

## **More Words for Eating**

**Quotes from  
Labour and Liberal Spokesmen**

50 pence

**Compiled by the Conservative Research Department**

## Contents

<b>1 The 'Top Ten' Quotes to Remember</b>	6
<b>2 Economic Miracle?</b>	8
<b>3 Growth</b>	12
<b>4 Unemployment</b>	14
<b>5 Prices</b>	19
<b>6 Subsidies</b>	23
<b>7 Taxation</b>	24
<b>8 Standards of Living</b>	26
<b>9 Nationalisation and Industrial Policy</b>	28
<b>10 Public Spending and Borrowing</b>	33
<b>11 Borrowing from Overseas</b>	37
<b>12 The Pound</b>	38
<b>13 North Sea Oil</b>	40
<b>14 The Social Contract</b>	41
<b>15 Pay Policy</b>	43
<b>16 Education</b>	49
<b>17 The Environment (inc. Housing, Land and Transport)</b>	51
<b>18 Social Services and Health</b>	54
<b>19 Immigration</b>	57
<b>20 The European Community</b>	58
<b>21 The Soviet Union and its Satellites</b>	61
<b>22 Defence</b>	62
<b>23 Parliament and the Constitution</b>	64
<b>24 Law and Order</b>	65
<b>25 The Press</b>	67
<b>26 Comments on Mr Callaghan</b>	69
<b>27 The Natural Party of Government?</b>	72
<b>28 Liberal Quotations</b>	75

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## Preface

In 1966 the Conservative Research Department published a booklet, *Words for Eating*, containing some 400 quotations from the speeches and utterances of leading figures in the Labour Party. This proved so successful that a revised edition was published in 1969.

Since then the Labour Party has had nearly four years in Opposition, during which it reversed its position on several key issues and generally became even more Left-wing, and four years in Government, during which the country has experienced record unemployment, record inflation, record tax increases and a record fall in living standards. It now seems an appropriate time to publish *More Words for Eating*.

The 1966 and 1969 Editions of *Words for Eating* were confined to quotations from Sir Harold Wilson and Lord George-Brown (as they now are), and Mr James Callaghan. While Lord George-Brown has resigned the Labour Party Whip and has on a number of occasions expressed his disillusionment with the recent trend of Labour Party politics, Sir Harold Wilson and Mr Callaghan have continued, as successive leaders of the Labour Party, to prove that the 'quarrier' of political quotations does not labour in vain. *More Words for Eating* includes in addition quotations from other Labour Party personalities ranging from Mr Foot and Mr Benn to certain other figures like Mr Ron Hayward (General Secretary of the Party), Miss Joan Lestor (ex-Minister, and Party Chairman in 1977) and Mr Stanley Orme, Minister for Social Security, whose views—while unappetising—perhaps deserve to be better known. A selection of Liberal quotations has also been included, in particular ones relevant to the issues raised by the Lib-Lab Pact. (This also contains two Labour comments.)

Arranged for the most part chronologically within the various sections, the quotations largely speak for themselves. Introductory passages setting out background notes and statistics have been included where they are appropriate. A passage from the preface to the 1966 *Words for Eating* is still apposite: 'They tell a story of duplicity and doublespeak, of shortsightedness and misjudgement, of false promises and false optimism, of broken faith and disappointed hope, of self-praise and self-excuse'.

Plus ça change, plus c'est la même chose.

Let us say what we shall do; then let us do what we say' (**Mr Callaghan**, *Observer*, 11th November 1973).

'Man does not live by words alone, despite the fact that sometimes he has to eat them'

(The late **Mr Adlai Stevenson**, Speech, 5th September 1952).

'Belle parole, ma guarda la borsa'—'Fair words, but look to your purse'

**(Italian Proverb).**

## The 'Top Ten' Quotes to Remember

Mr CALLAGHAN

'It is the Social Contract or nothing. It stands between the nation and ever higher prices and heavier unemployment'.  
*(BBC TV, 17th July 1974.)*

Since then the Labour Party has had nearly four years to  
**Mr HEALEY** during which it has been at the helm.

Mr HEALEY

'Inflation . . . is currently running at 8.4 per cent'. (Press Conference, 23rd September 1974.)

## Mrs SHIRLEY WILLIAMS

'There is no evidence at all of price increases stored up in the pipeline.' (*Press Conference, 7th October 1974.*)

## Sir HAROLD WILSON

'Unemployment . . . is beginning to fall; the balance of payments show a substantial improvement; the pace of inflation and price rises is moderating . . . but now we are being inundated with gloom and doom from the Conservative leadership.' (*Press Conference, 9th October 1974.*)

Mr HEALEY

'I don't believe myself it's necessary for the people as a whole to have their living standards lowered in order to conquer inflation.' (*Election Call, Radio 4, 26th September 1974.*)

Mr FOOT

'I am not prepared to sit in this place [the Department of Employment] and preside over mass unemployment.'  
*(Daily Mirror, 24th July 1974.)*

Mr HEALEY

'By the end of next year, we really shall be on our way to that so-called economic miracle we need.' (*Ministerial Broadcast on the Budget, 6th April 1976*)

## Sir HABOLD WILSON

'That [i.e. devaluation] does not mean, of course, that the £ here in Britain, in your pocket or purse, or in your bank, has been devalued.' (TV, 19th October 1967.)

Mr BENN

'Marxism has, from the earliest days, always been openly accepted by the Labour Party as one of the main sources of inspiration within our Movement . . . we must preserve within our Movement a place for those who are [Marxists].'  
(*Bristol University, 10th December 1976*)

Mr HEALEY

'I will offer you proper Socialism when we get a decent majority in the House of Commons to enable us to do it.'  
*(Burnley Evening Star, 13th March 1978.)*

## 2. Economic Miracle?

During the Labour Government's first sixteen months in office there was a price and wage explosion and the rate of inflation doubled: by August 1975 it had reached 26.9 per cent (August 1974—August 1975). New restraints on both prices and wages were introduced. By the spring of 1976 Mr Callaghan and Mr Healey began to claim that Britain was set on the road to 'an economic miracle'. The 'miracle', such as it was, was of escape, not success. The crisis worsened during the summer and autumn of 1976. An alarming forecast in the Spring Budget of a £12 billion public sector borrowing requirement started a run on sterling. A further wholly inadequate Budget in July undermined confidence still more, and by October the £ had sunk to \$1.56. Faced with the worst economic crisis for forty years, a panic-stricken Mr Healey appealed to the IMF for a further massive loan—drawing on the last tranche of our borrowing entitlement. The stringent conditions on which the loan was granted were almost identical with the recommendations Conservatives had for two years urged upon the Chancellor.

As a result of these measures, and with increasing benefit to the balance of payments from North Sea gas and North Sea oil, the economy began very slowly to recover in 1977. Ministers reacted with a new bout of even wilder euphoria. But, as Mr Joe Haines, formerly Sir Harold Wilson's press secretary, remarked, 'it's no use saying the Labour Government works if one and a half million do not'. (Daily Mirror, 7th October 1977.)

### Mr HEALEY

'All that is required to achieve the formidable objectives which I have set is a marginal improvement in our industrial performance at every level. This will suffice to produce the economic miracle we need.' (Hansard, 6th April 1976, Col. 282.)

'By the end of next year, we really shall be on our way to that so-called economic miracle we need.' (Ministerial Broadcast on the Budget, 6th April 1976.)

'If we can keep our heads—and our nerve—the long-awaited economic miracle is in our grasp. Britain can achieve in the Seventies what Germany and France achieved in the Fifties and Sixties.' (Sunday Telegraph, 4th July 1976.)

### Mr CALLAGHAN

'We live in too troubled a world to be able in a matter of months or even of a couple of years to enter the promised land.' (Labour Party Conference, Blackpool, 28th September 1976.)

'Our people are not children. They know the score, and especially that no short cuts, no gimmicks, no six month miracles will cure our difficulties.' (News of the World, 10th October 1976.)

### Mr HEALEY

'What I have always said is that no government can produce an economic miracle.' (BBC TV, 15th December 1976.)

### Mr CALLAGHAN

(Quoting the Conservative strategy document, *The Right Approach*)

'It is idle to talk as so often before of the economic miracle that is round the corner. . . .'

'I promise my honourable friend that "The Right Approach" makes very good reading for quotations. What it says is correct. This is what we have constantly said to the country.' (Hansard, 3rd February 1977, Col. 741.)

### Mr HEALEY

'The changes we made to our economic policy in December got us out of our difficulties.' (Leeds, 4th February 1977.)

### Mr CALLAGHAN

'The economy is now turning upwards.' (Hansard, 23rd March 1977, Col. 1295.)

'Labour's achievements have been substantial. We have kept the promises we made in 1974 and we have put Britain on the road to recovery. I believe we have now an unprecedented opportunity to break out from the decades of decline and enter a new era of prosperity in the 1980s.' (Message to Mr Terry Davis, Labour Candidate, Stechford, 27th March 1977.)

### Mr HEALEY

'This Government has the satisfaction of knowing that in the economic field the tide has already turned.' (London, 17th May 1977.)

**Mr VARLEY**

**MR. ALEXANDER** 'We're not going to lose our nerve, because things are improving pretty dramatically. We've had a most difficult three and a half years but all the indicators, all the economic indicators, are set in the right direction now.' (BBC Radio, 19th June 1977.)

Mr CALLAGHAN

'The country is in a much better shape to face the future than we have been at any time in this decade.' (*Hansard*, 20th July 1977, Col. 1619.)

Mr HEALEY

"I think euphorias are always a danger but I think there is no question that . . . the responsibility with which we've run the economy in the last nine months has produced a most dramatic turn-around in our financial situation which of course has created a degree of world confidence which few countries enjoy at the present time."

## Interviewer

'You are patting yourself very firmly on the back there.'

Mr Healey

**Mr Heale,**  
'Well I think I deserve it.' (*World at One, BBC, 10th August 1977.*)

Mr HEALEY

'... The battle we have won in the last 12 months will prove in history to be as important to this country as the Battle of Britain itself, because we have at last got inflation under control.' (*Brighton, 2nd October 1977.*)

## **Mr CALLAGHAN**

'We have brought the country through the bad times. Now let us take them forward into the better times.' (Brighton, 4th October 1977.)

'We can now begin to lift our eyes and see a brighter horizon, but we can plan now for the years beyond the next Election, for the Britain of the 1980s . . . We know that we have a big job of political education on our hands.' (*ibid.*)

**Mr HEALEY**

'We have satisfied international financial opinion ... Everybody wants sterling now.' (*Weekend World, ITV, 2nd October 1977.*)

Mr HEALEY

'We should all recognise that our very dramatic—indeed astonishing—improvement has not been accompanied by an improvement in our real economy.' (*Hansard*, 26th October 1977, Col. 1469.)

