

J.W

# Daily Notes

Thursday 2nd June 1983

No. 10

## SHABBY TACTICS

Mr Healey, who has been spurned by the Labour Left ever since he was narrowly elected Deputy Leader of the Labour Party two years ago, now seems to have been given the job of putting more fire into Labour's election campaign. He knows only too well that his own party's extreme Socialist programme is unpopular with the majority of the electorate, so he is trying to scare the old, the sick and the poor into believing that the Conservatives have secret plans to dismantle the Welfare State.

His 'evidence' consists of discarded documents dating back years, rumours which have been repeatedly refuted by Ministers, and stories concocted by journalists. This has been cobbled together in a completely bogus document entitled 'The Real Tory Manifesto'.

Mr Healey may hope that his disreputable tactics will dredge up a few votes for Labour. What they really show, however, is that the Labour Party is now scared of fighting the election on its own extremist policies.

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**Conservative  
Research  
Department**

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### 1. THE WISDOM OF JO GRIMOND

'I cannot understand how anyone who contemplates history or looks around the world of today can embrace State socialism. Consider the record of all-powerful States from, say, Louis XIV to Hitler (a State socialist); look at State socialism in action from Russia, through Cuba, Vietnam, Poland to Mitterrand's France.

Yet millions in Britain will be voting for a further long stride down the State socialist road on June 9th. They will be voting for the Labour Party which believes in State control of all the means of production, distribution and exchange. Eventually, as happens in all fulfilled socialist States, we should have State control of all services: government direction as to where we live and work, how we spend our holidays and in what we invest our savings.'

(Article in *Daily Telegraph*, 30th May 1983)

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### 2. HEALEY'S SCARES REFUTED

Our editorial refers to the 'Real Tory Manifesto' produced by Mr Healey on 30th May. Answers to some of the grosser allegations are given below.

#### Employment and Industrial Relations

##### Allegation:

*'A re-elected Tory Government would look forward to "70 per cent of the entire Labour force under the age of 18" (being) without an ordinary job by the end of 1983.'* (Alleged evidence: 'Think Tank' Report, 1981).

##### Answer:

No one looks forward to high unemployment. The figures given are not a Government forecast, and are false. By contrast with Labour, the Government has acted to alleviate youth unemployment by introducing the Youth Training Scheme. Chancellor Healey refused to make resources available when Labour were in office.

##### Allegation:

*'The Tories' approach involves a general attempt to widen pay differentials at the expense of trainees and young people.'* (Alleged evidence: 'Think Tank' Report, 1981, and Treasury Memorandum, 1981).

##### Answer:

It is true that the relatively high pay of unskilled and inexperienced young people has priced them out of work; but we have not made any 'general attempt' to widen pay differentials. Employers and unions have been encouraged to make youth wages realistic via the Young Workers Scheme and in the wider context of the New Training Initiative. The agreement between EETPU and the Electrical Contractors' Association shows that this is the best way to reduce youth unemployment.

##### Allegation:

*'The Tories' approach involves . . . the possible abolition of statutory redundancy pay, and the curtailment of redundancy payments in nationalised industries'* (Alleged evidence: 'Think Tank' Report 1982, and MISC 14 Cabinet Committee document, August 1980).

##### Answer:

The allegation is false. There are no plans to abolish statutory redundancy pay.

##### Allegation:

*'The Tories' approach involves . . . removing all existing rights to claim compensation for unfair dismissal for those with less than 2 years' service.'* (Alleged evidence: MISC 14 Cabinet Committee, June 1982).

**Answer:**

The allegation is false. There are no plans to remove rights to claim compensation. However, sensible legislation on unfair dismissal is vital, if the right balance is to be struck between protecting people at work and creating new jobs. Hence we have made adjustments to the Employment Protection Act where it was seen to be damaging to employment, particularly in small businesses.

**Allegation:**

*'The Tories' approach involves . . . the removal of young people from the scope of Wages Council protection, and the possible complete abolition of Wages Councils'* (Alleged evidence: Treasury Memorandum, September 1981).

