

PRIME MINISTER

Clive
✓
yes, v. good. he
need to think on
Ministerial responsibility.

Mr. Whitmore
✓

Post-Budget Campaign

To see.
I think that this is generally on
the right lines. But it will need a very
big effort to translate it into effective
action.

AKL 12:00

1. I promised in the attached minute which you read at the weekend to bring forward proposals on the concept, themes and messages for a post-Budget campaign of economic education. This minute sets out my ideas for your comment and, I hope, approval.

Proposed Campaign

2. You will recall that the proposed campaign would consist of:

- speaking notes on particular themes which can be slotted into speeches - e.g. your Airey Neave Memorial Lecture;
- background factsheets to fill out speeches, broadcasts or articles;
- a determined effort to bang over a particular message over the space of a week or fortnight during the currency of the mid-April/end-July campaign; and
- a launch, whether explicitly or implicitly, in the form of your Granada broadcast on April 14.

Theme

3. The key need at this stage is to identify the theme and prepare the actual material for post-Budget adaptation in order to ensure that the campaign concept and first message is available to all members of the Government (and backbenchers) before April 14.

4. You will recall that at our meeting last week you were attracted by the idea of a campaign built on the good news concept - good sense, good use, good business, good times, etc. The more

I have thought about it, the less I am attracted in 1980 with a campaign unified by the word "good". The truth is that 1980 is not going to be a good year in material terms (though it may be good or even better in the way in which attitudes change). Economically, it is going to be a hard and difficult year and no purpose will be served in conducting a campaign which is out of tune with the times. We need to capture the public mood and carry it with us.

5. I also consider that, in devising a campaign, we need to have our eye not merely on the present but also on the future, both immediate and longer term. The immediate concern must be to influence negotiating attitudes during the next pay round. The longer term objective must be to give people hope, without over-playing it; that if they act on the campaign message good times are ahead.

Proposal

6. In the light of all this, I have concluded that this summer's campaign should be built upon the theme "Living in the real world". The arguments for this are:

- it develops the successful illusions/realities theme of the Airey Neave lecture;
- the realities theme, far from being worked out, has not been worked over in a systematic way;
- it is in tune with the times and the immediate Government objective of bringing the country down to earth with a bump in order to shake it out of its decline;
- it offers a convenient means of addressing a number of different publics which can be selected to maximum advantage - e.g. reality in local government immediately before the local elections on May 1;

- we can use the step change which will occur in July in the Index of Retail Prices as VAT is worked out to complete the campaign on a hopeful high note.

7. I think we should reserve a good news campaign for later in the Government, when we hope this will genuinely be in tune with the times.

Structure

8. If you accept the "Living in the real world" theme, I suggest that the various publics or audiences should be addressed in broadly the order set out below. I say "broadly" because we ought, as convenient, to take advantage of topicality - e.g. local government elections. But - and this is a crucial but - we should not, as is the case so often in Government, leave so much flexibility that everyone is allowed to go his own way in his own time, with the result that nothing happens. You need to place your Government under an obligation to hammer home one identifiable theme a fortnight; otherwise we might as well forget about the whole thing.

9. I therefore propose the following broad sequence:

Government in the real world - bringing out its main objectives of low inflation, high employment, high wages and high productivity and linking these with the reality that

- (i) Government has no resources of its own;
- (ii) these have to be raised in tax or loans - from you and me;
- (iii) the more the Government spends, the more it has to raise in tax or borrow or both;

/(iv) the

- (iv) the more it spends the available money, the less there is for everyone else, including the productive profitmaking sector, and the higher the cost of borrowing available money;
- (v) the demand by people for lower taxes and lower interest rates - ergo the need to cut public spending and raise efficiency in the public sector; and
- (vi) the extent to which Government objectives and achievement are those of its people.