Mr GALLAGHAN

**MI CALLAGHAN**  
‘A year ago I thought the gloom was overdone. Only a month or two ago I began to think the joy bells were ringing too loudly. Let us keep a sense of balance.’ (*London, 14th November 1977*)

Mr HEALEY

'I am often asked why, now that sterling is so strong and our reserves are so high, we do not tell the IMF to go hang . . .' (London, 17th February 1978.)

### 3. Growth

The following section opens with two examples of Mr Callaghan's requirements for growth in the mid-sixties. It should be noted that in the three years 1965–67, when he was Chancellor, the average growth in Gross Domestic Product was 2.3 per cent, while the average annual rate of growth under the Conservative Government from 1970–73 was 3 per cent. Industrial production under the present Labour Government was in February 1978 only just above the level of the three day week of February 1974, when the Conservatives were last in office, and was only marginally higher than in 1970. Production in manufacturing industries is still considerably below the level of February 1974.

(See also the quotations in the section headed 'Economic Miracle?')

#### Mr CALLAGHAN

'We should be aiming in the latter part of the 1960s for a 5 per cent and then a 6 per cent growth rate.' (*Hansard, 20th July 1964, Col. 75.*)

'An expansion rate of 4 per cent will not be sufficient to enable us to overcome the backlog of rates, housing and schools, and if we expand no faster than this, it will take us a generation to modernise Britain.' (*Cardiff, 11th July 1965.*)

#### Mr HEALEY

'I have laid the foundations in this Budget for a tremendous leap forward next year . . . If we tighten our belts now we can start moving ahead next year and we'll be in far better shape then, than at any time since the war.' (*Budget Broadcast, BBC TV, 15th April 1975.*)

'I think it sensible to work on the assumption that the recovery will be under way by around the turn of the year (1975–6). . . We may well be close to the bottom of the trough. If so, trade will begin to recover in the second half of this year. After the turn of the year, there is reason to hope that growth will be fairly rapid.' (*Hansard, 15th April 1975, Col. 278.*)

'If we are to reduce unemployment to 700,000 in 1979—and certainly nothing less ambitious should be our objective—then our gross domestic product must grow at an average of 5½ per cent over the preceding three years and manufacturing output must grow at about 8½ per cent a year over the same period.' (*Hansard, 9th March 1976, Col. 255.*)

'British industry is already on the move. In the next twelve months unemployment will be on the way down and our output will be growing fast.' (*Budget Broadcast, 6th April 1976.*)

'Recent evidence suggests that the increase in GDP in the coming year is likely to be about 5 per cent rather than 4 per cent.' (*Hansard, 6th July 1976, Col. 1189.*)

'On present policies I would now expect GDP to increase over the next 18 months from the first half of 1976 at an annual rate of 5 per cent.' (*Hansard, 22nd July 1976, Col. 2010.*)

'I still think that there is a good chance, though not a certainty, that the increase [in output] between June this year and the end of next year could be about 4.5 per cent.' (*Weekend World, ITV, 26th September 1976.*)

#### Mr CALLAGHAN

' . . . we are now emerging into a period where we can begin to see the growth coming. This is our springtime. We can begin to see the change from winter.' (*Scotsman, 30th January 1978.*)

'Britain, . . . is going to be one of the faster growing countries in the world in 1978.' (*ibid.*)

With Ross when I said  
we played our cards  
**4. Unemployment** ~~100,000~~  
for - Sir, for Justice in society

This section traces the growing disillusionment of Labour spokesmen as unemployment has soared to new record levels under successive Labour Governments. Whereas in the 13 Conservative years 1951-64 there were 8 months in which the number of wholly unemployed in Great Britain reached half a million, in the 70 months of Labour Government in 1964-70, 38 had seen more than half a million out of work. Unemployment under the Conservative Government of 1970-74 reached a peak in Great Britain of 928,600 (4.1 per cent) in January 1972, and then fell steadily to 597,700 (2.6 per cent) in February 1974. The figures only exceeded one million at any time if the numbers of adult students and those 'temporarily stopped' were added.

The total number of unemployed in Great Britain was 610,300 (2.7 per cent) in October 1974, when a number of Labour pledges were given—presumably in full knowledge of likely developments in the world economy following the great oil price rise of 1973-4. The total rose to 1,102,000 (4.8 per cent) in August 1975, was generally over 1,250,000 during 1976 and above 1,400,000 in August and September of that year. The figure for April 1978 was 1,387,500 (5.9 per cent).

#### LABOUR PARTY ELECTION SLOGAN

'Back to work with Labour.' (February 1974.)

#### Mr FOOT

'In March 1966, a few weeks before the General Election, Jim Callaghan himself said in the House of Commons that he would not resort to the sledge hammer of deflation and unemployment, which is, I believe, what we have resorted to.' (Scarborough, 3rd October 1967.)

'We are facing a situation in which a bigger gulf is being dug between the trade union movement and the Labour Government than at any time in my memory, a gulf which the Government will not be able to bridge by saying that the alternative is much more severe unemployment.' (Hansard, 24th April 1968, Col. 289.)

He needed 100,000 - he didn't resign.  
Under his successor it's over 170,000.  
We now have 1.4 million people unemployed.  
I say as a socialist, and as I believe everybody in this Movement would say, we are not prepared to tolerate the scourge of unemployment at the rate we have had it over these years. We are not prepared to tolerate it for socialist reasons and for economic reasons.' (Blackpool, 30th September 1968.)

#### Sir HAROLD WILSON

'There is one theme which dominates not only this debate but all public debates, and all the escapist posturings of right hon. Gentlemen opposite cannot help them to deny their responsibility. This is unemployment. It is the total failure of this Government to accept the responsibility which in the war was accepted by the Coalition Government as binding on all post-war Governments—the responsibility of asserting the right to work.'

'[Mr Heath] has got to answer for his responsibility for a million unemployed.' (Hansard, 2nd November 1971, Cols. 27-28.)

'... I make this prediction, that... there is still no acceptance of Ministerial, still less Prime Ministerial, responsibility for this achievement [i.e. unemployment] that we shall get the same excuses and alibis, this usual craven attribution of vicarious responsibility to every individual and institution in this land except the man who is responsible.' (Hansard, 24th January 1972, Col. 998.)

'In the dole queue there is no freedom, there are no differentiations. For them the universal leveller is the denial of freedom to work.' (Hansard, 24th January 1972, Col. 1001.)

'I have made clear... that we accept the full right to work and will frame our policies on that basis.' (Hansard, 24th January 1972, Col. 1016.)

#### Mr FOOT

'... the Government have already put themselves in a position in which 100,000, 200,000 or 300,000 people are being subjected quite unnecessarily to all the cruelty, waste and misery of unemployment and are inflicting this injury on the economy.' (Hansard, 3rd November 1971, Col. 203.)

Mr HEALEY

'Unemployment in Britain today is by far the biggest single cause of avoidable human misery and suffering. It is also the biggest single cause of social inequality.' (*Hansard*, 20th April, 1972, Col. 796.)

## **Mr CALLAGHAN**

'They [the Conservatives] have written a new and unique chapter in our economic text books and it is headed, how for the first time in history we can attain high unemployment and high prices at one and the same time.' (Blackpool, 2nd October 1972.)

Mr FOOT

'I certainly agree that it would be quite wrong to think that you should accept heavy unemployment to deal with the balance of payments problem.' (*Election Call, BBC, 21st February 1974.*)

Mr CALLAGHAN

'Inflation is vicious in its effects, but it must not be cured by an equally vicious remedy—namely deliberate unemployment.' (London, 21st August 1974.)

'The Conservatives have now made it clear that they regard high unemployment as the cure for high prices.' (*ibid.*)

The greatest safeguard the ordinary worker can have against mass unemployment is to make sure that the Conservatives are defeated whenever the General Election takes place . . . (*ibid.*).

'The Tories are forecasting that the Social Contract between the Labour Government and the unions will fail but they have nothing but unemployment to offer in its place.' (*ibid.*).

## Sir HAROLD WILSON

'We totally reject the use of unemployment as a weapon against inflation.' (*Peterborough, 29th September 1974*)

'We won't have our own people unemployed.' (Preston, 2nd October 1974.)

'There can be no national unity based on putting the working people of Britain out of a job. No social justice on the dole.' (Preston, 2nd October 1974.)

'The decision not to vote, not to bother, is a vote for unemployment that I fear Conservative policies can only bring in their train.' (*Birmingham, 6th October 1974.*)

Mr HEALEY

'I am certain we can get through the whole of next year with well under a million unemployed.' (*People and Politics*, ITV, 26th September 1974.)

~~I~~ have seen authoritative estimates that Sir Keith Joseph's policies based on the figures he actually used could mean a million and a half out of work. A party which contemplates unemployment on that scale is not a party to govern and unite Britain.' (Preston, 2nd October 1974.)

'I absolutely reject the use of mass unemployment as an instrument of policy. . . . I must warn the House that it could be touching a million, or 4 per cent by the end of the year.' (*Hansard*, 15th April 1975, Col. 320.)

'In 1976, as world trade begins to grow vigorously again, I would expect to see a reversal of this trend set in and a continuing fall in the number of unemployed.' (*ibid.*).

Mr FOOT

'Not since March 1940 has unemployment in the UK been over the million mark and there is no point in attempting to minimise the situation.' (24th July 1975; Statement on July unemployment figures.)

Mr CALLAGHAN

'I am glad that the House now recognises that we have reached a turning point both for the economy and unemployment.' (*Hansard*, 25th March 1976, Col. 628.)

Mr HEALEY

'I believe we are going to get unemployment down faster than any other country.' (*Scarborough, 10th May 1976.*)

'On current prospects I would expect unemployment to start falling before the end of the year.' (*Hansard*, 22nd July 1976, Col. 2010.)

Mr CALLAGHAN

'Unlike 1973-4, the indicators today are all pointing in the right direction... (Hon Members: "What about unemployment?") Yes, even in regard to unemployment this is true.' (*Hansard, 11th October 1976, Col. 162.*)

*SN* 'We need more jobs, but I don't know the answer.'  
(Reported in Labour Weekly, 4th February 1977.)

#### Mr HEALEY

'It does seem to be the case, however, that 1980 is now too near at hand to serve as the target date for full employment.'  
(OECD Ministerial meeting, 25th June 1977.)