**Answer:**

The Government is not committed to either course of action. In our Manifesto, we pledge ourselves to ensure that Wages Councils do not price people out of work by unrealistic recommendations on pay. In particular, considerable concern has been expressed about the effect of Wages Councils on youth employment, and the Government shares that concern. Presumably the Labour Party does not.

**Allegation:**

*'The Tories . . . would . . . outlaw all forms of secondary action . . . make trade unions liable for prosecutions for civil conspiracy . . . weaken the bargaining power of public sector unions . . . improve management morale by discouraging compromise in industrial disputes . . . introduce a . . . fighting fund for employers . . . allow employers to single out strike leaders for dismissal without facing action for unfair dismissal'* (Alleged evidence: Times, 24th May 1983; Howe Memorandum, September 1981; MISC 14 Cabinet Committee Report, August 1980).

**Answer:**

- (i) There are no plans to outlaw all forms of secondary action or to make unions liable to prosecution for civil conspiracy. All we propose is to curtail immunities in strikes called without a fair and secret ballot.
- (ii) There are no plans to decentralise public sector pay bargaining or boost management morale, though both ideas have much to recommend them.
- (iii) The Government is committed to fair and reasonable pay for all public sector workers.
- (iv) The 1982 Employment Act allows the dismissal of strikers without the danger of claims for unfair dismissal, provided all those involved at a particular workplace are dismissed on the same day. This enables employers to dismiss strikers selectively, particularly those who stay on strike when others have returned to work.

**Industry****Allegation:**

*'To speed up the decline of British industry, the Tories will close down all unprofitable collieries so that whole coalfields in areas such as South Wales will cease to exist'* (Alleged evidence: Conservative Manifesto).

**Answer:**

Pits have to close as they become exhausted and unprofitable; 32 pits closed under Labour between 1974-9. There is no massive closure programme. Closure decisions are for the NCB. The health of the coal industry is being assured through record levels of investment. The NCB can invest more in new projects, the less it spends on subsidising unprofitable activities.

**Allegation:**

*'The Tories will . . . proceed with further plant closures in the steel industry'* (Alleged evidence: 'Continuation of Government's record').

**Answer:**

This accusation is false. In December 1982, Mr Patrick Jenkin, Secretary of State for Industry, announced in Parliament that steel making would continue at all five of BSC's major plants: Port Talbot, Llanwern, Ravenscraig, Scunthorpe and Teesside. This was specifically reaffirmed when BSC's Corporate Plan for 1983-6 (including £665 million of new investment) was approved a fortnight ago.

**Allegation:**

*'The Tories will . . . progressively end subsidies to shipbuilding, forcing the closure of many yards'* (Alleged evidence: 'Continuation of Government's record').

**Answer:**

There are no plans to 'force closures'. This Government has provided British Shipbuilders with £700 million of public support. We have made clear that requests for further help will be heard sympathetically. Capital investment in 1983-4 is budgeted at £90 million—four times the level when Labour left office and more *per capita* than in Japan.

**Allegation:**

*'The Tories will . . . sell off the more profitable parts of British Leyland and close down the remainder'* (Alleged evidence: 'Continuation of Government's record').

**Answer:**

We have said in our Manifesto that we aim to return parts of British Leyland to the private sector. But the Government's objective, after giving BL £1.2 billion support to rationalise and develop new models like the Maestro and the Metro, is not to close the company down; we wish to see BL's operations once again competitive.

## British Rail

### Allegation:

*'The Tories would appoint Mr Alfred Goldstein, author of the most drastic proposals for cuts in the railway network produced by the Serpell Committee, as Chairman of British Rail. His remit would be to slash services, close lines and stations up and down the country, and turn hundreds of miles of rail track into roads'* (Alleged evidence: *Sunday Times* report, 29th May 1983).

