

J.W

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NO COMPLACENCY

The consistent Conservative lead in the opinion polls during the election campaign and, indeed, for many months before, is of course welcome, and we are entitled to be cautiously optimistic. But as Mrs Thatcher has said: 'The polls have been wrong before. Anything can happen unless we work hard to guarantee victory.'

There are large numbers of electors who have not yet made up their minds, and the Conservative lead in the marginal seats is much smaller than the polls show nationally.

Moreover, during the next week, the Alliance will be making desperate efforts to persuade people to vote for them rather than for Labour. As Mr Cecil Parkinson has warned: 'Since 1945 every single Labour Government has been elected on the back of a large Liberal vote. Every time the Liberals have polled well, it has been the Labour Party that has benefited'. No one should, in Mr Parkinson's words, 'be gulled by David Steel or anyone else into letting the Labour Party into power by accident' (see page 131 of this *Daily Notes*).

**Conservative
Research
Department**



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1. ALLIANCE CONFUSION OVER DEFENCE POLICY

As explained in *Daily Notes* No. 3 (pp.37-38), the Alliance Manifesto's passage on defence is, like Labour's, a compromise designed to paper over substantial policy differences. The problem for the Alliance is that, whereas the Social Democrats are overwhelmingly opposed to unilateral disarmament, the Liberals have traditionally adopted a '57 varieties' attitude to defence policy, stretching from firm support for NATO policies to the CND and outright pacifism.

The statements in the Manifesto, which avoided any commitment to phase out Polaris or to oppose Cruise missiles, were a victory for the Social Democrats over the Liberals, and for Mr Steel—who has conditionally supported deployment of Cruise missiles—over the majority of his own party.

This has caused ructions within the Liberal Party. The Chairman and Treasurer of the Liberal CND and Peace Group have resigned from the Party, and others are refusing to work for Liberal candidates. The Chairman, **Mr Wilfred Phillips**, said:

'We in the Liberal Party had worked out a good sensible defence policy. Now that is compromised in the SDP Alliance and especially with the influence of David Owen . . . We believe that the Liberal aint-nuclear weapons policies are essential. A recent Liberal CND and Peace Group questionnaire among party political candidates showed that a very large majority were anti-Polaris, Trident and Cruise missiles' (*Morning Star*, 28th May 1983).

Miss Janice Turner, Chairman of the Young Liberals, issued a statement on 16th May to coincide with the publication of the Alliance Manifesto, in which she said:

'We believe that this Manifesto is incompatible with YL and Liberal Policy and with the views of the majority of the Liberal Party. We strongly reject the Defence and Disarmament section . . . We do not think continued membership of NATO is desirable.'

She added an extraordinary remark, which showed just how far outside the mainstream of public opinion some Liberals are:

'In particular, we find no reason "to pay tribute to our armed forces in the Falklands and Northern Ireland," as the Manifesto does. This seems to be a pathetic vote-catching line inserted at the last moment in a fit of desperation.'

Alliance spokesmen seem very confused about their policy on a British nuclear deterrent. Mrs Shirley Williams and the Liberal Candidate for Truro, Mr David Penhaligon, answered questions on this subject at the Alliance Press Conference on 26th May 1983. They said there should be a British share in a NATO nuclear deterrent (whatever that might mean), but then Mr Penhaligon seemed to imply that there might be a replacement for Polaris.

When asked whether it would be correct to say that the Alliance was considering alternatives to Trident to replace Polaris, but couldn't decide which would be the best, Mr Penhaligon replied that that would not be a totally inaccurate interpretation.

The message to the British people is clear. Only the Conservative Party offers a coherent and united defence policy.

2. THE LORD CHANCELLOR ON CONSERVATIVE POLICY

The Lord Chancellor, **Lord Hailsham**, in a speech in Glasgow on 27th May, gave the lie to Mr Foot's 'hysterical rant and rhetoric' that Conservatives 'are indulging in wild or doctrinaire expenditure cuts, or are attempting to dismantle the Welfare State'. He pointed out:

'Whether in Defence, Law and Order, Pensions, Education, the Health Service, or job opportunities, we are spending more than our

predecessors, even allowing for rising prices. In job opportunities we are putting another £2,000 million into training and related measures. In education, for every child in secondary school another £600 a year goes into his schooling. On universities, we are spending £1,250 million as against £850 million when Mr Callaghan left office. On the Arts we are spending £208 million as against £136 million...Spending on the Health Service has more than doubled since Mrs Thatcher came into office. It has gone up from about £8,000 million to about £15,000 million. The widow's pension (I treat this as an example of other pensions) has risen over the four years from £19.50 to £32.85 a week and it is protected against price rises. On the disabled, we are spending £2,840 million as against Labour's £1,730 million.'