'We can look forward to a steady improvement in jobs and living standards from this moment on.' (Brighton, 3rd October 1977.)

'People who have tried to make predictions about the unemployment rate have had to eat their words. . . .' (Labour Weekly, 1st April 1977.)

'I believe that the measures which I have announced . . . if they are accompanied by continuing moderation in wage settlements, will enable us to get unemployment moving regularly down in the coming year.' (Hansard, 26th October 1977, Col. 1459.)

#### Mr ERIC HEFFER

'If the Labour Government were to lose the next election . . . it would be because of one thing—the high level of unemployment.' (The Times, 12th December 1977.)

Mr HEALEY  
'I believe that the measures which I have announced . . . if they are accompanied by continuing moderation in wage settlements, will enable us to get unemployment moving regularly down in the coming year.' (Hansard, 26th October 1977, Col. 1459.)

Mr CALLAGHAN  
'It is possible for the owners of capital to thrive. They always do in an inflationary period. But in this casino society it is the unorganised—the pensioner, the lower paid and the disabled—who fare worst.' (Blackpool, 2nd October 1972.)

Mr HEALEY  
'It is our view and our analysis in this Document [Labour's Programme 1972] that if you wish to curb inflation—and who does not?—you must start with prices. That is where the battle must begin.' (*ibid.*)

Mr CALLAGHAN  
'My wife came home from her shopping almost in tears last week. She had seen a little old lady moving from one part of the shop to the other, pricing all the things she wanted; and eventually she went out clutching a pathetic little plastic package of two slices of meat loaf.' (Blackpool, 17th March 1973.)

## 5. Prices

#### Mr HEALEY

Contrary to the impression given by the statements of Labour spokesmen in 1973 and during the election campaign of February 1974, the annual rate of increase in the retail price index only exceeded 10 per cent in 7 of the 44 months during which the Conservatives were in office between June 1970 and February 1974. The year-on-year rate of increase has, until January 1978, exceeded 10 per cent for every single month the present Labour Government has been in office: it exceeded 20 per cent in the 13 months between March 1975 and March 1976; and it reached a peak of 26.9 per cent in August 1975—more than three times the 8.4 per cent of which Mr Healey boasted during the October 1974 election. The rate of increase fell to 12.9 per cent in the year to July 1976, but then rose again to 17.7 per cent in the year to July 1977—more than twice the rate of most of our competitors. In the twelve months to March 1978 prices rose by a further 9.1 per cent, still higher than that of most of our competitors and making a total increase of over 88 per cent since February 1974. It should be noted that whereas world prices, as measured by Reuter's Commodity Index, doubled under the Conservatives, they have actually fallen slightly under the present Labour Government.

#### Mr CALLAGHAN

'It is possible for the owners of capital to thrive. They always do in an inflationary period. But in this casino society it is the unorganised—the pensioner, the lower paid and the disabled—who fare worst.' (Blackpool, 2nd October 1972.)

#### Mr HEALEY

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#### Sir HAROLD WILSON

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**Mr HEALEY**

'What always astonishes one about the Prime Minister is his total insensitivity towards and ignorance of how ordinary people live. The fact is that the price of everything has gone up over the last 12 months.' (*Hansard*, 17th October 1973, Col. 317.)

**Sir HAROLD WILSON**

'There are 100 reasons for voting this Government out. But, first and foremost, it is prices.' . . . (*Manchester*, 15th February 1974.)

'The remorseless accelerating rise in prices is a menace which, unless checked, will destroy the fabric of our society. It is eating away at the savings, the security and the future of ordinary families. It feeds on itself and terrifies ordinary families.' (*Preston*, 20th February 1974.)

'The rate of price rises forecast for 1974—even by Conservative commentators—would demolish the security, devastate the savings, and threaten the stability of our national life.' (*Labour Party Election Broadcast*, 25th February 1974.)

**Mrs SHIRLEY WILLIAMS**

'If you elect us we will do everything in our power to prevent food jumping in price, and other prices, in the way that happened between 1970 and 1974.' (*BBC Television*, 14th February 1974.)

**Mr CALLAGHAN**

'The prime object of a Labour Government will be to slow down the rise in prices. Inflation is our biggest evil.' (*Swadlincote*, 21st February 1974.)

**Sir HAROLD WILSON**

'We are not inflating.' (*Hansard*, 24th July 1974, Col. 1626.)

**Mr HEALEY**

'They [his July measures] will have an immediate and beneficial effect in slowing down the rate of price increases and thus lessen the pay increases needed to maintain real earnings.' (*Hansard*, 22nd July 1974, Col. 1053.)

**Sir HAROLD WILSON**

'We are top of the league in the fight against inflation.' (*Daily Telegraph*, 2nd October 1974.)

**Mr HEALEY**

'Inflation . . . is currently running at 8.4 per cent.' (*Press Conference*, 23rd September 1974.)

'We have in fact succeeded in doing very well on our own this year—I have cut the inflation rate I inherited by half (and) cut the deficit of our balance of payments by half.' (*Panorama*, BBC 1, 23rd September 1974.)

'If the Social Contract is maintained we can get inflation down close to 10 per cent by the end of next year and into single figures the year after.' (*Witham*, 24th September 1974.)

'Inflation is racing ahead, actually faster in most other countries than in Britain.' (*Election Call*, BBC Radio 4, 26th September 1974.)

**Mrs SHIRLEY WILLIAMS**

'All one can say about inflation is that it is beginning to move downwards.' (*BBC Radio*, 20th September 1974.)

'There is no evidence at all of price increases stored up in the pipeline.' (*Press Conference*, 7th October 1974.)

**Mr HEALEY**

'There is now every prospect of inflation getting down to a single figure, year on year, by the end of 1976.' (*Finchley North CLP*, 12th November 1975.)

**Mr CALLAGHAN**

'. . . we should aim to reduce the rate of inflation below 10 per cent next year in 1977. . . .' (*Woolwich*, 30th January 1976.)

**Mr HEALEY**

'On prices, I believe that we can still achieve our target of under 10 per cent next winter.' (*Hansard*, 6th April 1976, Col. 281.)

**Mr CALLAGHAN**

'What the Chancellor has proposed is the best combination of pay increases and tax reductions which added together will enable the inflation rate to be halved.' (*Blackpool*, 25th April 1976.)

'I have always tried to put the position [on inflation] as straight as I can.' (*Hansard*, 21st December 1976, Col. 459.)



## 7. Taxation

### Mr ROY JENKINS

'The truth is that anyone can produce tax reductions if they first create massive unemployment, falling production and stagnant industry.' (*Hansard*, 20th July 1971, Col. 1287.)

'It would be intellectually dishonest, and in the long run politically disastrous, to pretend that increased taxes on the rich can solve the problem altogether.' (*Worsley*, 11th March 1972.)

### Mr HEALEY

'We shall increase income tax on the better off, so that we can help the hundreds of thousands of families now tangled helplessly in the poverty trap, by raising the tax threshold and introducing reduced rates of tax for those at the bottom of the ladder. I warn you, there are going to be howls of anguish from the 80,000 rich people, people who are rich enough to pay over 75 per cent on their last slice of income.' (*Blackpool*, 1st October 1973.)

'I would say that the present situation does not allow us to consider increasing taxes on the average worker because he is going to be clobbered very hard by rising prices.' (*Panorama*, BBC TV, 11th February 1974.)

'If your Government confiscated all incomes over £6,000 a year, that would bring in only £450 million once and for all. It sounds a lot but it is only one-twentieth of our present Government public sector borrowing requirement.' (*Blackpool*, 30th September 1975.)

'I think there is one major problem of which I'm deeply conscious and that is the incentive problem for middle management.' (*Weekend World*, ITV, 4th January 1976.)

'I want to give particular help to married people with children because they have suffered more in the past few years than the average worker.' (*The Guardian*, 12th February 1976.)

'... I think that trade unionists, like anybody else in the country, are very worried about the high level of taxation.' (*Party Political Broadcast*, 25th February 1976.)

'The rise in inflation we have seen in recent months has...  
'I think the rates of income tax are too high at every level of earnings, from the poorest paid to the highest paid.'

(BBC Radio 4, 21st October 1976.)

'I agree that the level of direct taxation does discourage enterprise.' (*ibid.*)

'I am helping the middle managers, too, as I said I would.'

(BBC TV, 29th March 1977.)

### LABOUR'S PROGRAMME 1976

'A great deal remains to be done to bring in more income tax revenue from those who can afford to pay.' (page 15.)

'The use of VAT information in monitoring income tax returns could hold the key to a considerable tightening up in this area.' (page 16.)

'Labour seeks the immediate introduction of a progressive annual wealth tax.' (page 16.)

'The taxation of company profits is a key element in tax revenue.' (page 16.)

'We believe it is essential to set targets for the redistribution of income and wealth and to establish a firm programme for meeting them.' (page 17.)

'Labour seeks the immediate introduction of a progressive annual wealth tax.' (page 16.)

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## **8. Standards of Living**

*This section begins with statements by Mr Healey attacking the Conservative Government's record in preserving living standards, and indicating his own belief that Britain's economic situation in September 1974—well after the world energy crisis had taken its hold—would not require a fall in living standards. In fact, between September 1974 and December 1977, real weekly take-home pay for the person on average earnings fell by over 7 per cent. Under the Conservatives between June 1970 and December 1973 it rose by over 9 per cent.*

**Mr HEALEY** 'The Country has paid for the Government's counter-inflation policy not only in a serious fall in personal living standards but also in a progressive decline in the standard of services offered to the ordinary family and individual by the State.' (*Hansard, 17th October 1973, Col. 319.*)

'I don't believe myself that it's necessary for the people as a whole to have their living standards lowered in order to conquer inflation.' (*Election Call, BBC Radio 4, 26th September 1974*)

**Mr CALLAGHAN**  
‘I do not think that this would be the right moment to cut people’s standard of life in terms of private consumption any further.’ (*Hansard, 1st July 1976, Col. 650.*)

'Let me say that of course there has been a fall in people's standard of life. And it has fallen this year and will fall again next year.' (*Panorama, BBC TV, 25th October 1976.*)

**Mr HEALEY**  
‘The standard of living has been deliberately reduced by the Government over the last 18 months in order that we should get ourselves financially straight again. That should be a matter for congratulation, and not for recrimination.’  
*(ABC TV Interview, 12th March 1977.)*

**Mr CALLAGHAN**  
'I have said consistently that our standard of living will only improve when British industry is efficient and can sell its goods against foreign competition. This cannot be done overnight.' (*Message to Mr Austin Mitchell, Labour candidate for Grimsby, 19th April 1977.*)

'The rise in inflation we have seen in recent months has meant a steady fall in living standards for the British people as a whole—a bigger fall than we have had to endure at any other time since the war.' (USDAW Conference, 24th April 1977.)