### Answer:

These allegations are completely untrue. Mr Goldstein has not been, and is not being, considered for the job of British Rail Chairman. **Mr David Howell**, Secretary of State for Transport, stated:

*'The Serpell Report presented broad illustrations about the cost of the rail network, not policy options. The Report also identified scope for substantial cost savings while keeping the railway at broadly its present size. So the future of a modern and efficient railway does not mean providing ever-increasing subsidies from the taxpayer. Nor does it require embarking on a major programme of closures; and the Government do not intend to do so'* (*Hansard*, 12th May 1983, WA, Col. 444).

## National Health Service

### Allegation:

*'In the longer term, it is proposed to cease funding the National Health Service from taxation, and to force all families to pay private health insurance premiums'* (Alleged evidence: 'Think Tank' report leaked to *Economist*, 18th September 1982).

### Answer:

#### Mr Norman Fowler:

*'The Government has no plans to change the present system of financing the NHS largely from taxation'* (*Hansard*, 20th July 1982, WA, Col. 860).

#### The Prime Minister:

*'Let me make one thing absolutely clear. The NHS is safe with us. As I said in the House of Commons on December 1st last: "The principle that adequate health care should be provided for all regardless of ability to pay must be the function of any arrangements for financing the National Health Service." We stand by that'* (*Brighton*, 8th October 1982).

## Social Security

### Allegation:

*'In future years they propose to cease raising state pensions fully in line with inflation'* (Alleged evidence: 'Think Tank' report leaked to *Economist*, 18th September 1982).

### Answer:

- (i) *'In the next Parliament we shall continue to protect retirement pensions and other linked long-term benefits against rising prices'* (*Conservative Manifesto* 1983).
- (ii) Look at the record. Between November 1978 and November 1982 pensions went up by 68.5 per cent, prices by 61 per cent.

### Allegation:

*'The Tories will scrap the earnings-related element of state pensions, leaving this type of provision for the private sector'* (Alleged evidence: Margaret Drummond report, *Times*, 5th May 1983).

### Answer:

The **Prime Minister** has thoroughly refuted this suggestion. She stated in a letter on 20th May 1983 to Mr Brynmor John, Labour's spokesman on social security, that *'there are no plans . . . to change the earnings-related component of the state pension'*. Moreover, she has stressed that the 1975 Social Security Pensions Act, which established this component of the pension, was *'brought onto the statute book with the full support of Conservative Members'*.

### Allegation:

*'The Tories are considering the introduction of a means-test for entitlement to child benefit'* (Alleged evidence: David Hencke report, *Guardian*, 9th May 1983).

*'Alternatively they may scrap child benefit altogether and revert to the previous system of child tax allowances against income tax. This would ensure a shift in the value of child support in favour of the higher paid, and would also mean that in most families the benefit was effectively transferred from the mother to the father.'* (Alleged evidence: *Financial Times*, 15th April 1983).

### Answer:

This report was immediately denied publicly by **Mr Hugh Rossi**, Minister of State for Social Security and the Disabled, and also by **Mr Norman Fowler**, Secretary of State for Social Services (18th May, Election Call BBC Radio 4). **The Prime Minister** in her letter to Mr Brynmor John (see above), said that:

*'There are no plans to make any changes to the basis on which [child] benefit is paid or calculated'*.

Child benefit is to be increased from £5.85 to £6.50 per week in November 1983. This will put it at its highest-ever real value.

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### 3. A PROFESSIONAL SPEAKS

At the recent Police Federation Conference, **Mr Leslie Curtis**, Chairman of the Federation, made some illuminating comments upon certain Labour politicians:

'We do not forget that when the police in London, Liverpool, Manchester and other places were facing the worst outbreaks of street violence ever seen in our cities, the first and only reaction of some politicians was to blame the police and to make excuses for the people who destroyed public property and threw petrol bombs at unarmed, and in the early stages, unprotected police officers.

'It is in the light of their own statements and actions that I say that the prospect of such people ever getting operational control of the police is not something to be viewed with pleasure (25th May 1983).'

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### 4. CONSERVATIVE SUPPORT FOR HOUSING ASSOCIATIONS

The Government has been increasing the funding for housing associations through the Housing Corporation. The Corporation's cash limit for 1982-3 was increased by £150 million in November 1982. The provision for 1983-4 is £690 million, a third higher in cash terms than the sum actually spent in 1981-2.