On Conservative employment policies, Lord Hailsham said:

'I wish to protest against the theory that we are saying that the State is helpless in such matters. Quite the contrary is the case. What we are saying is that money spent on reckless spending is money wasted. It is true that we have said that we cannot spend our way out of a world recession and that we cannot pull ourselves up by our own bootstraps. But these are facts. Unlike our opponents, we are not misleading the unemployed with rosy fantasies and false promises. We have always said that the road is a long one, and a hard one. We are not the party of wildcat strikes, crazy wage demands, obsolete restrictive practices and the closed shop. These are the policies which have led to higher unemployment than the world average. But they are not our policy. We are not the party which wants to leave the Common Market or return to coal from a mixed policy of coal, oil and nuclear energy. These are the policies which would put 200,000 jobs at risk. But they are not our policy.'

Lord Hailsham summed up Conservative policy under 10 heads:

- '(1) Increased productivity. We inherited a poor record. If you want to know why unemployment is higher here than among our competitors you have only to look to restrictive practices, strikes, unrealistic wage demands, overmanning. But we are now pulling back. In manufacturing industry we are nearly ten per cent better than four years ago. But go back to the Social Contract and we shall revert. Our policy is increased productivity from the workforce, and better management at the directors' board level and below.
- '(2) Private industry has proved more efficient and more profitable than those obsolete megatheria wished on us by successive Labour Governments. We have begun to turn the tide. We must not go back to nationalised inefficiency.
- '(3) We have done our best to bring down interest rates and so make investment profitable. Contrast the Labour Manifesto. A devalued pound, withdrawal from the Common Market, enhanced public spending will send them up again. Our policy of reducing the inflation rate will help to bring them down.

- '(4) We wish to assist new and technologically advanced industries in place of the old and contracting heavy industries like steel and shipbuilding. Already in Scotland I am told that the new technologies are beginning to employ more than steel and shipbuilding put together. Our new coalmines, made possible by the closure of worked out pits, are among the most modern in the world. It is characteristic of Mr Scargill and Mr McGahey that they wish to sabotage these improvements. But the workforce is beginning to rumble them.
- '(5) Within the EEC we are pledged to bring down our budget commitment. This will enable us to plough back more money into derelict areas and new employment and training schemes.
- '(6) We are pumping £2,000 million into new youth training and adult training and job opportunity schemes.
- '(7) We have set our faces against import controls, tariff barriers and restrictions of all kinds on our ability to compete. The Labour policy is against free trade, and against competition.
- '(8) We propose to switch money from bureaucracy to industry. We were able to say last February that £600 million had been saved on the Civil Service pay bill and that the overall numbers were fewer by 80,000. Additional savings due to the scrutinies under Sir Derek Rayner, will amount to another £180 million each year.
- '(9) We will continue to bring down the inflation rate. It has already sunk below 5 per cent. We will go further. We are the only Government in recent years to achieve this.
- '(10) We will encourage Unions to elect their governing bodies by ballot and only to strike after balloting their members.

3. SELF-KNOWLEDGE

'Until the Labour Party can convince the British people that its idealism is not lunacy, it will not win, not deserve to win.'

(Mr Neil Kinnock, *Morning Star*, 26th May 1983)

4. TEN POLICY CONTRASTS

CONSERVATIVE

LABOUR

Defence

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Maintain peace by retaining our nuclear deterrent, while negotiating for a reduction of nuclear weapons by both the Soviet Union and the West. | <ol style="list-style-type: none"> 1. One-sided abandonment of nuclear weapons by Britain without any guarantee that the Soviet Union would do the same—a course that would increase the danger of war. |
|---|--|

CONSERVATIVE

LABOUR

Inflation

- | | |
|---|--|
| <p>2. Firm control of public spending and borrowing, which has already reduced yearly rate of price rises to 4 per cent a year—the lowest for 15 years.</p> | <p>2. Labour's programme would cost at least £36-£43 billion a year by the end of a full Parliament, which could only mean vast increases in public spending and borrowing, leading us right back to mounting inflation.</p> |
|---|--|