'Do you know that the standard of life of the British people has been cut back by something like 5 per cent this year? . . . I think it's a remarkable achievement. . . .' (PBS TV (USA) Interview, 6th May 1977.)

'What is certainly true is that the standard of life of our people . . . is beginning to go up in 1978, and will continue to go up throughout this year.' (*Scotsman*, 30th January 1978.)

## 9. Nationalisation and Industrial Policy

The following section records Labour statements on nationalisation and related issues. Some Labour supporters might claim that many of the quotations in support of further nationalisation are 'rhetoric' designed to impress the Party's activists and militants. The facts are that the present Labour Government has already nationalised the aircraft and shipbuilding (but not the shiprepairing) industries, building land, North Sea oil and British Leyland Motor Corporation. Its failure to nationalise more industries and companies is largely the result of the need to cut public spending in return for help from the IMF, which in turn made it necessary for the Government to limit the funds going to the National Enterprise Board for the purpose of nationalisation. Labour's loss of a majority in the House of Commons, owing to a number of by-election defeats, is also crucial. Nevertheless, through Labour's Programme 1976, the Labour Party remains committed to nationalising a large number of unspecified companies and specified industries, if it obtains a majority at the next election. Recent statements by Mr Callaghan and others of the desirability of increasing profits and investment—the chief objective of the Government's so-called industrial strategy—should be examined in relation to their failure to repudiate these commitments to a future nationalisation programme.

### Nationalisation

#### Mr BENN

'We want industry to be in the public sector, to change the power structure of our society.' (Brighton, 6th October 1971.)

#### Mrs CASTLE

'What are we in the Socialist movement being so shy about? Why do we not come out boldly and say that the only answer to this hard-core problem of unemployment lies in the imaginative use of public ownership?' (Brighton, 6th October 1971.)

#### Mr BENN

'We are not interested in ownership just for the sake of ownership. We are concerned with the power that ownership carries with it to shape our future.' (London, 6th June 1973.)

#### The late Mr ANTHONY CROSLAND

'Nationalisation ... does not in itself engender greater equality, more jobs in the regions, higher investment or industrial democracy. The public knows this perfectly well, and so do the workers who have suffered pit closures, steel redundancies and the run-down of the railways. It is idiotic to try to bamboozle them.' (Rotherham, 9th June 1973.)

#### Mr FOOT

'The Labour Party was committed to a "continuous process of nationalisation".' (The Times, 30th September 1973.)

#### Mr FRED MULLEY

'We know there is a very strong feeling that whatever we do in the public ownership field we should not make the mistake of paying too much for any assets we may acquire.' (Blackpool, 1st October 1973.)

#### Mr EDWARD SHORT (now Lord Glenamara)

'This 3½ years have demonstrated not only that capitalism has an ugly face, and what an ugly face it has got, but that it does not work; it does not work any more. Not only does it not work, but it is grossly inefficient and grossly unjust and outdated.' (Blackpool, 3rd October 1973.)

#### Mr BENN

'The crisis we inherited must be the occasion for carrying through our programme and not an excuse for delaying it.' (Great Yarmouth, 19th June 1974.)

#### Sir HAROLD WILSON

'Confidence demands that a clear frontier must be defined between what is public and what is private industry.' (Chequers, 30th June 1974.)

#### Mr BENN

'I think for many people, public ownership is a way of safeguarding their jobs and creating new jobs. That's why there's wide support for the extension of public ownership.' (News at Ten, ITV, 30th September 1974.)

#### Mr FOOT

'... the crisis afflicting this country, along with other countries of the Western world, is a crisis of capitalism. It is a crisis of the dominant economic system that prevails in all those countries.' (Hansard, 20th January 1976, Col. 1126.)

'... I want to see the balance of the economy that depends on the public sector become stronger: I think it's going to happen in some form anyhow if we're going to be able to protect the employment of our people.' (*Weekend World, ITV, 4th April 1976.*)

'I'm not in favour of any secret plan for taking over people's industries. I'm in favour of what H. G. Wells called 'The Open Conspiracy'.' (*ibid.*)

### LABOUR'S PROGRAMME 1976

'In the past, economic planning in the national interest has been frustrated by the inability to control the economic processes in private hands. It is now plainly evident that private and public interest do not always coincide. Only direct control, through ownership, of a substantial and vital sector of growth industries will allow a Labour Government to achieve our essential aims'. (*page 26.*)

### Mr CALLAGHAN

'I will not be able to recommend the inclusion of this part of the NEC's proposals [i.e., proposing nationalisation of banks and insurance companies] in the next election manifesto. It would be an electoral albatross.' (*The Times, 25th September 1976.*)

### Mr BENN

'For Socialists, unemployment and inequality and poverty are the inevitable consequences of unrestricted capitalism ... We do not believe that private ownership of farms and factories and banks guarantees human freedom'. (*Bingley, 10th March 1978.*)

### Profit and Industrial Liquidity

### Mr HEALEY

'... I see no reason why the mass of British business should find itself short of money in the coming year ... Business is in a uniquely favourable position today.' (*Hansard, 1st April 1974, Col. 1007.*)

'There's a collapse of business confidence in Britain ...' (*People and Politics, ITV, 26th September 1974.*)

'Whether you like it or not 7 out of 10 workers work in the private sector and thousands of private companies are so short of cash that they are already beginning to lay off workers and are threatened with bankruptcy even though they have full order books.' (*Labour Party Conference, London, 29th November 1974.*)

### Mr FOOT

'... I believe that there are many activities that can be left to private enterprise. Of course, those activities will need to be profitable. So I can't condemn the profit in those industries and I don't think anybody who thinks about it would seek to do so.' (*Weekend World, ITV, 4th April 1976.*)

### 'Rescues'

### Mr CALLAGHAN

'... although Conservative Members and others voted against us, I think that we were right and that what we did has been proved to be right, not only on Chrysler but on Leyland. ...' (*Hansard, 25th March 1976, Col. 628.*)

**Mr PATRICK DUFFY** (Chairman of the sub-committee of the House of Commons Expenditure Committee investigating the motor industry—referring to the Report of Lord Ryder's Committee on the future of British Leyland.)

'We were left with the feeling that Ryder and his team thought of money rather as confetti.' (*The Times, 13th August 1975.*) (*Mr Duffy is now Under-Sec of State for Defence for the Royal Navy.*)

### The Industrial Strategy

### Mr BENN

'What we lack in Government is entrepreneurial ability.' (*London, 6th June 1974.*)

### Sir HAROLD WILSON

'It [the so-called industrial strategy] should be seen as supporting the valiant and the brave and the resuscitation of the wounded heroes.' (*The Times, 6th November 1975.*)

### Mr HEALEY and Mr VARLEY

'The Government are committed to promoting a profitable and vigorous private sector aspect of our mixed economy, and to giving greater priority to industry over consumption or even our social objectives'. (*Joint Memorandum submitted to NEDC meeting on 7th July 1976.*)

### Mr HEALEY

'Some people ask whether the industrial strategy will produce more jobs and higher living standards. The answer is yes—and nothing else will, or can, for any length of time.' (*Leeds, 4th February 1977.*)

'We must improve the performance of our industry so that it does not need this crutch [i.e., a depreciated pound], so that people will buy our goods because they are better designed, more reliable and delivered faster than those of our competitors.' (*Leeds, 4th February 1977*.)

#### **Mr VARLEY**

'We have not made as much progress as we should have done on planning agreements. The Labour Party stands for the expansion of public ownership, and we are doing that.' (*Hansard, 28th November 1977, Col. 15.*)

#### **Mr BENN**

'We are not just here to manage capitalism but to change society and to find its finer values. We were not elected only to nurse an unjust and ineffective system through yet another crisis so that it can recover its vitality and be handed back to the same people in whose interests it will always operate'. (*Blackpool, 1st October 1975.*)

#### **Small Businesses**

#### **Mr CALLAGHAN**

'How often do we find that these small businesses, once uprooted, close their doors never to reopen again elsewhere, and so another handful of worthwhile jobs disappears.' (*Harrogate, 29th January 1977.*)

'We must be more careful than we have been with the small business and foster it.' (*ibid.*).

#### **Dr JOHN GILBERT (now Minister of State for Defence)**

'[A] knell of doom has been . . . suggesting that this tax [i.e., Capital Transfer Tax] will mean the total destruction of small business and farms. We do not accept that the forecasts are anything like as tragic as hon. Members opposite would have us believe.' (*Hansard, 29th January 1975, Col. 458.*)

#### **Steel**

#### **Mr CALLAGHAN**

'The steel industry is an efficient industry. . . .' (*Hansard, 15th November 1977, Col. 287.*)

(*The nationalised steel industry is expected to lose over £500 million in 1977-8.*)

## **10. Public Spending and Borrowing**

*The following section shows that Labour's spokesmen were fully aware that their programme adopted in the early 1970's would cost immense sums, and it shows them criticising the Conservative spending cuts in late 1973. It should be noted that the Public Sector Borrowing Requirement (PSBR)—the size of which is often closely related to the extent of government spending—rose from £4.4 billion in 1973-4 to nearly £8 billion in 1974-5, and to £10.6 billion in 1975-6, falling only as a result of cuts enforced by the terms of the IMF stand-by credit. Other quotations give examples of Mr Healey's mistaken forecasts for the size of the PSBR, show the Government's growing awareness that high public spending involves unbearable levels of taxation, and relates levels of public spending to standards of living, welfare and jobs. Finally, there is a selection showing typically contradictory and confused statements by senior Labour spokesmen about their future plans for public spending.*

#### **Mr HATTERSLEY**

'We will be an expensive Government with an expensive programme. Taxes are a certainty.' (*Cambridge, 27th May 1972.*)

#### **Mrs CASTLE**

'We are committing ourselves to a redistribution of the national income, not merely between rich and poor; but between private consumption and public expenditure. We are committing ourselves to an entirely differently motivated society; and I for one would be proud if this Movement were consciously and courageously to make that choice.' (*Blackpool, 5th October 1972.*)

#### **Mr RON HAYWARD (General Secretary of the Labour Party)**

'There are many Socialist and egalitarian measures which cost little or nothing.' (*Observer, 11th March 1973.*)

**Mr CALLAGHAN**

'The Chancellor's public expenditure cuts just before Christmas mean that, in total, you will be expected to cut nearly £500m. a year from your spending. This must mean that the services you provide in your areas will be worse and poorer.' (*Birmingham, 12th January 1974, referring to the effect on local authorities of cuts in total Government spending.*)