There has been a considerable growth in housing for rent provided by the voluntary housing movement in the last four years. Under this Government housing associations have added 120,000 dwellings to their rented stock. The number of housing association dwellings for rent, funded by the Housing Corporation, that will be completed this year is likely to be the highest ever.

A major initiative has also been launched to provide more hostel accommodation for single people in London and other large cities. A special allocation of £12 million was made to the Housing Corporation for hostels in 1981-2 and the provision for 1982-3 was increased to £18 million. By March 1983 the number of new hostel bedspaces approved by the Housing Corporation under the present Government totalled over 7,000.

The Government has also made sure that the voluntary housing movement is making a major contribution to low cost home ownership schemes through improvement for sale, shared ownership and leasehold schemes for the elderly. In 1982-3 the Housing Corporation spent over £90 million on such schemes, and a similar sum is being allocated for 1983-4.

By the end of February 1983 nearly 6,000 housing association dwellings had been approved for improvement for sale. By the same date over 5,000

dwellings had been approved for shared ownership sale. The new 'Do It Yourself Shared Ownership' scheme, which is run through housing associations, was announced in January this year. £45 million has been earmarked to enable 3,000 dwellings to be purchased under the scheme, giving the opportunity of shared ownership purchase to first-time buyers in every part of the country.

### 5. MORE LABOUR SMEARS

**The smear:**

*'Now inflation is ready to rocket again. By this time next year it will be back in double figures'* (**Mr Roy Hattersley**, *Sunday Mirror*, 29th May 1983).

**The truth:** When Labour were in office, inflation reached a record level of 26.9 per cent. The Conservative Government has brought the inflation rate down to 4 per cent, the lowest level for 15 years. Although inflation is expected to rise slightly towards the end of the year, it should fall again later. As **Sir Geoffrey Howe** has said:

'There is no reason whatever to expect an upsurge in inflation at the end of this year, or at any time thereafter, provided a Conservative Government is re-elected' (Press Conference, 20th May 1983).

**The smear:**

*'Unemployment will rocket to a quarter of the workforce if the Tories gain another five years in office'* (**Mr Neil Kinnock**, *The Observer*, 15th May 1983).

**The truth:** Conservative economic policies offer the only hope of achieving a lasting reduction in unemployment. No Labour Government has ever succeeded in reducing unemployment, and Labour's current policies promise only a further increase. It is interesting to note that Labour's 'Programme for Recovery' published by Mr Peter Shore on 23rd November 1982, contains a simulation of the results of Conservative policies which shows unemployment falling from 3.1 million in 1983 to 2.9 million in 1986.

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### 6. A STRONG CONSTITUTION

'When we are elected as Labour MPs we have to give a fresh undertaking, a fresh obligation to uphold the constitution of the Labour Party, which is a very old and very important element of the way we do our business.'  
(**Mr. Foot**, *Times*, 30th May 1983)

'I must emphasise that there is nothing in the Labour Party constitution that could or should prevent people from holding opinions which favour Leninist-Trotskyism or just about anything else.'

(**Mr Kinnock**, *Broad Left Alliance Journal*, October 1982)

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## 7. THE WILLIAMSBURG SUMMIT

Leaders of the seven major industrial countries met at Williamsburg on 28th to 30th May for the annual economic summit meeting. The Prime Minister attended the summit, accompanied by the Chancellor of the Exchequer and the Foreign Secretary.

The **Prime Minister** has summarised the consensus of the leaders on economic policy: 'We see signs of recovery. I think that was the general view of the Heads of Government. We believe we can sustain and encourage that recovery by continuing sound financial measures . . . We all recognise that one of the most important things is to get down interest rates because that helps construction, it helps investment, it helps to build up stocks' (*BBC Radio*, 29th May 1983).

