'contracting-out' form with the union membership card; making new members aware that they can 'contract out'; or showing clearly how much of the trade union subscription is in fact the political levy. If it could be shown that ~~these arrangements were satisfactory~~, there would be no need to legislate. There is considerable evidence that current legal provisions governing the operation of the political levy are open to abuse. Some members are not even aware they are paying a political levy; for others it is made deliberately difficult to 'contract out'. Mr Gavin Laird, General Secretary of AUEW has said:

"We made it as difficult as we possibly can for people to contract out of paying the political levy". (Financial Times, 21st March 1983).

Only varying practices can explain the wide disparities between high contracting-out and low contracting-out areas and unions. There are, for instance, variations of between 36 per cent and 100 per cent in the proportion of members paying the levy in different areas of the NUM.

2. The Government has chosen not to simply revert to the system of 'contracting in' following concern expressed by trade unions. Instead they have been given a further chance to reform themselves.

Following concern expressed by the trade unions and the Labour Party about the effect on its finances, the Government has delayed a final decision on contracting in or out and given a further chance to the unions to reform themselves.

CONSERVATIVE MANIFESTO 83

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3. This is not a bid to bankrupt the Labour Party. The fact that the Labour Party cannot support itself by membership is no arguments for supporting legislation which enables trade unions to extract more from people on their behalf. Presently the Labour Party does not need membership because it can rely on union contributions. 80-90 per cent of the Labour Party's income is derived from union affiliation fees; only 30 per cent of the Conservative Party's income is derived from corporate donations. This lack of membership has been a major fact in the Labour Party's drift to extremism. 3

4. Corporate donations cannot be equated with the political levy. Under the Companies Act shareholders have to be informed if the company is making political donations and they can ~~side~~ ^{vote} on the issues at the AGM. People also have the choice of whether or not to buy shares in a company that ~~does not make~~ political contributions. A miner, for example, has no choice about the union to which he belongs, and very little choice about what political contributions he makes.

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STRIKES IN ESSENTIAL SERVICES

"The proposal to remove immunity in the absence of pre-strike ballots will reduce the risk of strikes in essential services. In addition, we shall consult further about the need for industrial relations in specified essential services to be governed by adequate procedure agreements, breach of which would deprive industrial actin of immunity". (page 12-13).

Commitment

To consult on the need for legislation in which certain industry and services specified as essential will be required to have adequate procedure agreements which, if breached, will result in loss of immunity.

Background

1. The Government has chosen not to legislate immediately, because it has always chosen to consult widely before major reforms. Other steps to be taken by the Government - in making trade union leaders more accountable and the removal of immunity where pre-strike ballots were not held - will ~~in the meantime~~ deter strikes in the essential services anyway.
2. The services to be defined as essential (e.g. gas, water, power, fire, ambulance) will be established during consultations.
3. The drawing up of procedure agreements will also be a matter for consultation. ~~ACAS may have a role.~~
4. ~~There is no reason to suppose such a reform would make employees more inclined to provoke breaches of procedure agreements. Unions will be obliged to keep an agreement, no matter how provocative the employer. The courts may also decide in certain cases that the breach was the fault of the employe, not the union.~~

1. Public opinion has been outraged by strikes which have victimised innocent people by cutting off essential services.

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EMPLOYEE INVOLVEMENT

X "We shall resist current attempts to impose rigid systems of employer/
employee relations in Britain". (page 13).

Commitment, in their present form,

To oppose ^{two sides} of draft European Community legislation - the Fifth Directive and the 'Vredeling' Directive - which would impose on British firms legal obligations to consult and involve their employees.

Background

be developed by the traditional
British voluntary systems, not

1. The Government's view is that involvement is best developed by companies to suit their own circumstances, and should ~~not be~~ enforced by legislation which may be based on legal systems inappropriate to the UK. Both 'Vredeling' and the fifth Directive would impose inflexible systems and so disrupt industrial relations in the UK.
2. The Government nevertheless understands the importance of employee involvement. The 1980 Companies' Act extended directors' duties to include the interests of the employees. The 1982 Employment Act obliges companies with more than 250 employees to include in their annual report a statement about steps taken to enhance employee involvement.
3. In addition, employee share ownership and profit sharing has been promoted, largely via tax changes. The number of employee share schemes has increased from 30 in 1979 to 550 in 1983, involving 250,000 people. Where state industries have been returned to the private sector, employees have been encouraged to take a stake in the firm. 100,000 have done so.
4. The Fifth Directive on Company Law Harmonisation is now expected to require companies above a certain size to adopt a number of options on employee involvement: worker directors, elected or co-opted to the supervisory board of a German style two tier system; worker directors on a British style single board; a works council; or a system established by collective agreement but with the representatives - as in the other options - elected by secret ballot.
5. The Vredeling Directive is now expected to require 'complex' undertakings - particularly multinationals - above a certain size to provide regular reports on the company's activities, and to consult employee representatives on decisions likely to affect their livelihood. However, the Government takes the view that there is little evidence existing OECD and ILO (voluntary) guidelines on multinational behaviour are being ignored, though companies could do more to indicate their compliance with them.

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TRAINING PROGRAMME

"This year, some 1,100,000 people are being trained or helped by the most comprehensive programme of its kind in Europe." (p.14)

BACKGROUND

1. Some £2 billion is being devoted to Special Employment and Training Measures in 1983-84, compared with only £374 million (MSC training and special measures budget) in 1978-79, Labour's last year in office.
2. Spending on the Youth Training Scheme is eight times the expenditure - in real terms - of spending on the Youth Opportunities Programme in 1978-79. It is the most comprehensive Youth Training System ever launched in Britain, and will help 365,000 young people by the Autumn of this year.
3. Labour - which did not get beyond consultative documents on the subject whilst in Government - now propose a two-year Youth Training Scheme costing an additional £1½ billion in the first year, rising to £3½ billion in the second!
4. The Government's concern for the long-term unemployed is shown by the fact that a quarter of the £2 billion budget goes on schemes to help them. In particular the Community Programme will offer up to 130,000 temporary jobs for the long-term unemployed.
5. Older schemes have been improved and an imaginative new range of schemes introduced. These include expansion of Job Release, the introduction of Part-Time Job Release, the Job Splitting Scheme, the Enterprise Allowance Scheme, the Voluntary Project Programme and the Young Workers Scheme.

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WAGES COUNCILS

"We shall continue to...ensure that Wages Councils do not reduce job opportunities by forcing workers to charge unrealistic pay rates, or employers to offer them".(page 14).

Commitments

the X To give serious consideration to all the options for the future of Wages Councils when the Government's freedom of action is no longer constrained by international obligations.

Background

1. It is obvious that all wage negotiations - whether in Wages Councils or elsewhere - should take account of the effect of their recommendations on businesses and jobs. One option, for example, might be to require Wages Councils to take into account the consequences for employment of the recommendations.
2. The Government has serious misgiving about the Wages Council system because of its effect on jobs. The Secretary of State for Employment has twice - in 1980 and 1983 - had to write to the chairmen of the retail wages councils to ask them to reconsider the effect of their recommendations on employment.
3. Government is obliged to maintain some kind of minimum wage-fixing machinery under ILO Convention 26 and existing arrangements inhibit any substantial change until 1986. In the meantime the Government has streamlined the Wages Council system, and urged employers to make representations through their representatives on the Councils.
4. Considerable concern has been expressed about the effect of Wages Councils on youth employment. The Government shares this concern, and has sought to encourage the payment of more realistic youth wages in the wider context of the Young Workers Scheme and the New Training Initiative.

PRIVATISATION

"And we shall transfer more state-owned businesses to independent ownership. Our aim is that British Telecom - where we will sell 51 per cent of the shares to the private sector - Rolls Royce, British Airways and substantial parts of British Steel, of British Shipbuilders and of British Leyland, and as many as possible of Britain's airports, shall become private sector companies. We also aim to introduce substantial private capital into the National Bus Company. As before, we will offer shares to all who work in them." (p.16)

"We shall also transfer to the private sector the remaining state-owned oil business - the British Gas Corporation's offshore oil interests." (p.16)

COMMITMENT

This will be the largest reduction in the public sector ever undertaken.

BACKGROUND

1. British Telecom (BT). The British Telecommunications Act 1981 breached BT's monopoly. A rival network, Mercury, and two radio-telephone networks have been licensed and will commence service soon. The Telecommunications Bill will have to be reintroduced in the next Parliament. After the sale BT will operate under a license that will regulate its monopoly and prices, and safeguard uneconomic but socially necessary services such as call boxes and 999. Rural services, which are not loss-making at present, will also be safeguarded.
2. Rolls-Royce (RR). The Government is not looking for an early sale of RR shares to the public but regards privatisation as its eventual objective. At the moment RR qualifies for Government launch aid for commercially viable projects, as do private sector companies such as British Aerospace and Westland. This would continue after privatisation. The scale and cost of aerospace projects means that they are likely to be undertaken in collaboration with other countries. RR is not, at present, profitable.
3. British Airways (BA). The Civil Aviation Act 1980 permits the sale of BA. This will happen as soon as is practicable. BA has been hit by the recession and deregulation of the North Atlantic routes, but the board has rationalised its operations and returned it to a profit of £72 million in the last financial year.
4. British Steel Corporation (BSC). The Iron and Steel Act 1982 permits the sale of BSC's peripheral activities. BSC chemicals, Redpath Dorman Long (a construction company) and Victaulic (a pipemaker) have been sold. BSC/private sector joint companies have been set up under the Phoenix Schemes. Allied Steels and Wire have been set up with GKN, Sheffield Forgemasters with Johnson Firth Brown and negotiations are taking place concerning engineering steels.

