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GOVERNMENT/PARTY STRATEGY

A copy of a background note by the Paymaster General is attached.

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GOVERNMENT/PARTY STRATEGY

The Chairman of the Party asked me to prepare a paper, for the Strategy Meeting on 23 November, on the legislative issues likely to exercise us in the next two months.

This I cannot do, since the necessary information is not available to me. It is, I suppose, possible that the two major controversial Bills on Housing and on Local Government, Planning and Land will be in the public domain in this period. More imminent, I imagine, is the Health Services Bill: this, while controversial, can be presented as a straight Manifesto commitment, as is the National Heritage Bill (likely to be less controversial). Much more controversial will be the Social Security (No 2) Bill, which will require considerable PR support.

The Protection of Official Information Bill has now been put into cold storage. I would not expect this to lessen, in the long run, the pressure for amendment of Section 2 of the Official Secrets Act, but it will take the heat off for now and allow time for further consultation.

Jim Prior told the Party's Advisory Committee on Policy last week that he hoped to introduce - and perhaps get a Second Reading for - the Trade Union measure before Christmas. Everything in it has been freely foreshadowed and was, indeed, an Election issue. In addition, its main provisions have several times received massive support in public opinion polls from Labour supporters and union members as well as from our own supporters.

It will of course be violently opposed by the Opposition and by union leaders as a 'vicious attack on the basic rights of trade unionists'. We have the best possible grounds for a major PR exercise to present it as an essential measure to secure the rights and freedom of individual union members.

It is for discussion whether we should launch this simultaneously with the publication of the Bill, rather than appear to be reacting defensively to Labour attacks. The CTU should be used to the full.

It is possible that we could win the propaganda argument and yet, having got the Bill through, still be faced with attempts to foment industrial action against it. These might, by a mixture of appeals to union loyalties and straight intimidation, attract some support. It seems to me, therefore, that we should at least consider the possibility of (exceptionally) putting it to a referendum before the measure is activated. This would make direct action more difficult and much more unpopular. It is a possibility that was hinted at by the Prime Minister in a television interview before the Election.

All this legislation - and whatever else turns up - may at times distract attention from the economic issues, but not for long. The effects of public spending cuts, pay awards (disturbingly high), interest and mortgage rates, recession, etc, will still provide our major problems. These will require a continuing PR effort, in particular to counter demands for 'U-turns' and some faintheartedness in some sections of the party.

I attach a speaking note for Ministers which, if the Chancellor approves it, I propose to circulate this weekend. This seems to me the best general line to go on ramming home - and it might be an idea for a PPB.

Jim Prior has been putting across some very good stuff on pay claims, and the CBI are being as helpful as possible within their limits. However, awards are still far too high. How can we convince people that if they think inflation will run at +17% next year, and secure pay awards of 17 to 20%, then inflation will continue at +17% and over for ever? Talk about money supply goes over their heads, and the threat of unemployment will have little effect until it does start rising substantially.

I do not propose to discuss Northern Ireland (HMG's White Paper has had a good press) or the EEC Budget. The former is peripheral and long-term; the latter case has been well publicised and is self-supporting until after Dublin.

I would say in conclusion that, even in discussing what we do and say in the short term, we must never lose sight of the fact that we have so far completed only one-twentieth of what must be a ten-year period of Office if we are to save the country and make a return to left-wing socialism electorally impossible. No Government has carried out so many election promises so quickly; but the need to get all the most unpopular stuff out of the way quickly is imperative. This makes the delay in getting some major controversial Bills under way the more unfortunate.

We must be able to show substantial economic improvements in about 3 to 3½ years from now. Whether we can avoid serious losses in local government elections in the short run is, I would suggest, a matter rather of tactics than of compromising the long-term strategy. And if we are going to have to brace ourselves to more stringent public spending cuts, the sooner we do it the better.

- AM

TO ALL MINISTERS

I would like to suggest to you a theme which I feel should run through all Ministers' speeches in the next few months.

It is that there is in fact no third course of policy open to us between what the Government are now doing and a return to the Labour policies which failed during 1974 to 1979 and against which the electorate voted last May.

Most of the Opposition and trade union criticism of our actions is a straight demand for a return to the failed Labour policies.

But, in addition, the suggestions by 'moderate' media and economic commentators that we should 'modify' our policies to take account of recession, the risk of higher unemployment and so on, are themselves pleas for a return to Labour policies.'

Incomes policy, 'reflation', a halt to public expenditure savings, more public borrowing, etc - these are all reversions to past failed practices.

Since nobody has yet suggested a viable alternative - except that we should actually intensify our public spending and credit squeeze - we are surely entitled to put the challenge squarely to the public:

"Do you really want to go back to a regime under which prices and unemployment doubled in five years and public spending was subject not to steady retrenchment but to sudden large and unpredictable cuts?

If you don't there is no alternative to backing what the Government is doing and accepting the temporary sacrifices involved. If there were an alternative, other than a replay of the last five years' disasters, why has nobody suggested it?"

I believe that only if we all go on saying this, in unison and ad nauseam, will the message get home.