The Williamsburg Declaration by the leaders put forward a ten point agreement on measures to promote recovery. This included the need for monetary and fiscal policies conducive to lower inflation, lower interest rates and therefore greater employment. The convergence of economic policies would stabilise exchange rates. The leaders also committed themselves to halt protectionism and to begin to dismantle barriers to trade.

The leaders were agreed that there could be no quick cure of worldwide high unemployment. The **Prime Minister** said: 'A quick cure would be a quack cure, and we don't want a quack cure, we want a genuine cure'.

Although the summit was primarily about economic matters, the leaders also discussed the question of arms control. The Prime Minister hailed their 'very significant and fundamental statement' on this subject. The statement pledged that the seven nations would never use their arms for a first strike, and that they would strive for lower levels of armaments through serious negotiations.

The leaders called on the Soviet Union to work with them, but warned that any effective arms control agreement must be based on equality. The Soviet Union would not succeed in its attempts to influence public opinion in the West. Nor would the West be split by Soviet wishes to include the British and French strategic deterrents in negotiations on intermediate nuclear weapons.

The leaders' statement declared a 'strong wish' that the talks on intermediate nuclear disarmament should succeed. If agreement was not reached, however, the Western nations would proceed with the deployment of Pershing-2 and Cruise missiles in Europe from the end of 1983. The leaders committed themselves to deploying all their political resources in the effort to reduce the threat of war.

## 8. UNEMPLOYMENT: LABOUR AND PUBLIC OPINION

An opinion poll, conducted by Harris Research, and published by the *Observer* on 29th May, shows that there is more public confidence in Conservative policies on unemployment than there is in Labour's alternative proposals:

Favour the Conservatives:	37%
Favour Labour:	30%
Favour the Alliance:	17%
Don't Knows:	17%

This poll demonstrates that the electorate is becoming more aware of the true causes of present unemployment in Britain. Apart from the world recession, the most significant reason for Britain's lack of competitiveness and consequent level of unemployment is the policy pursued by the Labour Party when it was in power.

The last Labour Government's dependence upon its trade union paymasters resulted in the support of restrictive practices, overmanning, resistance to new and less unionised industries, and the featherbedding of the public-sector monopolies, with predictable consequences for Britain's competitiveness.

Between 1970 and 1980, pay in the United Kingdom rose nearly twice as fast as in our main competitor countries, while productivity increased by only half as much. This inevitably resulted in higher unit labour costs: between 1975 and 1980 labour costs rose more than twice as much as those of our competitors. The result was a loss of customers and a loss of jobs.

At the same time, Labour's irresponsible fiscal policies created runaway inflation and undermined the foundations of Britain's economic future. It is extraordinary that they propose the same policies again. As **Mr Joel Barnett**, Chief Secretary to the Treasury in the Labour Government, said:

'To suggest that there is an alternative economic strategy that would allow immediate increases in public expenditure is to do a great disservice to the Labour Movement, for it deludes our own supporters and does maximum harm by building up great expectations which cannot be delivered' (London, 16th July 1976).

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## 9. MILITANT TRUTHS

### *The Claim*

'It would be an absurdity, of course, if someone who continued and persisted in his declared support for Militant Tendency would remain a candidate for the party'.

(**Mr. Michael Foot**, reported in *The Times*, 6th September 1982)

### *The Fact*

Labour is fielding five Parliamentary candidates who are open supporters of the Militant Tendency:

Terry Fields – Liverpool Broadgreen  
Rod Fitch – Brighton Kemptown  
Dave Nellist – Coventry South East  
Pat Wall – Bradford North  
Cathy Wilson – Isle of Wight

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## 10. THE WATER INDUSTRY

The Government has undertaken a series of measures to streamline the operation of the water industry, and to review the methods of charging for water. On 8th October 1980, **Mr Tom King**, then Minister for Local Government, listed the steps the Government had taken to improve the efficiency of the water authorities:

'We have set tight cash limits to their capital expenditure. We have given them clear financial targets. We shall be setting tough performance targets to improve the productivity in each of their activities. We are taking powers in the Local Government Bill to require publication of information which is directly relevant to the efficiency of their operations. We have asked them to dispose of surplus assets, particularly land' . . .