Future plans include further joint ventures with the private sector, the sale of major operating divisions such as Tubes and individual units when brought to viability, and more sales of peripheral activities such as refractories, land and property.

5. British Shipbuilders (BS). The British Shipbuilders Act 1983 permits the introduction of private capital and joint ventures with the private sector, and gives the Government powers to privatise by disposal of parts of BS. No decisions on how to proceed have yet been taken, but the Government want to return what they can to the private sector. The naval shipbuilding yards are profitable, but merchant shipbuilding will continue to need support.
6. Britain's airports. The British Airports Authority (BAA) operates seven major airports: Heathrow, Gatwick, Stanstead, Glasgow, Edinburgh, Prestwick and London. Most other airports are operated by local authorities. BAA has been consistently profitable and has a major capital spending programme of £850 million up to 1986-87. In July 1982 BAA was asked by the Government to set up a working group to study options for introducing private sector capital. The Civil Aviation Authority has also been asked to consider how its aerodromes in the Scottish Highlands and Islands might be privatised.
7. National Bus Company (NBC). The Transport Act 1982 permits the introduction of private capital into NBC. The Government has made it clear that it intends to privatise National Express and NBC's holiday business.
8. British Gas Corporation's oil interests (BGC). The Oil and Gas Enterprise Act 1982 gave the Government powers to direct BGC to dispose of its offshore oil interests. On 25th April 1983 the Government asked BGC to prepare for the early sale of its North Sea assets. This will take place soon after the election.

NATIONALISED INDUSTRIES - GAS AND ELECTRICITY

"We shall seek other means of increasing competition in, and attracting private capital into, the gas and electricity industries." (p.16-17)

BACKGROUND

Gas. The Oil and Gas (Enterprise) Act 1982 ended a position which the Gas Corporation had enjoyed since its inception - the statutory monopoly of purchase of UK North Sea gas, and the statutory sale of gas in Britain. Since 1982, producers have had the option of selling directly to industrial customers, with access to BGC's pipeline.

The next Government will press ahead with the separation of the gas utility from the oil business. Sale of the Corporation's holding in Wytch Farm, an onshore oilfield, is well underway. The best bid received, after exhaustive testing of the market, was from the Dorset Group of British companies. Negotiations between BGC and Dorset are at an advanced stage. Work is also underway on the disposal of BGC's offshore oil assets. The timing and method of sale will be decided then after the election. The Monopolies and

Mergers Commission (MMC) has reported that the monopoly enjoyed by the Corporation in gas appliance retailing acts against the public interest. Safety arrangements are being developed which will facilitate the introduction of private capital and genuine competition.

Electricity. The Energy Act (1983) received Royal Assent only recently. It will, for the first time, allow private firms to be in the electricity generation business, and encourage firms to invest in generating electricity mainly for their own use. The next Government will want to build on this - electricity generation is not a natural monopoly.

A programme of MMC scrutinies into the efficiency of the Area Electricity Boards has been initiated. The future of the Boards' appliance retailing will be considered in the light of the MMC's findings.

LABOUR AND THE FINANCE ACT 1983

"We shall reverse ... the changes to this year's Finance Act on which Labour have insisted." (p.19)

BACKGROUND

1. Labour opposition and the urgent need to get the Finance Bill through Parliament meant that certain proposals, announced in the Budget, could not be included in the Finance Act 1983.
2. The measures omitted from the Finance Act 1983 include the following:
 - * raising the higher rate thresholds above the 1982-3 levels;
 - * increasing the investment income surcharge threshold;
 - * raising the profit limits for small companies above the 1982-3 levels;
 - * increasing the mortgage tax relief limit from £25,000 to £30,000;
 - * raising the CTT threshold; Labour's insistence on deleting the clause means that the threshold will be indexed from £55,000 to £58,000, rather than the £60,000 proposed in the budget.
3. In practice, the increase in thresholds for the higher rate tax-bands is being put into effect by employers, so no administrative problem will arise once this and the other changes are confirmed in the new Parliament.

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NEW TECHNOLOGY : ALVEY PROGRAMME

"We will now promote ... in partnership with industry, the Alvey programme for research into advanced information technology." (p.20)

COMMITMENT

"This is the first time in our history that we shall be embarking on a collaborative research project on anything like this scale. Industry, academic researchers and Government will be coming together to achieve major advances in technology which none could achieve on their own ... this programme will ensure for British industry secure access to the new technology and to the products and processes on which our future prosperity depends." (Mr Patrick Jenkin, 25th April 1983).

BACKGROUND

1. The Alvey report recommended a programme of collaborative research between industry, Government and academic institutions into advanced information technology and a new generation of super computers for the 1990s. It will cost £350 million over five years and the Government will contribute £200 million from existing departmental budgets. No new public spending is involved. Industrial work will receive 50% grants; the Government feels that it is right to ask industry to contribute the other 50% in order to ensure its commitment.

Research will be concentrated on software engineering, very large scale integration, advanced chips, man-machine interfaces and intelligent knowledge based systems. The programme will be coordinated by a small directorate in DoI reporting to a board of industrialists.

2. In 1981 Japan announced a similar programme costing \$454 million. US spending on research and development in information technology in 1981 was \$10.8 billion, of which 49% came from the US Government. It is clear that in this area the pace of innovation is so rapid that without government support British industry would fall behind its competitors.

NEW TECHNOLOGY: CABLE NETWORKS

"We will ... sanction the launch of new cable networks to bring wider choice to consumers, not just for entertainment, but for the whole new world of tele-shopping and tele-banking." (p.20)

COMMITMENT

The Government's commitment to the expansion of cable networks is set out in the White Paper (Cmnd 8866) published on 27th April 1983. The proposals will be enacted in legislation; a cable authority will be set up to oversee expansion of services and ensure the highest standards.

BACKGROUND

1. The Hunt Committee was set up by the Conservative Government to examine the whole issue of cable services. Its report formed the basis of the White Paper.
2. Cable services can provide not only entertainment through their channels, but can work in reverse so that information can be sent out; this will enable the consumer, for example, to place orders for shopping or use banking facilities from home.
3. The proposals. A cable authority will be set up to award franchises to cable operators. It can sanction "pay-per-view" services, but can exclude events from this to protect services customarily covered by the BBC or ITV (for example, national sporting events). There will be an advertising code based upon that used by the IBA, restrictions upon foreign programme material, and the same rules regarding good taste and decency that currently apply to television. (There will be no 'electronic lock' channels for adult-viewing only).
4. Technological aspects. The development of the cable system will allow expansion of the techniques and skills of advanced technology which will be of lasting benefit to the country.
5. Conservative philosophy. The expansion of cable will bring with it an increase in personal choice. As cable operators in most cases will have to carry current BBC and ITV services, the new systems will continue to be based upon our highly-regarded television productions, while at the same time giving impetus to other productions of a widely varying type. Tele-shopping and tele-banking will give people increased flexibility to take advantage of consumer services.

FREEPORTS

"We will ... further develop ... our latest innovation, duty-free trading zones, which will be established in certain experimental 'Freeports'." (p.21)

COMMITMENT

In his Budget speech the Chancellor of the Exchequer announced that a limited number of freeports would be established on an experimental basis. An announcement will be made shortly for the guidance of would-be applicants for freeport facilities.

BACKGROUND

1. A freeport or zone is an enclosed area adjacent to a sea or airport into which goods may be imported without payment of customs charges, including customs duty, VAT or agricultural levies, although still subject to prohibitions and restrictions such as those relating to drugs, pornography or animal or plant health. Goods within the zone may be stored, transhipped, and repacked or otherwise handled. They may also be processed free of duty for export outside the European Community. Customs charges become due only when the goods are consumed in the zone or when they cross the freeport perimeter for the home market.
2. No decision has yet been announced regarding the location of the proposed freeports, or the criteria determining their selection, since widespread consultations are taking place as stated by the Chancellor in the 1983 Budget statement.

OPEN-CAST COALMINING

"We will also bring open-cast coalmining within normal proper planning control."
(p.21)

BACKGROUND

1. The Government published on 11 May 1983 a White Paper on their response to the Commission on Energy and the Environment's report 'Coal and the Environment'.
2. The Government agreed with the Commission that a modern, efficient coal industry, designed and operated to high environmental standards, can make an immense contribution to meeting the country's energy needs without imposing unacceptable environmental costs. But they also accepted that spoil disposal, open-cast extraction and subsidence damage pose major environmental challenges. The Government agreed that the highest environmental standards should be applied to new developments in older mining areas as well as to development in new coalfields.
3. In future local authorities will decide all NCB open-cast applications and appeals will be decided by the Secretary of State for the Environment. This will help to achieve a closer integration of mining and other land-use planning locally.

ENERGY CONSERVATION

"We shall set up an Energy Efficiency Office to co-ordinate the Government's conservation effort, so as to ensure that the taxpayer gets the best value for money." (p.21)

BACKGROUND

1. The principal recommendation of the Rayner scrutiny of the Government's conservation effort was the creation of such an office. Its objectives will include the promotion of the energy conservation industry.
2. It was also one of the options which the Select Committee on Energy proposed to improve co-ordination in this area. (Energy Conservation in Buildings, HC 401, 10th June 1982).
3. The Secretary of State for Energy has already announced (London, 6th May 1983) that he is urgently pressing ahead towards the creation of an EEO within his own Department. The Government is considering how to meet the full Rayner recommendations, which would require the EEO to cover the work of other departments.