Local Government in the real world (to be hit home during the final week of April) emphasising

- (i) local government is in the service of the people;
- (ii) people - rate and taxpayers - are the sole source of local government's money;
- (iii) as electors, they have control not only over the supply but the use of money to local authorities;
- (iv) their obligation to themselves is to ensure that local authorities spend their money wisely and effectively;
- (v) there is a genuine alternative to cuts in services - namely, efficiency, economy and harder work;

/(vi) this

- (vi) this Government no friend of spendthrifts and inefficients but a staunch ally of councils who give service with an economical smile.

Trade Unions in the real world (the timing may depend on the passage of the Employment Bill but the basic aim should be to influence attitudes during the trade union conference season: we should therefore get over this message early in May). This message would emphasise:

- (i) every reason why we can have a high standard of living - but we must provide the means;
- (ii) only people who provide the means in the end are those who produce the goods profitably;
- (iii) no future in producing goods no one wants to buy - design, price, quality and delivery must be right;
- (iv) ergo - no future in restrictive practices, non-existent jobs for the sake of keeping people in work, obstruction and strikes; bright future in flexibility, realistic manning, positive effort and keeping at work;
- (v) role of profit;
- (vi) need to match pay increases with genuine productivity improvements; no prizes for the bogus, sham productivity deal;

/(vii) only

- (vii) only reasons we have a low European standard of living is our own attitude; remedy in our hands;
- (viii) no bottomless pit on which we can draw our pay cheques; all got to be earned; Government provided early incentive to improved efforts - tax cuts.

Management in the real world (preferably latching on to a major management conference or declaration which we might orchestrate with the CBI and possibly divided into two campaigns - general and small firms):

- (i) Management has responsibility for managing its business in all its aspects; don't rely on Government;
- (ii) Government can, however, create a better entrepreneurial environment - what it has done by way of incentives and reduced burdens (good news);
- (iii) need to motivate work people and keep them in positive frame of mind;
- (iv) Government no excuse for failure; Government cannot run businesses and will not try to do so: it aims to encourage self-reliance, reward, enterprise;
- (v) rewards are available; get up and go and get them.

/Welfare

Welfare in the real world - (the obligatory and very necessary slot for compassion):

- (i) the Government is concerned about the poor, sick, the aged, the infirm - and what it has done for them;
- (ii) Government determined to halt our economic decline and improve our fortunes - only basis for giving real help to deprived;
- (iii) Government recognises responsibility for the worst off; but so must others by their behaviour, actions and ambitions - fair shares;
- (iv) no substitute in real world for community recognising extent to which it can help or hinder under-privileged; Government's help can be undermined and rendered valueless by rapacious pay claims, spendthrift public servants, incompetent managers.

Britain in the real world (perhaps in the run up to Eurocouncil or Summit in Venice mid-June):

- achievements on world stage - Rhodesia; ? Iran; Afghanistan;
- great residue of recognised expertise and influence;
- but need to improve economic performance and build up our strength if we are to punch our weight;

- (as necessary) the Eurobudget in perspective;
- real opportunity against background of international successes and reliability to exercise greater influence for good in world if only we sort ourselves out economically.

British resources and the real world (perhaps against background of fifth anniversary of first North Sea oil ashore - mid June):

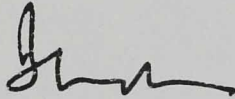
- opportunity provided by North Sea oil (and gas);
- but put these resources in perspective (2% world's total);
- urgent need to put oil and gas to good and effective use; how this is being done;
- no purpose served in wasting them by underpricing them - i.e. below world price;
- the opportunity these resources create.

Changing course in the real world (the peroration to the campaign immediately before the Recess). The aim of this valedictory message would be to bring out, against all that has gone before, the Government's main objectives and means of achieving them and the opportunities they create for the years ahead. It is, however, important in the end to bring people back to the reality that only they can really deliver the good times.

10. I am conscious that this is very raw material and that a great deal of refining needs to be done. It is, however,

/inescapable

inescapable that the real shape and quality only emerge in drafting. Are you nonetheless content with the concept, themes and messages?



B. INGHAM

12 March, 1980