**Mr HEALEY**

'I have planned a drastic cut in the Public Sector Borrowing Requirement.' (*London, 14th May 1974.*)

**Mr ROY JENKINS (then Home Secretary)**

'I do not think that you can push public expenditure significantly above 60 per cent and maintain the values of a plural society with adequate freedom of choice.' (*The Times, 24th January 1976.*)

**Mr JOEL BARNETT**

'We cannot pay for higher public expenditure from higher taxation when those earning less than the average wage already contribute over a quarter of the tax yield, nor can we pay for higher expenditure from further borrowing when we are already borrowing £12,000 million.' (*London, 5th February 1976.*)

'The central fact is that public expenditure as a percentage of GDP has grown from 50 per cent in 1972 to 60 per cent in 1975. . . . There will be few countries which have increased public expenditure 10 times faster than the growth in the gross domestic product, as we have done over the last three years.' (*Hansard, 10th March 1976, Col. 445.*)

**Mr HEALEY**

'If we continue to increase our programme at the rate we had planned we would have to increase taxation by 1977 to a level at which the average worker could find tax and National Insurance contribution taking 51p to 55p out of every extra £ he earns.' (*Speech to Parliamentary Labour Party, 25th February 1976, reported in The Times, 26th February 1976.*)

'. . . there is still a gap of 20 per cent between what we are spending and what we are getting in revenue. We are having to borrow £1 for every £4 we spend.' (*ibid.*)

'The old arguments for financing more social expenditure out of higher taxation . . . ignore the fact that the higher taxation now needed will not, and cannot any longer, fall simply on the wealthy. It is bound to fall on most of the 20 million income taxpayers.' (*ibid., Col. 447.*)

**Mr FOOT**

'It is no good saying to me in this Labour Government that we are opposed to public expenditure because in fact this Labour Government during these past two and a half years . . . increased public expenditure proportionately more than any previous government we have had in our history.' (*NALGO Conference, Eastbourne, 8th June, 1976.*)

**Mr CALLAGHAN**

'Over the last three years whilst our domestic product has risen by 2 per cent, the increase in our public expenditure—including central and local government—has been 18 per cent. We have bridged the gap by higher taxation, by borrowing from abroad and, worst of all, by printing money.' (*Blackpool, 28th September 1976.*)

**Mr HEALEY**

'We've done a great deal here to correct what I would agree was an excessive amount of public expenditure over the past three years.' (*BBC Radio 4, 21st October 1976.*)

**Public Spending and Living Standards****Mr HEALEY**

'If Labour MPs did not agree to a cut in both public spending and the standard of living, Britain would have to "crawl to the International Monetary Fund and accept the terms they impose on us".' (*Daily Telegraph, 9th July 1975.*)

**Mr CALLAGHAN**

'We are only keeping up our standards by borrowing and this cannot go on indefinitely.' (*Ministerial Broadcast, 5th April 1976.*)

**Public Expenditure and Jobs****Mr CALLAGHAN**

'There is a real dilemma with unemployment. If we reduce public expenditure in the short run it will increase unemployment; no one can deny that.' (*Hansard, 20th July 1976, Col. 1512.*)

**Mr HEALEY**

'The measures [expenditure cuts] that I have announced this afternoon will generate more jobs than they remove.' (Hansard, 15th December 1976, Col. 1546.)

**Future Spending****LABOUR'S PROGRAMME 1976**

'Many of our proposals require lengthy legislation or make heavy demands on resources and the public purse.' (page 9.)

**Mr CALLAGHAN**

'Over the next three years... I think that public expenditure has got to come down as a proportion of the gross domestic product.' (Panorama, BBC TV, 25th October 1976.)

'We're not foes of public expenditure. I want to see it increase.' (Leeds, 4th December 1976.)

**Mr STANLEY ORME (Minister for Social Security)**

'I for one, believe in the extension of public expenditure. Against the current background, realising what the Government have to do at the present time, the Labour Party believes that there should be an extension of public expenditure into areas where it is really needed.' (Hansard, 11th January 1977, Col. 221.)

**Mr CALLAGHAN**

'It is not a matter of the profligates entreating the prudent.' (Oslo, 2nd April 1977.)

**Mr W. RODGERS (Secretary of State for Transport)**

'The scope for any further increase [in spending] must be wholly dependent on achieving economic growth and rising personal living standards first.... Whereas 20 years ago the greatest stride forward we could make to a Socialist society was by increasing social benefits of all kinds, for the next 20 the main thrust of our political effort may be better directed to giving people more control over their own lives... we should think at all times of ways in which our egalitarian objectives can be served without redistributive public expenditure.' (Sunday Times, 22nd May 1977.)

## 11. Borrowing From Overseas

*[Secretary General, November 1976.]*  
**The present Labour Government has borrowed a total of about \$7,000 million from overseas. This includes two international clearing bank loans of March 1974 and January 1977, the IMF oil facility, drawn in January 1976, and the stand-by credit from the IMF, the terms of which were finalised in December 1976. In addition, nationalised industries and local authorities have borrowed a total of \$11,000 million from overseas.**

**Mr CALLAGHAN**

'We are borrowing huge sums of money from other countries at a record rate and at high rates of interest, and piling up for ourselves an alarming amount of overseas debt.' (Warley, 23rd November 1973.)

'[Mr Heath was] "begging the Arabs for baksheesh" ...' (Hansard, 6th February 1974, Col. 1243.)

**Mr EDMUND DELL (now Secretary of State for Trade)**

'The Government are not arranging for the British people to live far beyond their means.' (Hansard, 12th December 1974, Col. 758.)

**Mr HEALEY**

'By relying unduly on borrowing we would run the risk of being forced to accept political and economic conditions imposed by the will of others. This would represent an absolute and unequivocal loss of sovereignty which I think neither side of the House would wish to invite.' (Hansard, 15th April 1975, Col. 284.)

**Mr CALLAGHAN**

'We have lived for too long on borrowed time, borrowed money and even borrowed ideas. For too long this country has trodden the primrose path and borrowed money from abroad—it still goes on—instead of grappling with the fundamental problems of British industry.' (Blackpool, 28th September 1976.)

**Mr HEALEY**

'In relation to our debts, our reserves are not large.' (Hansard, 10th November 1977, Col. 886.)

## 12. The Pound

*Between early March 1974 and the end of October 1976 the exchange rate of the £ steadily declined from \$2.28 down to \$1.57; it had been devalued by 48 per cent against all leading currencies. Owing to the measures taken in return for the IMF stand-by credit, and the increased production of North Sea oil during 1977, sterling has since then somewhat appreciated in value (\$1.83 on 5th May 1978), but it is still well below its level in early 1974.*

(See Campaign Guide 1977, p. 227, for further details on the value of the pound.)

**Mr HEALEY** ... the Chancellor must halt inflation, and be seen to be halting it, because if he does not do so the £ will sink right down to the ocean bed and Britain will become the Brazil of Europe.' (*Hansard, 29th June 1972, Col. 1726.*)

**Sir HAROLD WILSON**

'Small wonder that the floating £, of which they [the Conservatives] were so proud has sunk beneath the waves.'  
*(Hemel Hempstead, 18th January 1974.)*

**Mr HEALEY**

... countries which have managed their economy sensibly like Germany under a Socialist Government, have managed to increase the value of their currency.' (*Election Call*, BBC Radio 4, 12th February 1974.)

**Mr JOEL BARNETT**

'I don't believe there is likely to be, or should be, any further depreciation of the currency in the next few months. It is as low as it need go.' (*Daily Telegraph*, 29th May 1975.).

**Mr CALLAGHAN**

'It is our judgement—I believe it is the judgement of central bankers generally—that sterling at present is undervalued.' (*Hansard*, 25th May 1976, Col. 267.)

**Mr HEALEY** 'There is no economic justification for the fall [in sterling] which has taken place in recent weeks.' (*Hansard*, 7th June 1976, Col. 912.)

[Sterling's fall was due to the fact that] 'men on the money market have just woken up to the fact that we have a severely distorted economy.' (*ITV News at Ten*, 29th September 1976.)

'We have had to rely for competitiveness too much in the recent past on a depreciated pound. That means higher prices and lower living standards.' (Leeds, 4th February 1977.)

## 13. North Sea Oil

### Mr ROY JENKINS

If we go on with this [i.e., Government borrowing], in 4, 5 or 6 years, the benefits of North Sea oil will already be in pawn before we get to them.' (*The Times*, 9th October 1974.)

### Mr EDMUND DELL

'There is no question of mortgaging our North Sea oil.' (*Hansard*, 12th December 1974, Col. 754.)

### Mr HEALEY

'We'll need a good deal of our oil royalty revenue for some years to pay off the external debts we've accumulated.' (*Barron's Magazine*, 27th September 1976.)

### Mr CALLAGHAN

'Our current estimate of the gross value of our oil reserves amounts to around £200,000,000,000. Just think of all those noughts!' (*London*, 22nd June 1976.)

### Mr HEALEY

'It [North Sea oil] will not in itself create a large number of new jobs.' (*London*, 17th May 1977.)

'Providing we can keep pay increases in single figures North Sea oil will transform our prospects. It offers the way to a generation of steady economic expansion. We shall be able to regenerate British industry with new investment and afford the biggest sustained increase in living standards we have ever known.' (*Leeds*, 1st July 1977.)

### Mr BENN

'If public ownership is on the agenda again—as it is—it is just because public investment is going to be needed on a large scale ... The Government is still discussing its approach to the use of the oil revenues. But the Labour Movement is saying loud and clear that industry and the public services have a powerful claim on those resources.' (*London*, 24th January 1978.)

*(Hansard*, 25th May 1978, Col. 259)

### Mr HEALEY

'There is no more important part of our future in creating wealth than taking maximum workers' (*Hansard*, 26th June 1976, Col. 342) (see also *below*)

## 14. The 'Social Contract'

*The Labour Government's 'Social Contract' originated in January 1972 as the result of the Labour Party's anxiety to repair its relations with the TUC, which had been damaged by the threatened passage of legislation to enforce the 'In place of Strike' proposals for trade union reform in 1969 and, of course, by the rise in unemployment and enforcement of pay restraint under the Labour Government of 1964–70. Labour made maximum use of this during both the 1974 elections. The documents setting out its terms, and details of those terms, are listed on pages 229–30 of the Campaign Guide 1977. In particular, the Government agreed to repeal the Industrial Relations Act, abolish the Pay Board, tighten price and rent controls, increase food subsidies, extend nationalisation and increase spending—all of which it has done, generally to the detriment of the British economy. The unions agreed that pay settlements should be at a level which would merely maintain living standards.*

*The unions' side of the 'Social Contract' was manifestly not kept during 1974–5, but Labour believed that TUC acquiescence in Stages 1 and 2 of the pay policy justified their claims that the contract was still extant. At length, with the failure to reach agreement on Stage 3, Mr Callaghan acknowledged that the 'Social Contract' was no longer 'intact' (see below).*

*This section should be read in conjunction with the section immediately following on pay policy.*

### Sir HAROLD WILSON

'The Social Contract is our answer—in the short term, the medium and the long term to the problems of a modern industrialised society.' (*Bury*, 26th September 1974.)