'We intend to have a special drive to reduce the waste of water in the present system' . . .

'We have asked the water authorities to get out of the areas that the private sector can do perfectly well.

'We are stopping Labour's misguided water equalisation policy.

'We have made the first-ever referral of a water authority (Severn-Trent) to the Monopolies Commission.'

The Government has carried through the reorganisation of the water industry in the Water Act 1983, which restructures the Regional Water Authorities and abolishes the National Water Council.

Conservatives recognise that increases in the cost of water service charges can be a burden to consumers. Improvement in the performance and efficiency of water authorities are the key to keeping future charges increases to a minimum, but there are pressures to move to a system of charging which reflects consumption more accurately than in water rates.

After reviewing the different methods of charging for water, all water authorities now offer householders the option of having a water meter installed in their home. This is a method which is both cheap and easy to administer. It avoids the very high costs of universal metering and provides a way of dealing with the worst injustices of the present system, while recognising that for the vast majority of consumers the present system is acceptable.

The average annual rate of increase in water charges in England and Wales has fallen year by year since 1980-1. The average rise in 1980-1 was 24 per cent; in 1983-4 it is 7 per cent.

## 11. THE NEED FOR NUCLEAR POWER

Nuclear power offers a secure, clean, economic and safe means of producing electricity.

It makes us *secure*: it reduces our dependence on oil and coal.

It is *clean*: nuclear power stations do not produce the emissions that make other power stations so unpleasant.

It is *safe*: the strict British safety régime has ensured that, over 25 years of operation, no nuclear power station has ever posed a threat to the public.

It is *economic*: nuclear power offers the cheapest electricity available. The CEBG calculates that a new coal-fired power station would, over its lifetime, produce electricity at 3.88p per kilowatt hour while a new nuclear Pressurised Water Reactor (PWR) would, over its lifetime, produce electricity at 2.61p per kilowatt hour. Nuclear power provides about 40 per cent of France's electricity requirements. As a result France enjoys the lowest electricity prices in the EEC.

Until 1979, Britain's nuclear power programme received bipartisan support. Both parties supported the development of Magnox reactors (based on the first nuclear power station at Calder Hall) and their successors, the Advanced Gas Cooled reactors (AGRs). In 1978, **Mr Tony Benn**, then Secretary of State for Energy, announced his decision to authorise the electricity supply industry to order two new Advanced Gas Cooled reactors. At the same time he announced that the UK should not be dependent upon an exclusive commitment to any one reactor system.

'We must develop the option of adopting the PWR (Pressurised Water Reactor) system in the early 1980s' (*Hansard*, 25th January 1978, Col 1392).

This Government inherited the commitment; work continued on the design of a PWR to meet British safety requirements, and a public inquiry into the siting of a PWR at Sizewell in Suffolk is now under way.

The bipartisan agreement on nuclear power broke apart after the 1979 General Election. Within a few months, Mr Benn expressed strong opposition to the PWR. Labour's Manifesto now promises to 'stop Sizewell and scrap the Tory PWR programme'.

Labour have never explained this change of mind on the PWR, which took place long before a public enquiry into its safety. Perhaps there is a more cynical motive behind Labour's change of mind. As **Mr Lamont** remarked in 1980, Mr Benn may be: 'taking advantage of his position to arouse and exploit the fears of millions of people in order that he may take up a new patch of political ground. He has seen the success of anti-nuclear parties abroad. He wishes to graft that support to himself. He wishes to use fear itself to shroud his ugly political aims' (Kingston-upon-Thames, 19th April 1980).

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## 12. A NECESSARY INGREDIENT

'A Labour victory without a big Communist vote is like a loaf without yeast.'

(**Mr John Jackson**, Communist candidate for Glasgow Provan, *Morning Star*, 1st June 1983)

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### 13. NEVER A TRUER WORD

'The Labour movement has got to come to terms with the fact that it doesn't always practise what it preaches.'