Unemployment

- | | |
|---|--|
| <p>3. Firm control of inflation, so helping the creation of more real and lasting jobs.</p> | <p>3. A combination of wildly inflationary policies and withdrawal from the European Economic Community. Our withdrawal from the EEC alone would put over 2 million jobs at serious risk because of the damage it would do to our exports.</p> |
|---|--|

Trade Unions

- | | |
|--|---|
| <p>4. Continuation of policy to introduce more democracy into the working of trade unions and to correct the imbalance of power in their favour.</p> | <p>4. Repeal of all Conservative measures dealing with abuses of the closed shop and end secondary picketing.</p> |
|--|---|

Families Living in Council Houses

- | | |
|---|---|
| <p>5. Improve and extend the 'right to buy', from which more and more families living in council houses are benefiting.</p> | <p>5. Repeal of Conservative legislation giving families living in council houses the right to buy their own homes.</p> |
|---|---|

Rates

- | | |
|---|---|
| <p>6. Legislation to curb excessive and irresponsible rate increases.</p> | <p>6. Repeal of Conservative ban on supplementary rate increases.</p> |
|---|---|

Home Loans

- | | |
|---|---|
| <p>7. Firm control of level of public borrowing would hold down interest rates, including those for home loans.</p> | <p>7. The vast increase in the level of public borrowing advocated by Labour would push up all interest rates including those charged for home loans.</p> |
|---|---|

CONSERVATIVE

LABOUR

Education

- | | |
|---|---|
| <p>8. Widening of choice with more effective say for parents in their children's education.</p> | <p>8. Restriction on choice of school within the state system and threat to remove parents' right to send their children to fee-paying schools.</p> |
|---|---|

Health

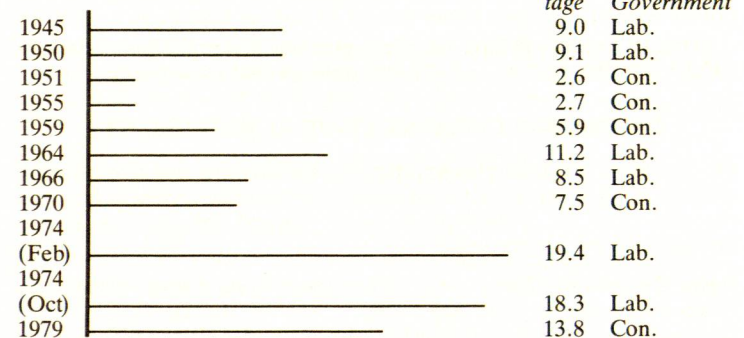
- | | |
|--|--|
| <p>9. Maintenance of one's right to make one's own arrangements for health treatment if one so wishes.</p> | <p>9. Restriction of a person's right to go outside the National Health Service.</p> |
|--|--|

Immigration

- | | |
|--|--|
| <p>10. Continuation of fair and firm control which has already reduced immigration by 20 per cent.</p> | <p>10. Abandonment of many safeguards, resulting in increased immigration.</p> |
|--|--|

5. IT MUST NOT HAPPEN A THIRD TIME

LIBERAL PERCENTAGE OF TOTAL VOTES CAST AT GENERAL ELECTIONS
Percentage *Ensuing Government*



It will be noted that on each of the two occasions where the Liberal vote took a big leap forward—in 1964 and 1974—a Labour Government was returned at the General Election.

6. CONSERVATIVE SUPPORT FOR THE RAILWAYS

In 1982, Labour proved themselves true enemies of the railways by supporting ASLEF in their futile strike over flexible rostering. As **Mr**

David Howell, Secretary of State for Transport, said in Guildford on 26th May, Labour:

'Condoned the restrictive practices of half a century ago. They have helped directly to bleed away funds that should have gone into developing the better railways we want to see. At every point they have opposed sensible ideas for cutting costs, thus weakening the railway's ability to compete'.

More recently, following the publication of the Serpell Report, Labour deliberately attempted to persuade the public that the Government intended to cut the railway network. This allegation is absurd. The Report did not recommend such closures, and the Government has made it clear that it does not intend to embark on major cuts.