TOURISM

"We shall continue to support the Tourist Boards and tourism projects throughout the country." (p.22)

BACKGROUND

1. Tourism is of major importance to the United Kingdom. Last year the Tourist industries had a total turnover of £8 billion: they earned £4 billion in foreign exchange, and they employ about 1 million people in all.
2. The Tourist Boards - which are funded by Government at a cost of more than £35 million a year - provide a wide range of support both at home and overseas.
3. Direct grants for tourism projects are given under Section 4 of the Development of Tourism Act 1969.
4. These grants for tourism are now available throughout the country. They are no longer restricted to the Regions. This is a change we have made which will benefit the Tourist industry generally. And we have increased the amount of money available under Section 4 from £9.5 million to £12.7 million.

HELPING THE GLASSHOUSE INDUSTRY

"We shall help the glasshouse industry to sell more fruit and vegetables, and to make use of the best possible arrangements for heating and insulation." (p.23)

BACKGROUND

1. Aid to the horticultural industry worth £6.5 million has been given in the last two years to offset the fuel cost advantage received by the Dutch industry. Agreement was reached in April 1982 in the Council of Ministers, for Dutch fuel prices to be brought up to the EEC average by April 1983.
2. Changes were made in the 1982 Budget for conversion grants to coal firing to the benefit of the Glasshouse industry.
3. Aid worth £400,000 was also given to the British apple industry to launch the new 'Kingdom Cox' campaign in 1980. This prevented the French from increasing their growing share in the UK apple market.
4. Grant aid has been introduced for the replanting of apple and pear orchards for a five-year period.

FARMING TENANCIES

"We welcome the fact that, after long negotiations, the National Farmers' Union and the Country Landowners' Association have agreed on the best way to make more farm tenancies available for young people. We shall legislate on these lines at an early opportunity." (p.23)

BACKGROUND

1. Labour brought in the Agricultural (Miscellaneous Provisions) Act 1976, which introduced tenancy succession for farm tenants for three generations. As a result, landlords have been reluctant to re-let farms for fear of not being able to regain the freehold for a very large number of years. In preference, they have tended to take the land in hand and managed the farm themselves. This had led to a shortage of tenancies for young and enterprising farmers with limited capital to enter farming.
2. In 1982, the NFU and CLA came to an agreement after long and difficult negotiations that would basically introduce one life tenancies and at the same time change the criteria on which farm rents are assessed with more emphasis, for example, being put on the earning ~~capital~~ of the land.
3. These proposals, together with other changes in taxation, notably the introduction of Capital Transfer Tax relief of 30 per cent on let land will encourage landlords to re-let farms rather than taking them in hand.

capacity

FISHING INDUSTRY

"During the next Parliament, we shall encourage measures to restructure the fishing industry and to encourage investment and better marketing." (p.23)

BACKGROUND

1. Since the signing of the Treaty of Accession to the EEC in 1972, aid has been given to the industry by both Labour and Conservative Governments to help it through difficult times, not least the loss of fishing opportunities near Iceland. However, the records of the two Governments are vastly different. Total aid in cash terms for the Labour Government 1974-1979 was only £14.9 million (less than in the last year of this Conservative Government alone); under the Conservatives aid to the industry since 1979 now totals £57.2 million.
2. Now that there is a new Common Fisheries Policy for the European Community as agreed in the Treaty of Accession, aid will be forthcoming from Community Funds. These have already been announced and included the following:
 - Vessel building and Grants
 - Laying up Grants
 - Joint Ventures
 - Development of Aquaculture
 - Artificial Reefs
 - Exploratory Voyages
3. A discussion paper has been produced by the Government on the best ways of using the UK share of the £140 million of financial support currently available from the EEC for community fishing fleets and restructuring the industry.

EXTENSION OF THE RIGHT TO BUY

"In the next Parliament, we will give many thousand more families the chance to buy their homes. For public sector tenants, the present 'Right to Buy' scheme will be improved and extended to include the right to buy houses on leasehold land and the right to buy on a shared ownership basis." (p.25)

COMMITMENT

This is a commitment to reintroduce the Housing and Building Control Bill which was lost at the dissolution. It included, among other things, provisions to enable council tenants living in leasehold houses to buy their homes, and give the right to buy on shared purchase terms to all tenants who were able to claim the right to buy outright.

BACKGROUND

1. Leasehold homes. 50,000 local authority, new town and housing association tenants whose landlord does not own the freehold of their homes, but who otherwise qualify under the existing right-to-buy rules introduced by the Housing Act 1980, will be given the right to buy a long lease on their homes. (At present, the right to buy arises only if the landlord owns the freehold of the dwelling.) Tenants of leasehold property will have the right to purchase a long lease, of up to 125 years, subject to the landlord's own outstanding leasehold interest being not less than 22 years in the case of houses and 50 years in the case of flats.

Shared Ownership. Eligible secure tenants of local authorities, new towns and housing associations, who cannot afford to buy their homes outright under the right to buy scheme, will be given a new right to buy on 'shared ownership' terms - in effect, part-renting and part-buying their homes. Shared ownership purchasers will be able to buy an initial share of not less than 50 per cent in their homes, with the right to progress to full ownership by buying additional shares in 12½ per cent tranches.

Tenants of Charitable Housing Associations. The Government intended to extend the right to buy to some tenants of charitable housing associations and housing trusts. 80,000 tenants, whose dwellings have been provided predominantly if not exclusively with public funds in the form of Housing Association Grant (HAG) would have benefited from this extension of the right to buy. It is not possible at present for Ministers to give an unequivocal commitment on the future of this proposal.

RIGHT TO BUY: IMPROVED DISCOUNTS

"The maximum discount will be increased by one per cent a year for those who have been tenants for between twenty and thirty years, taking the maximum discount to 60 per cent." (p.25)

COMMITMENT

This is to increase the maximum discount, available to tenants of local authorities, new towns and housing associations buying their homes under the right to buy, from 50% to 60%. This was provided for by a Government amendment to the Housing and Building Control Bill, which was lost at the dissolution.

BACKGROUND

1. Right to buy discounts currently start at 33% for those with the basic three years' tenancy which qualifies them for the right to buy, and goes up by 1% a year to 50% for those with 20 years' tenancy. The new rule means that discount will continue to rise by 1% a year up to a maximum of 60% at 30 years' tenancy.
2. The Government have concluded that the present discount scheme does not adequately recognise the position of one particular group of tenants, whose period of tenancy stretches over more than 20 years. At present they get no discount in respect of their periods of tenancy over and above the 20-year mark.

BUILDING SOCIETIES AND NEW HOUSING

"We shall conduct early public consultation on proposals which would enable the building societies to play a fuller part in supporting the provision of new housing and would bring up-to-date the laws which govern them." (p.25)

BACKGROUND

1. Building societies are governed by the Building Societies Act 1962, which takes its essential shape from legislation of 1874. It restricts building societies to lending secured on mortgage of property (which has proved very safe); prevents unsecured lending; and limits societies ability to own land or buildings or to act as agents for others. Demand for updating of the legislation began to develop as a result of competition with the banks and other changes ~~in the building societies' environment.~~
2. In a speech to the Building Societies Association (BSA) Annual Conference in May 1982 the Chancellor said that it looked increasingly likely that there would need to be a major re-examination of building society matters and possibly legislation in the course of the next Parliament.
3. The BSA issued a report on the subject in January 1983, based on the work of their working party under Mr Spalding of the Halifax. The report proposed that societies should have powers to make limited investments, via subsidiaries, in banking, insurance, hire purchase and land; and should be able to provide estate agency, surveying and conveyancing services for borrowers. The Government has been considering the report with care. Discussion at the BSA Annual Conference earlier this month indicated that the boards of most large societies wanted to be much more cautious about powers for new ventures than the report suggested.
4. The Government is not committed to legislation but plans to issue a Green Paper later this year if re-elected.

METHOD OF UPDATING PENSIONS

"In future, pensions will be related to actual and not estimated price increases."
(p.26)

COMMITMENT

Under the Social Security and Housing Benefits Act 1983 Britain will revert to the reliable 'historic' or 'actual' method of calculating pensions that was used before 1976.

BACKGROUND

1. In 1976 the Labour Government, seeing that pensioners were due for a 21.2 per cent updating to keep pensions in line with prices under the historic method, changed over to a system of updating pensions and other linked long-term benefits by "forecasting" future inflation. The updating for 1976 was set at 15 per cent, thus saving the Labour Chancellor £500 million (around £1,000 million at today's prices) at the expense of pensioners. That money due was 'lost' forever and was never made up.
2. Labour's method has been wrong five times in the last seven years (right only in 1977 and 1979) causing uncertainty and confusion each year about where pensioners stood. Our method, basing the updating on price increases that have actually taken place, will bring back stability and certainty in fixing pensions. Pensions will rise in line with prices over a period because any price rises "missed" in the period between the announcement and implementation of an updating will inevitably be taken into the calculation the following year.
3. Under the historic method from 1983 a calculation will be made every June (the latest month that can be chosen if all benefits are to be paid in November) of the actual increase in the RPI over the preceding twelve months from May to May. The updated pension will continue to be paid from November.
4. At the time of the 1983 budget it was forecast that inflation in May would be around 4 per cent; in November around 6 per cent. Provision was made on this basis. But in 1982 the inflation forecast turned out to be 2.7 per cent too high. So had the old forecasting method (with adjustment) been applied, pensioners would have received only 3.3 per cent (6-2.7 per cent).
5. Between November 1978 - November 1982 pensions rose by 68.5%, considerably faster than prices (61%) and marginally more than average earnings (68.3%).