(Mr Arthur Scargill, *Marxism Today* April 1981)

'Scargill is ready to spend £100,000 on "solid stone house"'

(*Daily Telegraph*, 30th May 1983)

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### 14. THE BALANCE OF PAYMENTS

**April Trade Figures.** April's balance of payments figures showed a deficit of £180 million, compared with the exceptionally good figures of March, when a £564 million surplus was recorded. The movement from surplus to deficit is explained by the rise in imports and the record exports achieved in March. Nevertheless the overall trade performance over the last three months has been creditable, as explained by Lord Cockfield, Secretary of State for Trade:

'Taking the last three months together we earned a surplus of £431 million. Last year we earned a surplus of £4 billion. This compares with a deficit of £1 billion in 1979. The important thing is that we are now in a position where we can afford the increase in imports needed to support our recovery' (London, 27th May 1983).

Some Labour spokesmen have attempted to identify worrying trends from this month's figures. Lord Cockfield has pointed out that very large fluctuations from one month to another are quite common. And Mr Michael Meacher implicitly accepted that it was a mistake to base much on one month's figures when he was Labour's Under-Secretary at the Department of Trade:

'In interpreting the recent trade figures, it would be a mistake to place too much weight on the effect of the January figures' (*Hansard*, WA, 3rd March 1978, Col 444).

**Exports.** Between 1979 and 1982, exports rose by 36 per cent compared with an increase of 21 per cent in imports. In the last three months, our exports rose by 3½ per cent in value and 1½ per cent in volume. And if oil is excluded, our exports increased by 6 per cent in value and 2 per cent in volume. These figures give the lie to Labour's claim that Britain's exports are dependent upon oil. In truth, the major cause of our improved export performance has been the greater competitiveness induced by the policies of the Conservative Government.

**Imports.** During the last three months, imports have risen quite rapidly. Compared with the previous three months, they rose by 8 per cent in value and 3½ per cent in volume. Lord Cockfield confirmed that some of this increase was evidence of an upturn in industry:

'Much of this was due to an increase in raw materials—up 14 per cent in the three months—and semi-manufactures—up by 11 per cent. Both of these are essentially the raw materials for our industry and they reflect the gearing up for higher output. To this extent, the increase in our import bill is pointing the way to a general recovery in the British economy' (London, 27th May 1983).

The rise in the import of finished goods is less desirable; but our greater competitiveness will in due course lower demand for these imports.

**Manufactures.** For the first quarter of this year, a deficit of £664 million on trade in manufactures was recorded. Lord Cockfield emphasised that:

'The figures always fluctuate a very great deal from one quarter to another. Because the first quarter has shown a deficit, it does not follow that it will continue that way' (London, 27th May 1983).

Lord Cockfield also stressed that a large part of the deficit was due to a rise in the import of semi-manufactures that feed our own industry. This suggests a rising demand for British industrial products.

**Labour's Record.** Labour's claim to have left the balance of payments in surplus was one of the most frequently asserted myths of the 1979 election campaign. In fact the cumulative deficit from March 1974 to March 1979 was £5,099 million, and they left a current account deficit of over £2 billion in the first half of 1979.

That Labour achieved a surplus in any year (1978) was mainly due to North Sea oil and gas. But while the balance of trade with OPEC and the third world countries improved accordingly, the trade deficit with the developed world increased from £1,965 million in 1973 to £3,810 million in 1978, despite a 27 per cent fall in the exchange rate of sterling during that period.

A carefully staged pre-election consumer boom led to a surge in imports. British industry after five years of Labour mismanagement was ill-equipped to meet foreign competition.

### 15. FARM WORKERS' WAGES

Farm workers have recently won their second pay rise in four months. On 27th May, the independent members on the Agricultural Wages Board voted with the workers' representatives for an increase of 5 per cent. This will raise the weekly minimum wage from £75.40 to £79.70 up to June next year, and average weekly earnings from £105.75 to £111.05.

Under the Conservative Government, farm workers' earnings have gone up in real terms every year, whereas under the last Labour Government they actually fell in real terms. So much for Labour's avowed support for the lower paid.



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