The Conservative Government has been forthright in its commitment to the railways. Financial support for British Rail has been at record levels in real terms: over £900 million was provided in 1982. We have given approval in principle to a programme of main line electrification. We have given firm backing to the British Railways Board in its efforts to obtain union agreement for the improved efficiency and modern working practices that are essential if the railways are to compete successfully in the future.

Conservatives are also committed to a successful, high quality future for the railways. Our Manifesto makes this clear. In the next Parliament, we will not only examine ways of decentralising BR to make it more responsive to users' needs, but also explore the scope for bringing in private enterprise to give better service to railway customers.

Labour's smears will have no effect upon our determination to provide Britain with the modern and efficient railways that she so badly needs.

7. HOUSING: CONSERVATIVE ACHIEVEMENTS

On 31st May, **Mr John Stanley**, Minister for Housing and Construction outlined this Conservative Government's outstanding record in housing. He said that 'the Conservatives have changed the face of Britain dramatically and for the better'.

Home Ownership. 'There are a million more home-owners today than there were only 4 years ago. This is one of the fastest and most far-reaching social advances that has ever taken place in the life-time of a single Parliament.

'Home-ownership in England and Wales is now at the 60 per cent mark for the first time. With private house-building now at its highest level for 10 years and with the Conservatives' introduction of the best range of schemes for first-time buyers there has ever been, the way is clear for hundreds of thousands more families and single people to achieve their goal of owning their own home if present policies continue.

Improvements for Tenants. 'We have been just as concerned about the needs of those who want to rent as those who can afford to buy.

'Public house-building for rent is now rising again, and this year the Housing Corporation expects to complete the largest number of housing association houses and flats for rent ever. Our hostels initiative has resulted in a record programme of hostel accommodation for those in acute housing need. Our Tenants' Charter has given public sector tenants the most significant and valuable body of legal rights they have ever had. And, in the private sector, the introduction of shorthold and the assured tenancy scheme are creating new opportunities for renting privately.

Labour and Alliance Threats. 'Home-ownership is the preferred housing choice of the overwhelming majority of people, yet both Labour and the Alliance are committed to measures that are hostile to home-owners. We calculate that Labour's policies will hit approximately 8 million existing and would-be home-owners.

'The 7 million people with mortgages will be hit by a steep rise in the mortgage interest rate which is bound to result from Labour's planned huge increase in public borrowing.

'The 500,000 or so people with mortgages who pay more than the basic rate of income tax will be hit twice over. They will find the interest payments on their mortgages going up whilst the amount of those payments eligible for tax relief will go down because both Labour and the Alliance are going to restrict the tax relief to the basic rate only.

'The half a million council tenants who have bought their homes with the Conservatives will be hit by Labour's commitment to force former tenants to sell their homes back to their Council on resale if the Council so decides.

'And at least another half a million tenants who can be expected to buy in the next Parliament will have their hopes of home-ownership dashed by Labour's destruction of the Right to Buy and by Labour's withdrawal of all discounts even where a Council is willing to sell voluntarily.

'Tenants who want to preserve their right to buy should not support the Alliance either. The SDP-Liberal Manifesto makes it clear that, in some areas at least, Councils will be able to deny tenants their right to buy.

'The clear position for home-owners at this Election therefore is that Labour and the Alliance will make home-ownership more difficult, if not impossible, for a great many people, and that it is the Conservatives alone who are maintaining intact the existing rights and benefits that present and future home-owners can enjoy.

Conservative Action in the Next Parliament. 'In the next Parliament, the Conservatives will widen the frontiers of home-ownership still further.

'Council tenants will be helped by the increase we shall be making in the right to buy discounts for all those who have been tenants for more than 20 years; this will take the maximum discount up to 60 per cent. And tenants will also be helped into home-ownership by being given the right to buy on a part-ownership and part-rent basis with the right to move into full home-ownership later on.

'First-time buyers who are not Council tenants will continue to benefit

from the full range of our low-cost home-ownership schemes—sales of empty council houses at 30 per cent discounts, homesteading, building for sale, improvement for sale and our new Do-It-Yourself Shared Ownership scheme which is now providing a low-cost home-ownership opportunity for first-time buyers in every part of the country.