'... the boldest experiment in civilised government that Britain has ever seen.' (*Cardigan*, 28th September 1974, *The Times*, 30th September 1974.)

'The Social Contract [is] the only way in which this country can overcome the grave economic crisis facing us. There is no other way.' (*Oxford*, 7th October 1974.)

### **Mr CALLAGHAN**

'It is the Social Contract or nothing. [It] stands between the nation and ever higher prices and heavier unemployment.' (BBC TV, 17th July 1974.)

'You say, what will happen if it breaks down? I'll tell you what I think will happen . . . I fear we would slide either into anarchy on the one hand, or Fascism or a form of it, on the other.' (Election Call, BBC Radio 4, 8th October 1974.)

### **Mr BENN**

'The Social Contract is not to keep wages down . . . It is a broad commitment we have entered into to do an awful lot of things.' (Election Call, BBC Radio 4, 4th October 1974.)

### **Mr FOOT**

'[The] Social Contract is designed to rebuild the strength and the unity between the industrial and the political side of our Labour movement so that we can establish our common purposes.' (News, BBC Radio 4, 28th September 1974.)

'It is an expression of the common purpose of a Labour Government and the trade union movement to try and save the nation.' (Election Call, BBC Radio 4, 1st October 1974.)

'It has been of great benefit not only for the trade unions, but to multitudes of other people.' (*ibid.*)

### **Mr HEALEY**

'The Social Contract . . . is in fact the new deal Britain has been waiting for. It's not just about wages, it is about jobs, prices, houses, everything that really matters.' (Election Broadcast, 26th September 1974.)

### **Mr CALLAGHAN**

'The Social Contract between the Government and the trade unions is still in place and intact. This solid undertaking remains the bedrock of the Government's very existence and the guarantee of the nation's recovery.' (1977 New Year's Message to the Labour Movement.)

Six months later, Mr Callaghan was asked whether it was still his view that the Social Contract was intact and sound. He replied:

'No, Sir. It is not. I do not think that it is intact.' (Hansard, 7th July 1977, Col. 1422.)

Asked whether he had ruled

out a plan with the TUC to impose a £6 limit on pay increases over the year July 1975–July 1976.

## **15. Pay Policy**

This section sets out certain earlier words of wisdom on pay and prices and their relation to electoral strategy, and continues with examples of Labour's opposition to pay restraint in 1972–4, in particular Labour's support for the miners and their industrial action in the winter of 1973–4. 'Free collective bargaining' was restored by the Labour Government in the spring of 1974, and trust was placed in the Social Contract (see p. 41) to help restrain pay claims. By July 1975, with price rises running at over 25 per cent, this had manifestly failed and the Government, in conjunction with the TUC, imposed a £6 limit on pay increases, to operate over the year July 1975–July 1976. This was followed by Stage II, where pay increases were limited to a maximum of 5 per cent.

The majority of the quotations in this section relate to the changing Government specifications for Stage III of the pay policy to operate from the end of July 1977, and include the requirements for a firm agreement with the unions (which was not reached), for the total level of pay settlements not to rise by more than by a single figure, and for earnings not to rise by more than 10 per cent.

### **Sir HAROLD WILSON**

'The crucial issue is not the incomes policy but the next General Election.' (The Sun, 3rd December 1969—note date.)

'One man's wage increase is another man's price increase.' (Blackburn, 8th January 1970.)

### **The late RICHARD CROSSMAN**

'The main fact is that we won the 1966 Election by choosing the moment of wage inflation before the prices had really been felt to rise and obviously we were seeking to do it again in this Election of 1970.' (The Key to No. Ten, BBC Radio 4, 15th April 1971.)

### **Mr HEALEY**

'We on this side of the House learned very many lessons, and some of them very painfully, from our own experiments in incomes policies when we were last in power.' (Hansard, 29th June 1972, Col. 1733.)

**Mr CALLAGHAN**

'Many mistakes have been made in this field [i.e., pay policy] in the past. We have learned from them.' (*Daily Express*, 3rd October 1972.)

**Sir HAROLD WILSON**

'... We opposed Stage I and Stage II as we now reject Stage III, because all of them, 1, 2 and 3 fail to deal with the rising cost of living of the average family in this country.' (*Hansard*, 17th October 1973, Col. 224.)

'If we need a pay settlement which goes beyond the arid rigidities of Stage III, then the miners must be supported, otherwise we shall have no miners.' (*TV*, 22nd November 1973.)

**Mr BENN**

'The Labour Party will resolutely support the unions in their efforts; we shall support the miners.' (*Heanor, Derbyshire*, 24th November 1973.)

**Mr CALLAGHAN**

'I wanted to come into the mining valleys to place the Labour Party firmly behind the miners' claim for a just and honest wage.' (*Aberdare*, 16th February 1974, reported in *the Aberdare Leader*, 22nd February 1974.)

'... Mr Heath is arguing that he is fighting inflation. That is utter drivel.' (*ibid.*).

**LABOUR PARTY MANIFESTO, February 1974**

'The case which the National Union of Mineworkers has long presented is now more than ever seen to be in the national interest.'

**Mr FOOT**

'The only way in which you are going to be able to settle disputes is by restoring free collective bargaining.' (*Labour Election Broadcast*, 9th March 1974.)

**Mr CALLAGHAN**

'Don't believe that free collective bargaining produces justice. ... There is ... no doubt that the lions can command the lions' share under a system of free collective bargaining.' (*Durham*, 16th July 1977.)

**Mr HEALEY**

'So what happens to wages is the key to controlling inflation in the coming year.' (*Durham*, 1st June 1974.)

Asked whether he had ruled out a freeze, he replied: 'Absolutely ruled out a freeze.' (*People and Politics*, ITV, 26th September 1974.)

'The inflation caused by excessively large wage and salary increases raised public expenditure in money terms much more than public sector receipts, and the public sector deficit rose sharply. ... The rate of inflation for many months has been determined primarily by the increase in wages and salaries. ... Pay has been running about 8 per cent or 9 per cent ahead of prices.' (*Hansard*, 15th April 1975, Cols. 279-81.)

'If, on the other hand, we were daft enough to go back to the sort of wage explosion we had two years ago, we might not have a surplus at all—and it is certain that unemployment would be rising to new heights ... the pound would plummet down again, pushing up the price of everything we have to buy from abroad. So we would get soaring inflation and soaring unemployment. You don't have to look into the crystal when you can read the book. We have already seen it happen ... the sort of collective insanity we had two years ago.' (*Nottingham*, 4th June 1977.)

**Mr FOOT**

'... one of the justifications of the policy over wages that we've had in the past two years, is, that it has been more egalitarian ...' (*Weekend World*, ITV, 4th April 1976.)

**Mr ROBERT SHELDON (Financial Secretary to the Treasury)**

'My point relates to the ratio between the man on average earnings and the man on a top salary. ... Other countries, including China and Poland which at one time had the narrowest differentials in the world, have greater differentials between the man on average earnings and the man at the top. The differential may have narrowed too much.' (*Hansard*, 11th May 1976, Cols. 367-8.)

**Mr CALLAGHAN**

'Nor can we continue indefinitely with the compression of differentials, nor allow the pay grievances of middle management to go unheeded.' (*London*, 18th May 1976.)

### The Need for a Stage III

#### Mr CALLAGHAN

'If we can get another year's agreement with the trade unions on pay, you can look forward to another reduction in the rate of inflation....' (*Harrogate, 29th January 1977*)

'I say to those who are calling for a return to free collective bargaining that in my view that would be a return, this year, to free collective chaos, and I should not support that.' (*Hansard, 22nd February 1977, Col. 1221*.)

'I would not say that a further round of incomes policy by itself will reduce unemployment.' (*Hansard, 21st April 1977, Col. 365*.)

### A Single-Figure Earnings Rate

#### Dr DAVID OWEN

'Unless we can get a third round of the Social Contract, which keeps the rise in average earnings down to the rate of 8 or 9 per cent... we are in danger of losing all the ground we have so painfully won.' (*Castleford, 23rd April 1977, reported in the Observer, 24th April 1977*)

#### Mr HEALEY

'That would be the objective—a single figure pay-price equation.' (*USDAW Conference, 24th April 1977*)

### 10 Per Cent Earnings

#### Mr HEALEY

'To take three examples by way of illustration: first, if the rate of increase in earnings is not more than 10 per cent, inflation should fall below 10 per cent well before this time next year and stay there throughout the year; secondly, if the rate of increase in earnings is as high as 15 per cent, we should not get inflation down to 10 per cent at all, and it would be rising steadily through the second half of the year and into 1979; thirdly, if the rate of increase in earnings were as high as 20 per cent, prices would soar and we should be back in the situation that we faced just over two years ago.' (*Hansard, 15th July 1977, Col. 988-9*)

### Twelve-Month Rule

#### Mr HEALEY

'We must stick to the fundamental rule that there must be a twelve-month interval between settlements. It would be fatal if the idea got around that once July 31 is over everyone was free to re-open agreements already made. That would mean the mother and father of all wage explosions.' (*USDAW Conference, 24th April 1977*)

### Productivity Deals

#### Mr CALLAGHAN

'I beg all trade unionists: let us not have productivity agreements that are just cosmetic, that will merely disguise the true increase. They will only give the Government a fig leaf which I do not want. I do not want to deceive people.' (*The Times, 19th May 1977*)

### Differentials

#### Mr HEALEY

'I think everybody wants a more flexible policy because the strictness of the last two years has compressed differentials, and created some anomalies and distortions in the economy.' (*The Sun, 9th March 1977*)

### Sanctions

#### Mr HEALEY

'Firstly, you mention the concern of small firms with little industrial "muscle" that they might be the targets for the use of the discretionary sanctions which are available to the Government in support of the pay policy. I can assure you that the use of sanctions does not depend on the size of the firm.' (*Letter to President of Association of British Chambers of Commerce, 9th September 1977*)

#### Mr CALLAGHAN

'The sanctions blacklist is a figment of... the media's imagination to a large extent.' (*World this Weekend, BBC Radio 4, 1st January 1978*)

'There is free collective bargaining now.' (*Hansard, 19th January 1978, Col. 661*)

'I did not admit that there was a blacklist... I do not want to engage in a discussion on semantics involving the question whether a list is black.' (*Hansard, 2nd February 1978, Cols. 685 and 689*)

I do not see any reason why the Government should not publish the names of these firms. This has never been any secret between the Government and the firms.' (*Hansard*, 7th February 1978, Col. 1233.)

