



HOUSE OF COMMONS
LONDON SW1A 0AA

HOWE
MP

STRICTLY CONFIDENTIAL

7th September, 1978

Nigel Lawson and I have been reconsidering what main (and subsidiary) points the economic team might usefully put forward at press conferences and on other occasions and the outcome is as follows:

1. The tax cut package is of central importance and must be pushed for all that it's worth.
2. Two subsidiary ideas:
 - a. Getting rid of government waste and extravagance. I have asked Adam Ridley and George Cardona to help put together this point, drawing heavily on the recent "Politics Today" and Chapman's book.
 - b. Cutting out red tape and over-regulation. This is by no means purely economic since Keith Joseph and Michael Heseltine are also involved. In this context, it is worth considering relaunching:
 - i. The proprietary company idea; but this is primarily John Nott's territory.
 - ii. My own enterprise zone proposal. I think this general theme is worth pursuing and propose myself to take it up in appropriate parts of the country.
3. Property-owning democracy is undoubtedly a most important theme; but in the general "wealth-spreading" field, the technicalities are so complex that our package is, I fear, still too nebulous to offer with confidence. This must rest, therefore overwhelmingly on council house sales, with which Michael Heseltine is dealing.
4. Torpedoes: these are ideas with which to challenge the enemy and should certainly be deployed:
 - a. The attack on the savings of the people (direction of investment, trade union control of pension funds, etc.)
 - b. The cost of Labour's programme (see below: Labour will put taxes up).
 - c. Labour's wealth tax will cripple small businesses, causing still more bankruptcies and unemployment (ditto for small farms.)

4. d. Labour is planning, however covertly, a massive extension of nationalisation (building industry, the land - on which Eldon Griffith's pamphlet is useful; etc.): nationalisation is still very unpopular.
- e. The economy is going sour in a big way so that we shall have a dreadful legacy to cope with: that is why Callaghan has finally been pushed to go to the country now - he dare not risk the horror of 1979, the collapse of the "boom", inflation back in double figures.
5. It would be massively useful if we could plausibly argue that Labour will scrap or curtail mortgage interest relief; but Nigel and I have not yet found anything sufficiently firm to justify launching this one. CRD should keep an eye open for any suitable material.
6. Two general negative points, to be pressed continuously:
 - a. We must assume that everything in Labour's Programme 1976 remains part of their policy unless explicitly abandoned in their Manifesto. The material here is not, of course, confined to the economic front.
 - b. We must continuously remind people of Labour's dreadful economic record and make it plain that another Labour Government will simply be more of the same. People must be made to understand the precarious, fragile and essentially phoney nature of this year's spurt in living standards. The Healey/Callaghan complacency must be remorselessly exposed.

I am sending copies of this note to Margaret and Keith, as well as to Angus Maude, Chris Patten, Adam Ridley, Nigel Lawson and Tim Bell.

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