6. Over the five years to November 1983 pensions are expected to have risen by about 70% and prices by about 75%.
7. Labour Party. Labour is pledged to uprate pensions in November 1983 faster than the Government proposes: "New Hope for Britain" states they will be uprated "by the full amount necessary to protect their real value against the rise in inflation" (i.e., implied around 6 per cent when written). This is only one feature of Labour's unrealistic multi-billion pound Pension Plan. Labour is also pledged to restore the "earnings link" whereby the increase in pensions is based on the rise in earnings or prices whichever is the greater. The Government sees no merit in entering into an auction against an irresponsible Opposition.
8. Alliance policy. The Alliance proposes to uprate pensions twice a year, a device involving a 25 per cent increase in administrative costs and traditionally seen as a defence against high inflation.

(NOTE: Each 1 per cent increase in retirement pension costs £115 million)

INFLATION-PROOFING OF PENSIONS AND LONG-TERM BENEFITS

"In the next Parliament, we shall continue to protect retirement pensions and other linked long-term benefits against rising prices." (p.26)

COMMITMENT

During the 1979 General Election the Conservatives pledged price protection for pensions and linked long-term benefits over the Parliament. That pledge has been redeemed. The historic method of calculating pensions, reintroduced under the Social Security and Housing Benefits Act 1983, will provide in the future for pensions to move up in relation to recorded price increases. We are pledging to protect retirement pensions and linked benefits against price increases in the next Parliament.

BACKGROUND

1. Between November 1978 and November 1982 prices rose by 61 per cent. The 'pledged' benefits rose by comparison as follows:

£ per week	Nov. 1978	Nov.1982	Percentage increase
<u>Attendance allowance</u>			
Higher rate	15.60	26.25	68.3
Lower rate	10.40	17.50	68.3
Industrial disablement pension (100% rate excluding supplement)	31.90	53.60	68.0
Invalidity pension	19.50	31.45	61.3*
Non-contributory invalidity pension	11.70	19.70	68.4
<u>Retirement pension</u>			
Single person	19.50	32.85	68.5
Married couple	31.20	52.55	68.5
<u>Supplementary benefit</u>			
Long-term (single)	19.90	32.70	64.3
Long-term (married)	31.55	52.30	65.8
Widow's pension	19.50	32.85	68.5

* Rate abated 5 per cent under Social Security (No 2) Act, 1980: pledge applies to unabated rate that will be restored once the pension is brought into tax.

PUBLIC SECTOR PENSIONS

"Public sector pensioners will also continue to be protected on the basis of realistic pension contributions." (p.26)

COMMITMENT

Such an approach is designed to allay the widespread public concern that has existed about the index-linking of public service pensions, without in any way unfairly penalising past or present members of the public service.

BACKGROUND

1. As high inflation became a permanent feature of life under the last Government, the Conservative Party became increasingly concerned about the ever-widening gulf between public service pensioners and those in the private sector to whom full inflation-proofing was unavailable. The Party acknowledged at the last election the existence of a real sense of grievance, but without in any way indicating that it might abolish index-linking. Instead it laid stress on the need for contributions to be realistic.
2. In 1980 the Government set up the Scott Committee to examine public sector pensions; its report, published in February 1981 (Cmnd. 8147), confirmed "the feeling of injustice so widely held in the private sector". The Committee recommended that ~~civil service pensions should be more explicitly contributory with, in due course, public servants paying~~ fairer contributions. *should*
3. Since 1981, the marked success of the Government's counter-inflation policy has helped to reduce the size of the problem. At the same time, the Government has gained acceptance of the need for higher contributions in the same key sections of the public service (the armed forces, the police and, most recently, the firemen). In 1982, for example, the pension contributions made by the police were raised from 7 per cent to 11 per cent for men, and from 5 per cent to 8 per cent for women.
4. The impression is sometimes given that civil servants alone benefit from index-linking., In fact civil servants account for only about ~~20~~ per cent of the total, which includes practically the whole public sector. Around 5.25 million employees enjoy inflation-protected pension arrangements, while nearly 2.5 million are in receipt of such pensions.

NOTE: Many social security benefits are inflation-proofed by law; in addition inflation-proofing has been introduced for some holders of National Savings and this Government has introduced index-linked gilt-edged services.

EARNINGS RULE

"In this Parliament, we raised to £57 a week the amount pensioners may earn without losing any of their pension. It remains our intention to continue raising the limit and to abolish this earnings rule as soon as possible."
(p.26)

BACKGROUND

1. The 1979 Manifesto gave a specific pledge:

"It is wrong to discourage people who wish to work after retirement age, and we will phase out the "earnings rule" during the next Parliament"

But pressure from other social security priorities has so far prevented fulfillment of this pledge.

2. The earnings rule sets out the rate of reduction in the retirement pension that occurs if a pensioner earns more than £57 per week. The rule affects women aged 60-64 inclusive and men aged 65-79 inclusive.
3. The Government raised the allowed earnings limit from £45 per week in November 1978 to £57 per week in November 1982. (Defensive note: this increase is substantially lower than what would have been required to keep up with the rate of price increases).
4. Cost. Official estimates are that the net cost of abolishing the rule (including extra tax revenue from increased pensioner earnings) would be about £55 million.
5. Labour policy. It may be noted that abolition of the earnings rule was not included in Michael Foot's multi-billion pound Twelve-Point Plan for pensioners published on March 1st. Nor is it included in "New Hope for Britain". It is believed that trade unions find it hard to accept a measure that would encourage over-65s to work.
6. Alliance policy. The Alliance manifesto pledges"

"We will make sure pensioners can earn money without losing pension."

OCCUPATIONAL PENSIONS AND EARLY LEAVERS

"We will consider how the pension rights of 'early leavers', people who change jobs, can be better protected and how their members may be given fuller information about their pension schemes." (p.26)

COMMITMENT

To consider the need (through legislation if required as a last resort) for better protection of the pension rights of early leavers. The pensions industry has been asked to seek voluntary agreement if possible to achieve this.

BACKGROUND

1. 11.6 million employees are members of occupational pension schemes - over half the working population. The estimated number of occupational pensioners is 3.9 million (1981), drawing an average of £27 per week. The market value of pension funds is about £70 billion - a proportion of this money has been "targetted" by the Labour Party for directed investment through the National Investment Bank. Labour would also give trade unions 50 per cent representation on the "controlling bodies" of pension funds.
2. "Early leavers". Pension rights of people changing jobs are normally frozen. Hence, as an illustrative example, the entitlement of someone changing jobs four times in his working life may be a pension less than half, perhaps as little as a third as much as that of someone who stays in the same job. At a time when increasing numbers of people change jobs it is questionable whether this is fair; it is also likely to be a disincentive to the mobility of labour.
3. It has to be recognised that current premiums and benefits in occupational schemes are calculated on the basis that there will be a percentage of early leavers. Altering the rules could therefore affect the premiums and/or benefits of those who continued in the same job.
4. In June 1981 the Occupational Pensions Board (OPB) recommended that pensions should be revalued annually in line with earnings up to a ceiling of 5 per cent.
5. A number of suggestions have been made as to how the situation could be improved - including the 'Central Fund' proposal from NAPF members, and in the CPS pamphlet 'Personal and Portable Pensions - For All'. On May 7th 1983, the Secretary of State for Social Services proposed "a special conference on the problems of the early leaver very soon. Invitations will go out shortly."
6. Disclosure. Government announced in October 1982 that it accepted in principle the need for legislation on disclosure of information. A Working Group of officials is examining the law and conventions governing the conduct of pension funds. Government recognises many pension schemes voluntarily provide full information; policy is to raise the minimum levels to the best. Matters at issue include annual reports to members, including publication of audited accounts of the pension scheme, actuarial statement of scheme liability and contribution rates and information about scheme benefits for new members.

FRAUD AND ABUSE

"At the same time, we have clamped down firmly on fraud and abuse of social security." (p.26)

BACKGROUND

1. The 1979 Manifesto stated: "We shall act more vigorously against fraud and abuse." We have had considerable success in this and will maintain the commitment for the future. No-one should turn a blind-eye to law-breaking. And fraud is perpetuated at the expense of - and is as bitterly resented by - other social security beneficiaries just as much as the rest of the community.
2. Specialist Claims Control teams have been set up which go into local offices and investigate areas of claims where experience has shown fraud is most likely. Not one case of improper conduct or harassment by investigating officers (who have a strict code of conduct) has been substantiated.
3. Considerable savings have been achieved, and with increasing efficiency:

	Benefit savings	Staff (man-years) used
1980-81	£68 million	2,369
1981-82	£96.1 million	2,281
1982-83	£110.6 million	2,183

VOLUNTARY ORGANISATIONS

"The Conservative Government has already made many radical changes in law and taxation which have greatly improved the way charities and voluntary bodies are financed." (p.28)

BACKGROUND

1. The voluntary sector's contribution to the personal social services is greater than that provided by local government. The Government recognises this and has provided considerable financial encouragement.
2. In his 1980 Budget the Chancellor announced help to the voluntary sector at a cost of about £30 million per annum:
 - (a) The minimum period for covenants was reduced from seven to four years so that they could be adjusted more quickly to inflation;
 - (b) Tax relief to charities was introduced for the higher income tax rates;
 - (c) The Capital Transfer Tax exempt on gifts to charities was doubled from £100,000 to £200,000. This was subsequently increased to £250,000 from 6th April 1982.
3. The 1983 Budget proposed the following improvements:
 - (a) abolishing the Capital Transfer tax exemption limit - thus no outright bequests to charities will now be taxed;
 - (b) raising the ceiling on higher rates and investment income surcharge tax relief for gifts made by deed of covenant from £3,000 to £5,000;
 - (c) making the cost of employees seconded to charities a tax deductible expense - a concession particularly requested by voluntary organisations.