#### **Letter from the Department of Employment, Incomes Division**

'... this Division has been informed that increases have been paid to your employees which may be in breach of the current pay restrictions. The policy as you may be aware, is voluntary and there is no obligation on the company to provide us with information. However, in view of the fact that sanctions may be imposed upon a company shown to be in breach of the policy I should be grateful for your comments on the allegation.' (Quoted by Mr James Prior in *Hansard*, 13th February 1978, Col 149.)

## **16. Education**

and according to education even though it may be within the maximum breaking room of violence, now we're

**Sir HAROLD WILSON**, when asked whether his party's policy for comprehensive education meant the abolition of the grammar schools, replied: 'Over my dead body.' (*London*, 28th May 1963.)

#### **Miss JOAN LESTOR (Former Under-Secretary of State for Education and Science, and Chairman of the Labour Party, 1976-7.)**

'Comrades . . . I just want to say the British educational system . . . has very largely taught the values of a capitalist society. It has sought, and it still seeks, to inculcate the spirit of competition, of personal advancement, of respect for social rank and the spirit of national chauvinism.' (Brighton, 4th October 1971.)

#### **Mr HATTERSLEY (then Labour spokesman on Education)**

'Competitive education which allows the few to leap further and further ahead, ensures that the less fortunate fall further and further behind; that is why the pursuit of equality of opportunity has to be replaced by the pursuit of equality itself.' (*Cambridge*, 7th September 1973.)

#### **LABOUR'S FEBRUARY 1974 ELECTION MANIFESTO**

'A Labour Government will . . . expand the education service by the introduction of a national scheme of nursery schools . . .' (page 11)

'For God's sake ensure that you are not mirroring the values of grammar schools in comprehensives, because when we talk about comprehensive education we talk about social justice, we talk about class equality, and we talk about the abolition of selection . . . right through the whole of the child's life in education.' (*Blackpool*, 29th September, 1975.)

#### **LABOUR'S PROGRAMME 1976**

'Examinations exert a disproportionate influence on the curriculum; tend to be inflexible and irrelevant; and reinforce social divisions.' (page 82.)

'We reiterate that our long term aim is to abolish fee-paying in schools and to bring all children of compulsory school age into the national education system.' (page 84.)

### **Mr CALLAGHAN**

'There has been a massive injection of resources into education, mainly to meet increased numbers and partly to raise standards.' (*Ruskin College, Oxford, 18th October 1976.*)

'I have felt for some time that there is a gap between what parents expect and what is happening in some schools.' (*Harrogate, 29th January 1977.*)

(*Parliamentary Debates, 1976–77, Vol. 82, No. 10, 10th February 1977, pp. 109–110.*)

**Mr HATTERSLEY** (*from Labour spokesman on Education*)  
Comprehensive education makes available the way to lead  
fuller and fuller lives, whereas those who do not have access to  
adequate basic education are condemned to life in poverty. (*Commons, 1st December 1973.*)

### **LABOUR'S FEBRUARY 1974 ELECTION MANIFESTO**

A Labour Government will  
work with local authorities to  
improve housing and urban  
services.

To give a real chance for all to live in comfortable and decent  
conditions, the Government will  
make available more money for  
local authority houses and other  
social services. We shall also  
support local regeneration projects  
to bring about significant improvements  
in the quality of life in our towns and  
cities. (*1974*)

### **STEF BEMMARDORF: LABOUR'S OCTOBER 1974 MANIFESTO**

We believe that our local  
authorities should be given  
the power to decide on the  
use of their resources. (*1974*)

## **17. The Environment**

### **Housing and Land**

#### **Mr FRANK ALLAUN**

'I am one who wants to see a target and I want a target of 500,000.' (*Blackpool, 2nd October 1972.*)

(*In 1977 the total number of houses started in Great Britain was 266,000, compared with 326,000 in 1976, 323,000 in 1975 and 253,000 in 1974.*)

#### **Mr EDWARD SHORT (now Lord Glenamara)**

'We believe there must be a massive programme of council house building.' (*Blackpool, 3rd October 1973.*)

'We intend to build all the houses that are needed. . . . We shall build all the houses that are needed where they are needed.' (*ibid.*)

### **LABOUR'S FEBRUARY 1974 MANIFESTO**

'Land required for development will be taken into public ownership, so that land is easily and cheaply available for new houses.'

#### **Sir HAROLD WILSON**

(Referring to the dealings in property of certain members of his private office)

'If the Hon. Gentlemen is trying to follow the smear by the Tory press I will say this to him; my hon. friends from Durham know the difference between property speculation and land reclamation. . . . This is not a laughing matter.' (*Hansard, 4th April 1974, Col. 1441.*)

### **LABOUR'S OCTOBER 1974 MANIFESTO**

'Local councils' lending will be expanded so that they can play a major part in helping house purchasers.'

*The Government has reduced the money available (in real terms) for local authority loans for house purchase and improvement from £737 million in 1974–5 to £116 million in 1977–8 in Great Britain.*

**Mr GERALD KAUFMAN (then Under-Secretary of State for the Environment)**

'I have gone round the country addressing special conferences of local authorities urging them to build far more council houses and put the Chancellor in trouble.' (*Standing Committee on the Housing Rents and Subsidies Bill*, 5th December 1974.)

**The late Mr ANTHONY CROSLAND**

'I do not believe there is a long-term future for the privately rented sector in its present form.' (*Eastbourne, 20th November 1975*.)

[The Rent Acts] 'had become an impenetrable jungle which daunt the responsible and the irresponsible alike.' (*ibid.*)

**Mr GUY BARNETT (Parliamentary Under-Secretary of State for the Environment)**

'He was in favour of public ownership of land. It was the only solution. "I don't think you can trust individual farmers to maintain the long-term fertility of the land".' (*Report in Farmers Guardian*, 14th October 1977.)

**LABOUR'S PROGRAMME 1976**

'... a much higher level of public expenditure on local authority improvement, municipalisation and mortgage lending will be required if real progress is to be made on the urban renewal programme.' (*page 63.*)

'There are areas where insensitive and inefficient housing management lends credibility to suggestions that council housing is a modern version of feudalism.' (*page 66.*)

'Local authorities must set their rent levels to balance total income with expenditure . . .' (*page 66.*)

**Mr PETER SHORE (Secretary of State for the Environment)**

'If you look at these scenes, of empty factories and decaying warehouses, litter and general abandonment of old housing, it is hardly surprising that very many people in the area [i.e. in the cities] do feel that they have in some way been abandoned. . .' (*Labour Party Political Broadcast*, 7th December 1977.)

**Transport**

**Mr TOM BRADLEY (Chairman of the Labour Party in 1975-76)**

'There is still far too much competition within the public sector of transport.' (*Blackpool, October 4th 1972.*)

'All genuine ports should be nationalised without exception.' (*ibid.*)

**Sir HAROLD WILSON**

'We are committed to holding down fares in public transport both in order to fight inflation and to ease the traffic congestion in our towns.' (*Watford, 18th June 1973.*)

**Mr MULLEY (then Shadow Minister of Transport)**

'We accept that we must organise a publicly owned road and rail transport system.' (*Blackpool, 1st October 1973.*)

**Dr JOHN GILBERT (then Minister of Transport)**

'One essential objective will certainly be to bring commercially owned ports into public ownership, and the Dock Board's acquisition of Felixstowe would therefore be a step in the right direction.' (*Hansard, 24th March 1976, Col. 508.*)

**LABOUR'S OCTOBER 1974 ELECTION MANIFESTO**

'The energy crisis has underlined our objectives to move as much traffic as possible from road, to rail and to water.'

**Government Consultative Document on Transport Policy, April 1976**

'What of the popular belief that a dramatic environmental gain would accrue if only we shifted a large amount of long-distance freight traffic from road to rail? Alas, it is a pipe-dream. To begin with, no large scale shift of such traffic is practicable.'

## 18. Social Services and Health

### Mrs CASTLE

'Tories . . . believe in polarising the nation into the ever more richly rewarded on the one hand and the ever more patronised poor on the other.' (*Blackpool, 5th October 1972.*)

'With the galloping rate of inflation we have had under this Government any figure fixed (for pensions) nine months ago is already out of date.' (*ibid.*)

### Mr DAVID ENNALS (Secretary of State for Social Services)

'Families with children were now getting substantially less support than the Tories provided in 1970, 1971 and 1972 and less than the Labour Government provided in the late 1960's.' (*New Society, 17th June 1976, quoting from a Cabinet Memorandum.*)

### Mr JOEL BARNETT

'There is a greater disillusionment, Comrades, and that would be if we built up expectations amongst our supporters and amongst the people in the country and then could not deliver' [on pensions]. (*Blackpool, 30th September 1976.*)

### Mr CALLAGHAN

'We have, in short, asked local authorities to approach their problems with the same courage, but also the same compassion and sense of social justice, that has guided us at national level.' (*Message to Labour candidates in local elections, 3rd May 1977.*)

### Labour Backbench Early Day Motion on Conservative Payment of £10 Christmas Bonus to Pensioners

'That this House . . . notes the inflationary price of a vote since the days of the rotten borough; and is confident that this form of attempted corruption will be decisively rejected.' (*Hansard, 20th November 1972, Cols. 975-6.*)

### Mr HEALEY

'I do not think it is right . . . before Christmas to do nothing . . . for those who have retired. . . . The Government have therefore decided to pay a special tax-free bonus of £10 to pensioners in the week beginning 5th December. The cost of £100 million will be met from the contingency reserve.' (*Hansard, 26th October 1977, Col. 1443.*)

### Mrs CASTLE

'And so we pledge ourselves . . . Charges will be phased out as quickly as possible and prescription charges will be the first to go.' (*Blackpool, 5th October 1972.*)

'Our aim should be to see that every patient has privacy if he wants it. Our aim should be not just to abolish queue jumping, but to abolish the queue and to give all patients the privilege of private patients.' (*ibid.*)

'We shall complete Nye Bevan's work by eliminating private practice from our National Health Service.' (*Blackpool, 3rd October 1973.*)

### LABOUR MANIFESTO, FEBRUARY 1974

'A Labour Government will revise and expand the National Health Service.'