'We shall also be giving more help to those who want to rent as well as to own. In the private sector shorthold and assured tenancies will get new impetus from the return of a Conservative Government, and in the public sector the 1980 Tenants' Charter will be further strengthened with new rights for tenants on district heating systems and a new right for tenants to get their repairs done themselves, if they wish, and then be reimbursed by the Council.

'Our housing policy has been, and will remain, a balanced one designed to meet both the needs of those who want to own and those who want to rent, whether in the private or the public sector.'

8. A FRANK ASSESSMENT

'The Labour Party needs to modernise a lot of its attitudes because some of them are nothing more than sentimentality and mythology' says Shadow Education Secretary Neil Kinnock in an interview in the latest issue of *Marxism Today*.

Dealing with the Party's attitude to the Thatcher Government **Mr Kinnock** says: 'From day one when Thatcher was elected up until very recently the Labour Party as a whole has cursed and spat at Thatcher... Before that all it did was giggle which was a fantastic error: it was evidence of sexism apart from anything else, not to take Thatcher seriously.'

(*Morning Star*, 13th May 1983)

9. COST OF UNEMPLOYMENT: LABOUR'S FALSE LOGIC

The Labour Party claims that unemployment is costing the Government £17 billion a year, and that this money should be spent on creating jobs. Labour's assertion is based on calculations which are entirely false, and on an argument which is deliberately misleading.

The total bill for social security benefits for the unemployed is about £5½ billion (comprising about £1¾ billion in unemployment benefit, and about £3¾ billion in Supplementary Benefit for the unemployed). Labour arrive at the figure of £17 billion by assuming that their proposals to create jobs would bring in increased revenue from tax and national insurance contributions—money which is effectively lost if people remain unemployed.

Precise calculations of this kind are impossible to make; they involve quite arbitrary assumptions about the kind of jobs that people would have and the levels of pay they would receive. Furthermore, Labour looks at only one side of the equation. To employ people in non-productive jobs in new State bodies—the sort of 'job creation' that Labour proposes—would reduce the cost of unemployment, but would *add* to government costs elsewhere. The figure of £17 billion is therefore bogus.

Labour ask why unemployment benefit cannot be used to generate economic activity. In reality, unemployment benefit already does generate economic activity, because it is spent by those who receive it on goods and services in the economy.

It is worth remembering that the cost of social security benefits for the unemployed in Labour's last year of office (1978-9) amounted to £2¼ billion at today's prices. Labour now talks about using money spent on unemployment to bring down unemployment. If this were as easy to achieve as they maintain, why did they not do just that instead of presiding over a doubling of unemployment during their period of government?

10. POLITICS AND THE POLICE

'The Conservative Government has made a massive response to the complex and intractable problems of crime in a free society during the last four years. It would be absurd for anyone to pretend—and we certainly do not—that there are easy or quick solutions to these problems, but firm action on all fronts in the Criminal Justice system is vital. Although crime has risen, encouraging evidence is now emerging which indicates that these policies are beginning to work. Figures for the first quarter of 1983 in the Metropolitan District show a drop of 3 per cent in offences of serious crime recorded, and a rise of 3 per cent in the number of crimes solved over the corresponding period for 1982' (**Mr William Whitelaw**, Press Conference, 27th May 1983).

By 1979, the policies of the Labour Party had left an undermanned, underpaid, demoralised police force. Reduction in numbers made it impossible to put enough policemen on the beat; as a result, the police were confined to Panda cars, and were isolated from the community. The recommendations of the Edmund-Davies Committee, set up to examine the pay of the police service had not been properly implemented. The prison service was in disorder; and no action had been taken to examine the difficulties faced by the criminal justice system.

The Conservative Government has built up the strongest and best equipped police service this country has ever possessed. (There are 9,453 more officers in England and Wales and 4,274 more in the Metropolitan Police than there were in 1979). These increases have made it possible to return bobbies to the beat. At the same time, steps have been taken in close co-operation with the Commissioner of the Metropolitan Police and Chief Constables to build those close links with the community upon

which successful police action depends. In the 1982 Criminal Justice Act, both harsher penalties and more non-custodial sentences have been made available to the courts. Measures have been introduced to make parents more financially responsible for the offences of their children, and better compensation has been provided for the victims of crime. There are more attendance centres, which are used particularly to deprive young hooligans of their prime leisure time. We have inaugurated the largest prison building improvement and maintenance programmes this century, in order to provide places in our prisons for all those that judges and magistrates decide should be sent there.