PARENTAL CHOICE

"Giving parents more power is one of the most effective ways of raising educational standards. We shall continue to seek ways of widening parental choice and influence over their children's schooling." (p.29)

BACKGROUND

1. Our 1980 Education Act gave parents the right to choose schools for their children within or across local authority boundaries; placed a duty upon Local Authorities to comply with parental preferences wherever possible; compelled schools and local authorities to publish full information about curricula, examination results and discipline; and introduced a proper local appeals procedure in all areas for those parents not obtaining their first choice of school. The benefits of the Act are becoming apparent. A sample survey carried out by DES officials has shown that more than 90% of parents obtain places for their children at the schools of their choice; of 9,000 appeals made last year by parents not obtaining their first choice, 3,000 were found in the parents' favour.
2. Our intention is to take this process further in the next Parliament by making schools more responsive to parental choice. The introduction of education "vouchers" or "credits" is only one of several possible means of achieving this end; (see Question of Policy for a suggested reply to direct questions about "vouchers"). Other possible means include increased self-management for maintained schools, and the operation of "open-enrolment" schemes in which Local Authorities make provision for schools to contract and expand rapidly in line with fluctuations in parental demand.

EDUCATION WELFARE SERVICE

"We shall switch the emphasis in the Education Welfare Service back to school attendance, so as to reduce truancy." (p.30)

BACKGROUND

1. The 'Education Welfare Service' is a new body incorporating the old school attendance officers, whose sole task was to enforce school attendance.
2. This new service has become increasingly preoccupied with the 'causes' that lead children to play truant, rather than with truanting itself. The Government is not satisfied with this state of affairs, as the above Manifesto commitment underlines; and it is determined to ensure that the present levels of truancy are reduced by more effective action on the part of the EWS.

EXAMINATIONS

"The public examination system will be improved, and 'O' level standards will be maintained." (p.30)

BACKGROUND

1. We have resisted concerted pressure from the Left to achieve apparent equality in education by lowering the standard of our public examinations.
2. On returning to office in 1979, we quickly affirmed that GCE 'A' levels would stay, thereby ending speculation that they would be abolished.
3. The 16+ examinations ('O' levels and CSE) present a more complicated problem. The current system involves ~~an~~ unnecessary duplication and causes confusion. There are some 30 different syllabuses for 'O' level Mathematics alone. The Government has therefore made efforts to develop a simpler and more coherent system based upon unified 'national criteria' for each of the major subjects (English, mathematics, physics, etc.). This work is not yet complete and it is therefore impossible to say whether any full or partial amalgamation of 'O' levels and CSE will prove necessary or desirable. But we will ensure that any future system maintains the present standards set by 'O' levels for bright candidates.

CONSUMER PROTECTION

"We shall remain vigilant in defence of the quality and safety of the products people buy." (p.31)

BACKGROUND

1. Quality. We have launched a major initiative on standards - designed to improve the quality of British goods and to help industry, consumers and particularly exports.

2. Safety. We are reviewing the Consumer Safety Act to simplify the procedures for taking action against unsafe goods and making the law more effective.

3. Voluntary Codes of Conduct. A whole range of new voluntary codes and schemes for self-regulation -

Home improvements; a code for building associations; codes for holiday caravans, car dealers, insurance, mail order.

4. Protection against Fraud and Abuse. Cork Report - dealing with reform and rationalisation of insolvency law; and matters such as delinquent directors. Now under active consideration.

Better understanding - steps taken to simplify information in advertisements, company returns and contracts.

Doorstep fraud - better disclosure now required; cooling off periods provided.

Consumer Credit Act - deals with contract abuses.

We are also reviewing sectors of the Trade Descriptions Act with a view to clarifying bargain and price display and simplifying information put before the public.

5. Copyright Reform. Green Paper published; very wide consultations have taken place. Considering action now required.

6. Anti-Counterfeiting Unit. We have established a special unit to deal with counterfeit goods which prove a threat to British goods at home and overseas.

CONCILIATION AND DIVORCE

"We are reviewing the family jurisdiction of the courts, including their conciliation role, with a view to improving the administration of family law."
(p.32)

COMMITMENT

No final decisions have been reached: but various initiatives have been under consideration for some time.

BACKGROUND

1. The Lord Chancellor's Department has published a Consultative document, containing proposals for the reorganisation of the family jurisdiction of the High Court and the County courts.
2. Considerable support has been expressed for the creation of a special family court, as recommended by the Finer Committee in 1974. No agreement, however, has so far been reached as to the form which such a court should take. The Government has now contributed to this important legal debate by proposing a single family court for divorce, through which matrimonial proceedings could be dealt with much more efficiently than at present. Under existing arrangements, cases often pass back and forth between the High Court and the County Courts, causing delay and complaint.
3. Local conciliation services have been established in a number of areas. In March 1982, the Government set up a committee to review these ad hoc schemes, and to consider whether (and if so, how) such facilities might be promoted or developed within present public expenditure plans. The Committee's report is now being considered by the Government and it will be published in due course.

REFORMING THE DIVORCE LAWS

"We shall also reform the divorce laws to offer further protection to children, and to secure fairer financial arrangements when a marriage ends." (p.32)

COMMITMENT

Under the proposed legislation, the courts would: (a) give first priority to securing adequate financial provision for any children involved; (b) be freed from the existing requirement to ensure that the financial position of the two parties is not altered by the ending of the marriage; (c) encourage both parties to become self-sufficient; and (d) consider the provision of either a "clean break", or maintenance payments for a limited period, in appropriate cases.

BACKGROUND

1. Since the 1973 Matrimonial Offences Act, there has been controversy about the financial arrangements for divorce, particularly over the levels of maintenance payments to ex-wives.
2. The proposed legislation would give effect to the recommendations made by the Law Commission in a report published in December 1981. The Government announced its intention to legislate, when an opportunity occurred, in January 1982.
3. The lengthy consultations carried out by the Law Commission showed that strong support existed for the concept of the "clean break" where appropriate. However, it is recognised that a final, once for all settlement will be possible in only a few cases. There is no proposal to put a specific time limit on maintenance payments: and so the loyal and long-serving wife is fully protected, as is the wife who is aged or out of work.
4. These proposed arrangements are sufficiently flexible to allow the courts to deal fairly with all types of family.

POLICE AND CRIMINAL EVIDENCE BILL

"The proposals embodied in our Police and Criminal Evidence Bill will help the police to bring criminals to justice. At the same time, they will reinforce public support for the police by laying down clear rules for the right treatment of suspects." (p.33)

COMMITMENT

The Police and Criminal Evidence Bill proposes:-

1. Rationalisation of stop and search powers. These are extended throughout the country to include stolen or prohibited articles (i.e., offensive weapons), as suggested by Lord Scarman.
2. Rationalisation of the powers to enter and search premises.
3. Restriction of the power of arrest to cover only serious offences.
4. Statutory safeguards covering treatment of suspects when detained.
5. Reform of the police complaints procedure, to include an independent element.
6. A statutory framework for consultation between the police and local authorities.

BACKGROUND

1. The present law has a number of defects. For example the power to stop and search for stolen goods is available only in London and certain other areas; powers to set up roadchecks are unregulated; search warrants may be obtained under about 50 Acts for a haphazard range of articles; powers of arrest exist for offences which do not need them (and vice versa); detention is open-ended; suspects have no statutory right to legal advice; and many police powers are generally available irrespective of the seriousness of the offence.
2. The Philips Royal Commission set up by the last Labour Government, recommended that police powers be modernised and rationalised in light of the defects in the law. The Police and Criminal Evidence Bill was based upon the Report of the Commission. The Commission also recommended the tape recording of police interviews of suspects, which is now undergoing field trials, and the setting up of an independent prosecution service - a principle which the Government accept.(see p.47-48).

3. Following representations from the groups concerned, the Government have clarified their intention by specifically excluding the confidential records of doctors, priests and journalists from the search provisions of the Bill.
4. There has been much public disquiet over the lack of an independent element in the police complaints procedure. The Bill proposed this. Relatively minor matters would be dealt with locally by informal resolution and conciliation; more substantial complaints would be investigated and independently considered, as at present; the more serious complaints would be investigated by a senior police officer from an outside force, under the supervision of an independent element throughout the process of investigation.
5. The police cannot do their job properly without public support and co-operation. The consultation procedures introduced by the Bill will improve police/community relations substantially.

MORE COURTROOMS
DELAY IN CRIMINAL CASES

"We shall build more courtrooms to reduce delays in trying criminal cases." (p.33)

COMMITMENT

To make available more new Crown court buildings, so that delays caused by pressure of too many cases on too few courtrooms can be reduced.

BACKGROUND

1. Current position. The number of cases coming before courts has increased over recent years. Old facilities have not been sufficient to cope with this increase and inevitably long delays in bringing accused people to court have resulted. Under the present Government delays have been contained; the number of courtrooms available for the Crown court has been increased from about 340 at the beginning of 1980 to about 380. The number of circuit judges has been increased by about 10%
2. The intention. It is proposed to continue to tackle such delays by building more courtrooms.
3. Conservative philosophy. It is recognised that, frequently, "justice delayed is justice denied". It is essential if fair justice is to be available to those who are accused that the process of trial proceeds as fast as possible.

CONSERVATIVE MANIFESTO 83VIDEO CASSETTES: PUBLIC DECENCY

"We propose to introduce specific legislation to deal with the most serious of these problems, such as the dangerous spread of violent and obscene video cassettes." (p.34)

COMMITMENT

There is great public disquiet over the proliferation of violent and obscene video cassettes. Legislation will be introduced to licence video tapes in the same way as films.