The battle against crime cannot be fought only by the Government and the police. The whole community, in consultation with the police, must support that fight. Parents, schools, voluntary bodies, community groups and many others all have a role to play in creating an atmosphere of moral responsibility hostile to crime.

Labour, having failed the public in the past, have now succumbed to the demands of the Left-wing. Their Manifesto proposals include the creation of 'elected police authorities in all parts of the country, including London, with statutory responsibility for the determination of police policy within their areas.' Labour politicians have been even more precise. **Mr Roy Hattersley**, Labour's Home Office spokesman, has said:

'The Opposition have a commitment to a wholly elected police authority with strategic and policy control over the police' (*Hansard*, 30th November 1982).

That this control would extend to operational policy has been confirmed by **Mr Paul Boateng**, Chairman of the GLC Police Committee and Labour candidate for Hertfordshire West:

'It is a fallacy to attempt to distinguish between policing policy and operational policy. You can't draw an effective distinction between the two' (*Morning Star*, 14th April 1983).

These Labour proposals were originally developed by the GLC Police Committee—a committee which, during the last two years, has spent its annual grants budget of £400,000 on publications hostile to the police and on 'police monitoring committees' that serve only to undermine public confidence in the police.

Labour's hostility to the police persists in the face of all evidence. In his Report on the Brixton disorders, **Lord Scarman** said:

'The direction and policies of the Metropolitan Police are not racist. I totally and unequivocally reject the attack made on the integrity and impartiality of the senior direction of the Force' (Cmnd 8427, 1981).

But **Mr Boateng** takes no heed of Lord Scarman. He has said:

'The degree of racism, both individual and institutional that exists within the Metropolitan Police cannot be washed away by attributing it to the activities of a few officers' (8th March 1982).

And **Mr Ken Livingstone** has reiterated this view:

'I know a large proportion of the Metropolitan Force is clearly racist and should be pensioned off' (*Daily Mail*, 30th March 1982).

Labour have been ambivalent in their regard for the rule of law. 33 prospective Labour parliamentary candidates have declared in a statement issued by the Labour Co-ordinating Committee:

'Extra-parliamentary action must play a major role in the efforts of the Labour movement to establish a democratic socialist society in Britain . . . the election of a government does not give the government an absolute right to pursue whatever policies it chooses. (*Labour Weekly*, 26th February 1982).

Mr Pat Wall, Labour Candidate for Bradford North, has gone further:

'A Marxist Labour Government' would have to carry through 'a Socialist transformation of society . . . over a very short period of time. It would mean the abolition of the Monarchy, the House of Lords, the sacking of the generals, the admirals, the air marshals, the senior civil servants, the police chiefs, and in particular the judges, and people of that character . . .' If that were not done, 'We'll get violence in Britain. We will face the possibility in Britain of a civil war and the terrible death and destruction and bloodshed that would mean' (*Sunday Times*, 7th March 1982).

The full meaning of the Labour Party's plans for the police was revealed by **Mr Derek Hatton** who was prospective parliamentary candidate for Liverpool, Wavertree before boundary re-distribution:

'I want the police to be the instruments of Socialism' (*The Sun*, 26th October 1982).

The police cannot hope to tackle crime without the confidence of the public. The cornerstone of that confidence is the knowledge that the police apply the law impartially. If the Labour Party's proposals were put into practice, the guarantee of impartiality would disappear, and the public would lose confidence. Labour's plans are therefore a recipe for exactly the opposite of their professed intention: the police would not be brought into harmony with the community; they would be alienated from it.

11. HALF DEAD

'People never commit total suicide.'

(**Mr John Silkin**, Channel 4 News, 24th May 1983)

12. LABOUR'S ELECTION BRIBES

Speaking in Bolton on 27th May, **Mr Foot** said:

'Labour will cut the cost of living and keep the lid on prices as we get Britain back to work. We will slash VAT, freeze rents for a year, phase out prescriptions (sic) on NHS, encourage councils to cut fares; keep down prices of electricity and gas.'

It is a measure of Labour's desperation that they have resorted to such crude electoral bribes. Perhaps Mr Foot should have gone further and offered everyone a free car and television set as well. (Labour have, of course, promised to 'phase out' the TV licence for pensioners, which would cost some £250 million in revenue foregone.)