BACKGROUND

1. The current position. Video cassettes are covered under the Obscene Publications Act 1959. This Act applies a basic test to establish whether material is obscene or not - whether it is "likely to deprave or corrupt." This is a very subjective test, and many feel that juries tend not to return consistent verdicts.

The British Videogram Association, the official trade body of video dealers, has agreed a code of practice within the trade, whereby video cassettes of unlicensed films are not sold to minors. However, there is nothing within the code to prevent dealers from obtaining cassettes from elsewhere.

2. The intention. Legislation will be introduced on a licencing basis. It will become an offence to offer video cassettes of unlicensed films for either sale or hire. At present, the British Board of Film Censors licences films for showing in cinemas, but it has no statutory position. Through legislation, it is planned to give the Board a statutory position, which will enable it to licence video cassettes and films so that the sale or hire of unlicensed material can be an offence in statute.

INDEPENDENT PROSECUTION SERVICE

"We accept the case for an independent prosecution service, and will consider how it might best be set up." (p.34)

COMMITMENT

To assess the most effective form of prosecution service independent of the police. This was part of the recommendations of the Philips Royal Commission on Criminal Procedure, from which stems the Police and Criminal Evidence Bill.

BACKGROUND

1. The intention. The success of the police in tackling crime depends very much upon public support; this in turn depends upon the perception of the police as being a body enforcing the law impartially. The Philips Royal Commission considered that this would be improved greatly if the police were responsible for investigation, with the responsibility for prosecution being held by an independent body; if the police prosecute as well as investigate, there is insufficient independent control over the approach to prosecution.
2. Current position. The police are responsible for the investigation of crime, and for the prosecution of offenders. A Home Office working party has been set up to investigate the possibility of removing the prosecution function from the police; it is due to complete its report within the next few months.

NOTE: The Philips Royal Commission favoured locally elected authorities as the basis of an independent prosecution service. This is unsatisfactory, as there will be a suspicion of political interference which will damage public confidence severely.

DEBARRING EX-CRIMINALS FROM JURY SERVICE

"We intend to extend substantially the grounds that disqualify those with criminal records from serving on juries." (p.34)

COMMITMENT

To ensure that those with criminal records are not placed in a position where they can make decisions on the guilt or otherwise of those charged with possibly similar offences.

BACKGROUND

1. Current position. All those who have served a sentence of three months or more in the previous 5 years are disqualified from serving on juries. Those who have served a sentence of 5 years or more at any time are disqualified from service.
2. The intention. Statements at Party Conferences have confirmed the intention to expand the criteria for disqualification. There are two ways this might be achieved: either by criteria based upon imprisonable offences, or by criteria based more upon a more general sentencing policy. The former may be unclear, as people may not be certain what constitutes an imprisonable offence; the latter might be based on any sentence served in the last ten years, including fully suspended sentences and community service orders.
3. Conservative philosophy. Those who have criminal records have demonstrated that they do not share entirely the values of the rest of society. As such, their ability to serve on juries in an impartial manner is at risk, and it is right that they should be disqualified from such service.

LOCAL GOVERNMENT SPENDING AND MANPOWER

"We have checked the relentless growth of local government spending, and manpower is now back down to the level of 1974." (p.36)

BACKGROUND

1. Spending. It must be emphasised that central Government does not control local government expenditure, but can only exert influence by its control over rate support grant. The introduction of block grant in the Local Government Planning and Land Act 1980 enabled the Government to ensure that taxpayers' money was not paid indiscriminately to high spending councils. In this way the Government has made a serious effort to try to moderate local government spending. There is still some growth continuing but it is under adequate control now.

In volume terms, local authority expenditure in GB has increased by only 1.8% over the five year period (0.36% at an annual rate) from 1979-80 to 1983-84 inclusive, compared with 6.47% over the previous five years (1.26% at an annual rate).

However, in cost terms relevant current expenditure by local authorities in GB has increased at an average annual rate of 1.3% from 1979-80 to 1983-84 (estimated budgets) inclusive. Over the period 1974-75 to 1978-79 inclusive the average annual rate of growth in cost terms was somewhat less, at 0.5%

2. Manpower. Since the Government came to office the trend in local government manpower has been downwards but it is not quite down to the level of 1974 as these figures show:

	England and Wales	Scotland
June 1974	2.443 million	253.4 thousand
June 1979	2.672 million	298.1 thousand
December 1982	2.485 million	292.2 thousand

These figures for June 1974 and December 1982 combine full-time and part-time staff.

LEGAL CURBS ON RATE INCREASES

"We shall legislate to curb excessive and irresponsible rate increases by high-spending councils, and to provide a general scheme of limitation on rate increases for all local authorities to be used if necessary." (p.37)

COMMITMENT

This is a commitment to take powers to deal with the high spending councils whose irresponsible overspending is to blame for the bulk of local government's overspending and whose excessive rate increases place a serious burden on their ratepayers.

BACKGROUND

How will the legislation operate? We shall identify the highest spending councils, examine their budgets in advance of their rate fixing and then indicate to them the maximum level of rates that would be acceptable in the next year. This will be similar to the system already operating in Scotland which was introduced to meet the extravagance of high spending authorities, under powers essentially provided by the Labour Government in 1965.

Which are the high spending Labour authorities likely to be affected?

The following list shows those authorities whose budgets for 1983-84 were 25% or more above their grant-related expenditure and whose rates increased by 8% or more between 1982-83 and 1983-84:

GLC	Islington
ILEA	Haringey
Greenwich	S. Yorkshire
Tower Hamlets	Merseyside
Lewisham	Newcastle upon Tyne
Lambeth	Sheffield
Hackney	Manchester
Southwark	

Why is a general scheme necessary as well as a selective scheme?

If a selective scheme had been applied to only the above "top 15" authorities in 1983-84, it would have protected 4 million out of 17½ million domestic ratepayers in England, as well as the non-domestic ratepayers in these areas. If these authorities had met their spending targets this year, the average rate increase in Great Britain would have been about 1.3% rather than about 5.7%.

A general scheme would extend protection to ratepayers in all authorities. General limits would be set, from which individual authorities would be able to seek derogations.

It is intended to legislate on the general and selective schemes simultaneously.

BUSINESS RATES

"In addition, for industry we will require local authorities to consult local representatives of industry and commerce before setting their rates. We shall give more businesses the right to pay by instalments. And we shall stop the rating of empty industrial property." (p.37)

COMMITMENT

To complement the action to curb excessive rate increases by high spending councils, the Conservative Party is proposing a package of measures to help businesses. First, we will provide for councils to consult local businesses before rate fixing. Secondly, the number of businesses able to pay their rates by instalments will be increased by raising the rateable value limits. Thirdly, empty factories will no longer be subject to rating.

BACKGROUND

1. Consultation of Businesses. Businesses pay most of the £7.3 billion raised in rates from the non-domestic sector. It is not feasible to give them direct means of electing their local councils by reintroducing the business vote.

Many local authorities already consult their local industry and commerce. It is essential that councils do take into account the interests of industry and commerce. It will be the duty of local authorities to make their own arrangements appropriate to their own areas for such consultation and to be able to demonstrate, if challenged, whether by an auditor or court, that they have genuinely sought to establish suitable arrangements. Chambers of Commerce and county branches of the CBI are likely to be involved in such consultation.

2. Paying Rates by Instalments. Smaller businesses have already been given the right to pay rates by instalments by the Local Government Planning and Land Act 1980. The Manifesto commitment extends this help to larger firms.
3. Rating of Empty Industrial Premises. The Conservative Government has already taken action to relieve industrial ratepayers. Following a review of the working of empty property rating in 1979, the Government included in the Local Government Planning and Land Act 1980 powers to enable the Secretary of State for the Environment to vary by order the ceilings on the amount of rates chargeable on empty property. Mr Heseltine used these powers to reduce the ceiling on non-domestic property in general to 50 per cent of the occupied rate with effect from 1st April 1981. Continuing economic problems in some areas have led to the partial demolition of factories and, in order to discourage this practice, the Conservative Party has now decided to relieve industry of the rate on unoccupied factories altogether.

ABOLITION OF METROPOLITAN COUNTIES AND THE GLC

"The Metropolitan Councils and the Greater London Council have been shown to be a wasteful and unnecessary tier of government. We shall abolish them and return most of their functions to the boroughs and districts. Services which need to be administered over a wider area - such as police and fire, and education in inner London - will be run by joint boards of borough or district representatives." (p.37)

BACKGROUND

The Metropolitan counties and the GLC, established by previous Conservative Governments, have been abused by Labour politicians and experience has shown the need for change. They have come to be seen by the public as remote, expensive, wasteful in manpower and contribute disproportionately to the problems of overspending. They account for two-thirds of this year's local government overspending.

Overspending this year:

GLC	53%, i.e. £300 million
ILEA	12%. i.e. £97 million
Metropolitan Counties	6.5% i.e. £72 million

It is estimated that as a result of abolition savings will rise eventually to £120 million per annum, and that as many as 9,000 fewer staff will be needed. The transitional cost of abolition in the first year (redundancy payments) might be between £20 million and £70 million.

As many functions as possible will be passed to the Boroughs.

There should be no need for joint Boards for highways or traffic in the Metropolitan Counties. These matters can be co-ordinated by the regional office of the Department of Transport. In London some GLC roads can be passed to the Secretary of State as part of the Trunk network. London Transport will be re-organised as a London Transport Executive, responsible to the Secretary of State, not the GLC, and will be converted into a Metropolitan Transport Authority.

Joint Boards will be needed for Police and Fire and in the Metropolitan Counties a joint but small operation may be required for waste disposal and trading standards. In Inner London, education will be provided by a joint Board acting on behalf of the inner London Boroughs.

Structure plans have now been prepared and approved for all relevant areas. The DoE can exercise a wider co-ordinating role for the districts, since it already

exercises an amending and modification function to submitted plans. This would return the position to pre-1974.

Consultation will be necessary to determine the best way of replacing the Arts functions of the GLC, which primarily involve the administration of the South Bank Arts complex, including the National Theatre, and several historic houses for which the GLC is responsible.

REVIVING THE INNER CITIES

"Our approach to reviving the rundown areas of our great cities is to use limited public money to stimulate much larger investment by private enterprise." (p.38)

BACKGROUND

1. The Government has given high priority to environmental improvement in the inner cities. Since 1979 the Conservative Government have more than doubled the size of the Urban Programme - the main source of specific Government support for projects aimed at tackling inner city problems (£165 million in 1979-80 to £348 million in 1983-84). About a quarter of that goes directly on environmental improvement - for example landscaping derelict sites, tree-planting, environmental measures associated with housing improvement. Much of the rest is spent on projects which involve new uses for derelict sites and buildings, creating new life and activity in place of dereliction and decay.
2. Out of £348 million Urban Programme money for 1983-84, £60 million has been earmarked for Urban Development Grant projects. The Urban Development Grant is a new development by which local authorities are invited to devise investment projects in co-operation with the private sector. There is no restriction on the type of project - industrial, commercial, housing or recreational. Bids are assessed by an expert team and grants are payable at 75% of cost. The Government's particular concern is that the project improves the local economy. There have so far been four announcements of UDG projects of approvals and the private to public investment ratio is often better than three to one.

DISPOSAL OF UNDER-USED PUBLIC SECTOR LAND

"We shall increase our efforts to secure the disposal of under-used public sector land, using the powers available to us in order to require sites to be sold for homes and jobs." (p.39)

BACKGROUND

1. Public Sector Land Release. Publicly owned land is now being released on the largest scale since the war. In the three and a half years up to December 1982, local authorities, New Towns and the Housing Corporation had released 2,700 acres of land, almost entirely for housing; and a further 1,630 acres had been released on licence for housebuilding for sale. Sales by Government Departments through the Property Services Agency have totalled about 7,000 acres. Land disposals by government Departments, New Towns and the Water Authorities have realised over £650 million.
2. Land Registers. Under the Local Government Planning and Land Act 1980 the Secretary of State for the Environment introduced a register of unused and underused land in public ownership in every English District and London Borough. The Secretary of State for the Environment has power to direct disposals of registered sites under the Act. There are 108,000 acres on the registers, including 50,000 acres with development potential. 6,000 acres have been sold or brought into use.

PRIVATISATION AND IMPROVEMENT OF PUBLIC TRANSPORT

"We shall further relax bus licensing to permit a wider variety of services. We shall encourage the creation of smaller units in place of the monolithic public transport organisations which we have inherited from Socialist past, and encourage more flexible forms of public transport. City buses and underground railways will still need reasonable levels of subsidy. But greater efficiency and more private enterprises will help keep costs down." (p.39)

BACKGROUND

1. Licensing. As a result of the Transport Act 1980, about 100 new Intercity express coach services have begun and fares have come down.
2. Smaller units. The Government intends to examine ways of decentralising BR and, when the London Regional Transport Authority is established, it will examine the scope for splitting the different types of transport in London into separate bodies. This will provide greater flexibility in planning at a local level, encourage good management, staff loyalty, good work practices and customer service.
3. More flexible forms of Public Transport. The Government is already encouraging the growth of low cost unconventional services (e.g. voluntary minibus, car sharing, post buses, school buses). The Government intends to continue to develop this policy and will explore the scope for wider use of taxis and hire cars. The scope for further action on breaking down barriers between the various forms of transport in rural areas (i.e. health authority buses, school buses, post buses etc.) will be examined.
4. Subsidy. GLC and metropolitan counties are allowed to provide reasonable levels of revenue support for urban transport under the Transport Act 1983. Indeed the Government is allowing local authorities to spend £230m on urban transport subsidies in 1983-84, which compares with £119m in 1978-9.

LONDON TRANSPORT

"The GLC has grossly mismanaged London Transport. We shall set up a new London Regional Transport Authority for the underground, buses and commuter trains in the London area. This will provide the opportunity to split the different types of transport into separate operating bodies, put more services out to private tender and offer the passenger better performance." (p.39)

BACKGROUND

1. GLC Mismanagement. The GLC's 'Fares Fair' policy was an expensive fiasco. In the wake of the Law Lord's decision, fares rose in real terms above levels inherited from the Conservatives and rates rose. LT's Unit Costs have risen in real terms between 1971 and 1981 by 66% per bus mile and by 50% per underground mile - substantially more than that for other public transport operators. LT is overmanned and the number of LT employees remained steady in the 1970s, despite decreasing demand. Investment has been unsatisfactory and progress to automatic ticketing has been very slow, despite pressing need.
2. Regional Transport Authority. On 28th July 1982, the Select Committee on Transport published a report on Transport in London recommending that responsibility for long term decision making on roads and public transport should be transferred to a new Metropolitan Transport Authority, whose writ would run throughout the main London commuting area. The Government has now accepted this in principle with the difference that the Regional Transport Authority is not taking over responsibility for London's roads. A Regional Transport Authority will mean more stability in policies, will help the coordination of different public transport services and allocation of resources, better integration of fares and service levels, and more attention to the needs of the customer. Details of the LRTA's functions and composition will be set out in a White Paper, as will proposals for roads and traffic management in London. (Amplification possible only when detailed proposals are developed.)
3. Private Tender. There may be good arguments within London Transport's operations for putting services out to tender and splitting London Transport's operations down into more manageable sections. The LRTA will be able to examine the scope for this.

BRITISH RAIL: PUBLIC INVESTMENT

"There is, however, scope for substantial cost reductions in British Rail which are needed to justify investment in a modern and efficient railway". (p.39)

BACKGROUND

1. Cost reductions. The Serpell report identified scope for over £200 million in cost reductions annually by 1986, broadly within the present railway network. British Rail has accepted that there is considerable scope for cost reductions and the Government has asked BR to pursue these as a matter of priority.
2. Investment. The Government has made approval for investment in electrification of inter-city routes dependent upon better business performance and improved productivity. The go-ahead has been given for a scheme to electrify the main line between London and Ipswich, Norwich and Harwich but progress elsewhere has been slow as BR has not provided satisfactory forecasts for their intercity business showing a return to commercial viability by 1985. When British Rail gets a grip on costs, the Government hopes that better forecasts will justify further investment.

BRITISH RAIL: DECENTRALISATION AND PRIVATE ENTERPRISE

"We shall examine ways of decentralising BR and bringing in private enterprise to serve railway customers." (p.40)

BACKGROUND

1. Decentralisation. The Serpell report identified serious weaknesses in the management structure of BR and the majority report argued "To improve the structure is, in our view, essential to improving the railway's finances". They did not make specific suggestions as to how this could be achieved. However, during the Serpell enquiry, the board of Southern Region suggested that Southern region might be organised as a separate company because this would have a beneficial effect on management, loyalty, good work practices and better service to the customer. Mr. Howell has made it clear that the Government wants "a better structure for our railways." Decentralisation would give local managers, who understand the local market, greater say in the running of the railways. At present planning is highly centralised in BR headquarters.
2. Private enterprise. Many of BR's operations have already been privatised including 25 hotels, the hovercraft business and over £100 million of non-operational property. It is hoped to privatise Sealink soon. The Manifesto suggests further involvement of private enterprise in the railway's main business: for example in catering (BR is already investigating the scope for this), development of stations and the running of certain routes (e.g., London to Gatwick).

ANIMAL WELFARE

"We ... immediately introduced a White Paper on Animal Welfare to foreshadow changes in the law. We now propose to introduce legislation to update the Cruelty to Animals Act 1876 which will ensure more humane treatment of laboratory animals in scientific and industrial research." (p.40)

BACKGROUND

The Cruelty to Animals Act 1876 will be replaced by new legislation which will propose 10 major changes from the 1876 Act:

1. An Animals Procedures Committee will be set up. It will have wide powers to advise on questions of policy and procedure and on applications for licences, which the Home Secretary refers to it as giving rise to special concern. It will make an annual report to Parliament.
2. New controls will apply not just to experiments, but to all procedures involving animals, e.g. breeding for physical defects, and interference with the embryo and foetus.
3. Animals being bred for and supplied to laboratories will be included under these controls.
4. Statutory protection will be given to animals at all times that they are in laboratories and not just during an experiment, as at present. The advice of a veterinary surgeon will have to be available.
5. All work will require specific authorisation. The Home Secretary will have to be satisfied, among other things, that the work is justifiable; that no satisfactory alternatives to the use of animals can be found; that the minimum possible number is used; and that the least possible suffering is caused.
6. Anaesthetics and analgesics (painkillers) will have to be used wherever possible.
7. Demonstrations involving the use of animals for instructional purposes will be permitted for a range of approved professional training, but not in the education of school children or others at the same level.
8. Surgeons seeking to acquire manual skill in micro-surgery will be allowed to do so, but only with the use of anaesthetic and with a requirement to use analgesia wherever necessary.
9. Animals will be allowed to survive after a procedure if they are fit to do so and are likely to make a full and complete recovery.
10. The Inspectorate will be strengthened and have new and enhanced powers over the whole field covered by the legislation.