The Labour Party is not new to the game of election bribery, but its disastrous record in Government has rendered its promises less and less credible. Last time Labour offered 'goodies' all round and got elected, the country paid the price in higher taxes and national humiliation at the hands of the IMF. In offering subsidies all round, Mr Foot is bribing us with our own money.

Labour's attempt to honour some of its election bribes in 1974 was short-lived and damaging to Britain's national finances. **Mr Joel Barnett**, Labour's Chief Secretary to the Treasury, has recounted how Labour's attempt in July 1974 to implement election promises, such as reduction of VAT, reduction of rates and rents, and higher food subsidies was not only short-lived but 'was to cause us considerable headaches' . . . All in all there can be little doubt that we planned far too high a level of public expenditure'.

Mr Barnett went on to say:

'I have never understood the case, on either social or socialist grounds for spending literally billions of pounds in across-the-board subsidies which have to be financed out of taxation and/or borrowing while basic public services are neglected' (*Inside the Treasury*, André Deutsch, 1982).

Labour's Record

(a) *'Cutting the cost of living and keeping the lid on prices'*: Under the Labour Government of 1974-9 the rate of inflation reached a record level of 27 per cent. Prices increased by 112 per cent. Food prices increased by 122 per cent. Labour's present spending plans would ensure another price explosion. The last Labour Government's attempt to restrain price increases through the Price Commission merely delayed price increases, whilst squeezing companies' profit margins and damaging their ability to invest. Just before the 1979 General Election, Labour used the Commission's powers to freeze politically sensitive prices: these included gas, electricity, beer, bread and postal charges. The result was a large number of price increases taking place immediately after polling day.

(b) *'Slashing VAT'*: Labour cut VAT in July 1974 from 10 to 8 per cent. This had the temporary effect of bringing down the inflation figures in time for the October General Election, but it represented a full year's loss of revenue of £510 million. To recoup some of the loss, **Mr Healey**, in 1975, introduced an upper rate of 25 per cent on so-called luxury items, or in his words, 'things we can all do without if we have to'. These were principally boats, caravans, electrical appliances, jewellery, furs and photographic equipment.

(c) *'Freezing rents for a year'*: During the election campaign of February 1974, Labour promised a freeze in council rents. Rents were frozen during 1974-5, and subsequently there was a special subsidy to hold rents down. Over Labour's term of office, the proportion of housing costs met by council rents fell. Taxpayers and ratepayers had to pay the difference. Even Labour eventually admitted that taxpayers and ratepayers could not be expected to foot the bill indefinitely, but nothing was done to right the balance. A rent freeze in the private sector would discourage private landlords from maintaining property or improving services, particularly in the inner cities. Labour's vendetta against the private landlord meant that between 1974 and 1979, 400,000 dwellings ceased to be available for rent.

(d) *'Phasing out prescription charges'*: It was a Labour Government which first introduced health service charges (on dentures and spectacles) in 1951. In nearly every election since then, Labour have promised to abolish health charges. Only once have they actually fulfilled their pledge. In 1965, they abolished prescription charges, only to reimpose higher charges in 1968. In 1974, they made the pledge again. It was not fulfilled.

(e) *'Encouraging councils to cut fares'*: Under Labour, bus fares increased by 168 per cent, well above the level of inflation. The Labour Government was adamant in opposing the extravagant policies of some local councils who gave indiscriminate subsidies to public transport, financed by the ratepayers. In 1976, for example, when South Yorkshire refused to cut its spending plans, the Labour Government gave them only £291,000 in Transport Supplementary Grant for 1977-8, instead of £4 million.

(f) *'Keep down prices of electricity and gas'*: Under Labour the price of domestic electricity rose by 168 per cent and domestic gas by 70 per cent. In Government, Labour were opposed to subsidised energy prices, principally because 'underpricing encourages consumers to waste scarce resources and may discourage additional supplies' (*Energy Policy Green Paper*, Cmnd 7101, February 1978).

Across-the-board subsidies for energy would push up demand and ensure that all the money Labour promises to spend on energy conservation measures would be money wasted.

Labour's October 1974 Election Manifesto argued:

'We do not believe in electoral bribes—these are an insult to the intelligence and realism of the public'.

Quite so, and that is why the electorate will reject Labour.

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