CRUISE MISSILES

"If the Soviet Union does not recognise over the coming months the legitimate anxieties of the West by agreeing to our proposals to eliminate this class of weapons, we will start deploying cruise missiles by the end of this year." (p.42)

COMMITMENT

1. In December 1979, NATO decided to begin to deploy Cruise and Pershing missiles from the end of 1983 in various Western European countries, unless there had by then been an arms control agreement in relation to the equivalent Soviet weapons. So far as Britain is concerned 160 Cruise missiles are due to be deployed, the first batch at Greenham Common from the end of this year and the rest at Molesworth in Cambridgeshire in 1988.

BACKGROUND

1. In November 1981, President Reagan put forward the 'zero option' with the full support of all NATO countries. Under this proposal all land-based intermediate nuclear missiles would be eliminated. This would involve the Russians dismantling their new SS20 missiles as well as older ones called SS4s and SS5s. In return NATO would not deploy any Cruise or Pershing missiles in Western Europe.
2. The Soviet Union has so far flatly rejected the zero option. So on 30th March 1983, President Reagan put forward a compromise proposal. While retaining the zero option as a goal, NATO would be prepared to accept an interim agreement, providing equal limits on the numbers of US and Soviet warheads, at a level below that currently planned for the total NATO deployment in Europe.
3. There are now 351 SS20 missiles, each with 3 warheads, deployed in the Soviet Union. About two-thirds are aimed at Western Europe.
4. The fifth round of negotiations between the United States and the Soviet Union opened on 17th May 1983.
5. If the Cruise missiles do have to be deployed in Britain, their use in an emergency would "be a matter for joint decision by Her Majesty's Government and the United States Government in the light of circumstances prevailing at the time". (The Prime Minister, Hansard, 18th January 1983, Col. 168).
6. The arrangements for the control of the Cruise missiles have recently been reviewed again by the British and the United States Governments. The Prime Minister has stated that both sides are satisfied that they are effective:

"The effect of the understandings and the arrangements for implementing them is that no nuclear weapons would be fired or launched from British territory without the agreement of the British Prime Minister."
(Hansard, 12th May 1983, WA Col. 435)

BRITAIN'S NUCLEAR DETERRENT

"NATO must have strong conventional forces backed by a nuclear deterrent. And we in Britain must maintain our own independent contribution to British and European Defence. At the same time, we shall continue to support all realistic efforts to reach balanced and verifiable agreements with the Soviet Union on arms control and disarmament." (p.43)

COMMITMENT

1. This involves a continuing increase in defence spending by 3% a year in real terms, in line with the NATO aim. The Government is committed to this target at least until 1985-86, with Falkland costs in addition.
2. The only effective way of maintaining our independent nuclear deterrent beyond the mid 1990s is with the Trident missile system, to which the Government is firmly committed.
3. The Conservative Government is playing an active role in the MBFR talks at Vienna, the CSCE talks in Madrid and the talks (particularly on chemical weapons) in the Committee on Disarmament at Geneva. It also consults closely with the United States on the western negotiating position in the US/Soviet talks on Intermediate Forces (INF) and Strategic Forces (START).

BACKGROUND

1. Under Labour, defence spending fell by 4.4% in real terms from 1973-74 to 1978-79, whereas under the Conservative Government defence spending rose by 21.1% in real terms from 1978-79 to 1983-84:

Defence Expenditure in 1973-74 - £13,134 million
" " " 1978-79 - £12,555 million
" " " 1983-84 - £15,201 million

(All at constant 1982-83 prices, Hansard, 17th February 1983, WA Col. 241 and 19th April 1982, WA Col. 88).

2. Trident will cost about £7,500 million at 1981 prices. This will only take about 3% of the defence budget over 15 years.
3. Eight successive British Governments, Conservative and Labour, have all considered the maintenance of Britain's independent strategic nuclear deterrent to be an essential contribution to NATO's strategy of deterrence and an ultimate guarantee of our national security.
4. The Conservative Government is firmly opposed to including our independent nuclear deterrent in the Geneva negotiations under existing circumstances. It is an independent force of last resort. The Russian demand that the British and French forces should be included in the INF talks is an attempt to split NATO by dividing the defence of Western Europe from the defence of North America.

CIVIL DEFENCE AND PEACETIME EMERGENCIES

"We propose to amend the Civil Defence Act 1948 to enable civil defence funds to be used in safeguarding against peacetime emergencies as well as against hostile attacks." (p.43)

COMMITMENT

Civil Defence concerns the making of adequate plans in advance to save lives and alleviate suffering during an emergency. At present it is defined in terms of hostile attack, but such plans would have great value in the context of peacetime emergencies such as flooding, blizzards, fire or industrial disaster.

BACKGROUND

1. The current position. Section 9 of the Civil Defence Act 1948 defines Civil Defence in terms of protection against "any form of hostile attack by a foreign power." Local authorities (following the recent Civil Defence regulations of April 28th 1983) will now be required to make and keep under review plans for essential services in war; to arrange for the civil defence training of their own staff; to participate in training exercises; and to make arrangements for the organisation of civil defence volunteers.
2. The intention. Obviously, effective civil defence planning will have relevance to preparations to deal with the effects of major emergencies, whether accidents or natural disasters, in peace or war.

Already, local government emergency planning teams make invaluable contributions to both contingency planning and to coping with peacetime emergencies. Given the connection between civil defence plans as they now stand, and these plans, it is right that funding for both should come from the same source, for the benefit of improved administration.

3. Conservative philosophy. Civil defence is a humanitarian duty. If contingency plans for emergencies (whether accidental, natural disasters or the consequences of war) can save lives, then it is the clear duty of Government, both central and local, to make such plans. The importance of local government lies in its extensive local knowledge, local resources and flexibility.

A which will need to be raised before a new Parliament

TRADE

"While world trade declined last year our exports and share of world trade increased, and we enjoyed a healthy balance of payments surplus, despite the pessimists who said the pound was uncompetitive." (p.45)

BACKGROUND

1. We export 30% of our total out-put of goods and services. This is conspicuously better than the United States - the most powerful economy in the world - which can manage only 10%. And better too than Japan - for all its great success in export markets - which can manage no more than 14%.

Last year the trade of the world fell by 2%. The trade of the UK rose by 2%.

This was not "all oil" - our exports of manufactures increased as well.

2. We also recorded a balance of payments surplus of £3.9 billion. We sold £3.9 billion worth of goods and services more than other people sold to us.

Our record as a great trading nation is good; it is getting better. We must ensure it goes on getting better. Price competitiveness is getting better; deliveries are getting better.

3. This is why we as a Government have launched our new Quality Campaign. It has been enthusiastically received. It is just what Britain wants to sharpen our competition cutting edge.

UNFAIR COMPETITION

"We will build on these initiatives to help our exporters, and vigorously promote the interests of British trade and industry in international negotiations - where we have already made our presence very effectively felt."(p.45)

BACKGROUND

1. Because of our immense stake in international trade, we support a liberal world trading system. We have made our presence felt both in the European Community and in international organisations such as GATT. We always stand up in the international negotiations for Britain and Britain's interests.
2. But this does not mean that we neglect the interests of our own industries which are hard pressed and face unfair competition from imports. In the case of textiles and clothing a new Multi-Fibre Arrangement (MFA) has been agreed with 25 low cost supplying countries - and similar arrangements have been made with 3 other countries, ~~making 28 in all~~. The new arrangements are tougher than the previous agreements negotiated by the Labour Government.

In the case of footwear, over 40% of low cost imports are covered by various forms of restraint - either quotas or special arrangements. There are also special restraint agreements in respect of Japanese motor cars and many consumer electronics such as television sets, television tubes, videos and so on.

3. When goods are dumped in the United Kingdom we take vigorous action to ensure that anti-dumping duties are imposed. The Department of Trade has a special Anti-Dumping Unit. At present more than 30 anti-dumping duties are in force: and numerous price undertakings have been negotiated with third country supplies to counter harmful effects of unfair trading.

OVERSEAS AID AND INVESTMENT

"More than many other nations, we direct our aid to the poorest countries, particularly in the Commonwealth." (p.46)

"But government aid is only a part of the total help we give the developing world. Unlike the Labour Party, we believe in permitting a free and profitable outflow of British investment. That flow to poorer countries has now grown far larger than British Government aid, bringing with it an invaluable transfer of skills and technology." (p. 46)

BACKGROUND

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1. Following its election in 1979, the Conservative Government had to make some reduction in plans for future spending on official aid. This was not because we underestimated the importance of aid, but because we believed that unless we restored a ~~healthy~~ national economy, we would be in no position to give aid to anyone.

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Nevertheless, net official British aid flows (~~in constant costs~~) have broadly held up well. The net aid programme in 1979 totalled £1,016m; in 1981, £1,082m; and although there was a fall to £959m in 1982-3, this was due to India taking up less bilateral aid than the British Government expected. Provision for 1983-84 is £1,057m (net) which would represent an increase of 9.8% over 1982-83. *(All figures at current prices).*

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2. International comparisons of the percentage share of GNP devoted to aid in 1981 are as follows:

France	0.73
West Germany	0.46
United Kingdom	0.44
Canada	0.43
Japan	0.28
United States	0.20
Italy	0.19
OECD Average	0.35

3. The Conservative Government has emphasised the importance of aid to the poorest countries by committing approximately 68% of all bilateral aid to these countries (defined as having per capita income of less than \$370 per annum). This compares with the Labour Government's figure of 60% in 1978, the last full year of their administration.