### LABOUR MANIFESTO, OCTOBER 1974

'Labour will continue the progressive elimination of prescription charges.'

### Mrs CASTLE

'Under Labour the [Health] Service will be inflation proofed.' (*London, 8th October 1974.*)

### Mr DAVID ENNALS

'We have seen . . . the largest increase in health service expenditure ever experienced during the days of this Labour Government. . . . Of course, I have to say that those who benefited most—and rightly so—were staff.' (*Blackpool, 29th September 1976.*)

### LABOUR'S PROGRAMME 1976

'The National Health Service is the living embodiment of Socialist principles.' (page 57.)

Mr DAVID ENNALS

'Closures are needed to find the money for improved short stay hospital services as well as for improved services for long stay patients.' (Manchester, 27th September 1977.)

'I realise that people develop a sentimental affection for any hospital which has served them well in the past. Change can be upsetting—and that goes for those who work in hospitals as well as those who use them.' (*ibid.*).

'Between June 1974 and March 1977 it was decided that 106 hospitals should be closed. . . In all the fuss about closures . . . new hospitals get forgotten.' (*ibid.*).

## 19. Immigration

**Diaries of the late RICHARD CROSSMAN, 16th January 1969 (referring to the Commonwealth Conference)**

'The man whose personality has dominated the British press has been Mr Callaghan. There he was standing up for Britain against the Africans, saying "no more bloody immigrants whatever happens".' (Vol. III, p. 326.)

'There is no doubt that stopping immigration, which was one of Callaghan's great achievements, has done an enormous lot for us.' (8th June 1970, Vol. III, p. 941, referring to the apparent general election atmosphere.)

**Mr ALEX LYON, MP** (former Minister of State at the Home Office, after his dismissal by Mr Callaghan upon the latter's becoming Prime Minister)

**Given upon the latter's becoming Prime Minister)**  
'I have paid the price for trying to get justice for the blacks in this country. Jim has never had much time for those who espouse this cause.' (Daily Telegraph, 15th April 1976.)

## **Mr CALLAGHAN**

'What I am now saying is that the loopholes have been closed.' (*Hansard*, 31st January 1978, Col. 241.)

'I hope that there is agreement on both sides also that, if there are loopholes that are abused, they should be tightened.' (*Hansard, 31st January 1978, Col. 244.*)

## 20. The European Community

**Sir HAROLD WILSON** (during the March 1966 election campaign)

'What the Tories propose (entry into EEC at the first favourable opportunity) would mean an unacceptable increase in the cost of living . . . an unacceptable increase in our imports bill . . . and a total disruption of our trade with Commonwealth countries.' (*Bristol, 18th March 1966.*)

**Sir HAROLD WILSON**—14 months later  
'Our purpose is to make a reality of the unity of Western Europe. . . . This indeed is something that we have striven for for many years, and I am convinced that if Britain is a member of a united European Community, the chances of our achieving this will be immeasurably greater.' (*Hansard, 8th May 1967, Col. 1095.*)

'We will not take "no" for an answer. . . . We are determined not only to make the negotiations a success, but to carry them forward as quickly as lies in our power.' (*The Times, 17th May 1967.*)

**Sir HAROLD WILSON**—as Leader of the Opposition:  
'No Labour MP can vote for any legislation consequential on Thursday's vote (on the principle of entry into the EEC); no Labour MP can abstain on any legislation consequential on Thursday's vote.' (*Huddersfield, 30th October 1971.*)

**Sir HAROLD WILSON**—as Prime Minister again.  
'To remain in the Community is best for Britain, for Europe, for the Commonwealth, for the Third World and the wider world.' (*Hansard, 7th April 1975, Col. 837.*)

**Mr CALLAGHAN**—as Chancellor of the Exchequer.  
'I would hazard my own guess that ten years from now, if Britain becomes a member of the Community, it will be healthier for Britain, advantageous for Europe, and a gain for the whole world. I do not know of many economic or political problems in the world which will be easier to solve if Britain is outside rather than inside the Community.' (*Hansard, 8th May 1967, Col. 1323.*)

**Mr CALLAGHAN**—as Shadow Foreign Secretary.  
'Our conclusion in the Labour Party, having taken into account the costly nature of the terms of entry, is that we do not believe that the economic benefits of entry are sufficiently clear to justify the price that is asked.' (*Hansard, 28th October 1971, Col. 2200.*)

**Mr CALLAGHAN**—as Foreign Secretary.  
'We are now so enmeshed in the Market that coming out would be quite a traumatic experience.' (*People and Politics, ITN, 21st November 1974.*)

**Mr BENN**  
'I can see really significant long-term opportunities for ordinary people in Britain and in the Six if we could persuade the British public to vote for entry'. (*Bristol, 2nd July 1971.*)

'Britain's continuing membership of the Community would mean the end of Britain as a completely self-governing nation and the end of our democratically elected Parliament as the supreme law making body in the United Kingdom.' (*Letter to Bristol constituents, 29th December 1974.*)

**Mr BENN**—after the EEC Referendum result.  
'I have just been in receipt of a very big message from the British people. I received it loud and clear. I have always said the Referendum would be binding. . . . There can be no going back.' (*The Times, 7th June 1975.*)

**Mr BENN**—6 months later.  
'Through me the energy policy of the whole Common Market is being held up. Without opening old wounds, it pleases me no end.' (*The Times, 13th December 1975.*)

**Mr HATTERSLEY**  
'What cannot be disputed is that cheap food, in the traditional sense of the term, is no longer available to the British consumer. . . .' (*Hansard, 7th April 1975, Col. 995.*)

'The run on the pound that we endured in the Autumn of 1976 would have been infinitely greater had we not been supported by the powers of the EEC.' (*Hansard, 2nd May 1977, Col. 14.*)

**Mr CALLAGHAN**

• 'This Party must really grow up. They must realise that our commitment is enshrined in the Treaty itself and we must adhere to the obligation we have and use our best endeavour to comply. . . . We are in Europe to stay and it is high time we realised this. When is the party going to come to terms with reality?' (*Speech to Parliamentary Labour Party, reported in The Times, 6th April 1977.*)

'The people of this country decided the issue and there is not much point in continually fighting old battles.' (Hansard, 3rd May 1977, Col. 219.)

'The CAP has had an impact on certain food prices but certainly not on the general level of inflation, which is due to many other causes.' (*Hansard*, 26th May 1977, Col. 1546.)

'Let me say straight away that the solution to these problems (i.e., facing Britain in the EEC) would not lie in Britain's withdrawal from the European Community . . . such a policy would be too facile because it would ignore both the contribution which the Community has made to healing old divisions and also the immense political and economic effect of such a drastic step on the future of Britain. . . . There could be serious consequences on the policies of important allies such as, for example, the Federal Republic of Germany. . . . There would be a risk of increasing tensions in East/West relations. It might well have adverse impact on the development of the new democracies of Portugal, Spain and Greece.' (*Letter to Mr Ron Hayward, 30th September 1977.*)

## **21. The Soviet Union and its Satellites**

Mr BON HAYWARD

'I see Mr Honecker (First Secretary of the East German Communist Party) as a man of wisdom and experience, very proud of the GDR and with every right to be proud. . . . Here in the German Democratic Republic I have seen energetic, happy people—people with full shopping bags.' (*Morning Star*, 4th March 1975.)

Mr Hayward said that he came to the GDR

'With the full authority of the national executive of the Labour Party, to form a basis on which to build firm friendship between the Labour and the Socialist Unity [East German Communist] Parties.' (*ibid.*).

Mr CALLAGHAN

**M CALLAGHAN**  
‘We have both trading and political connections with the Soviet Union. It is the judgement of HM Government that these political connections should be strengthened.’  
(In the context of Mr Ponomarev’s visit at the invitation of the Labour Party National Executive Committee.)  
*Hansard, 28th October 1976, Col. 696.*

**Dr OWEN**

'The Foreign Secretary declared in Moscow last night that he wanted to explain to the Soviet Union that "our intentions are exactly the same as their's" over a Rhodesia settlement.' (Daily Telegraph report, 10th October 1977.)

**Mr ALEX KITSON (Member of the Labour Party  
National Executive Committee, speaking in  
Moscow.)**

'It is pleasant to be in a country where the situation differs from the position at home, in a country where there is no unemployment and where there is a constant and unswerving growth in the living standards of the ordinary workers. . . . The Soviet people have achieved more in 50 years than we have in 200' (*Daily Express*, 8th November 1977.)

## 22. Defence

### Mr CALLAGHAN

'Whilst there will always be an argument about the nature of the ships which should be at the Navy's disposal there cannot be in the foreseeable future any argument about the need for a strong Navy to protect the country's trading and other interests.' (*Southampton, 14th March 1966.*)

### Mr HEALEY (then Secretary of State for Defence)

'I think the Services can be rightly very upset at the continuous series of defence reviews which the Government has been forced by economic circumstances—and maybe economic mistakes too—to carry out...' (*Panorama, BBC TV, 22nd January 1968.*)

'Once we cut defence expenditure to the extent where our security is imperilled, we have no houses, we have no hospitals, we have no schools. We have a heap of cinders.' (*Hansard, 5th March 1969, Col. 551.*)

### LABOUR MANIFESTO, OCTOBER 1974

'We shall, in consultation with our allies, press forward with our plans to reduce the proportion of the nation's resources devoted to defence so that the burden we bear will be brought into line with that carried by our main European allies. Such a realignment would, at present levels of defence spending, mean achieving annual savings over a period on defence expenditure by Britain of several hundred million pounds. If in time this entails closure of or cutting back on defence establishments, alternative sources of employment will be sought.'

### Mr ROY MASON (then Defence Secretary)

'Cuts in defence expenditure sound simple enough; the after effects are much more daunting. You can have a good night out on the prospects of the morrow; but if tomorrow's realisation reveals you are unemployed you won't then be so keen—this is the reality of massive defence cuts.' (*Newcastle-under-Lyme, 24th April 1974.*)

'As these [job losses] get under way, the Ministers for Industry will have a new dimension added to their portfolio and that is finding alternative work for the unemployed of the defence industries—as well as for cancelled defence export orders.' (*ibid.*)

'Our Allies in NATO did not conclude that their security and ours had been undermined by our actions.' (*Barnsley, 27th February 1976.*)

### LABOUR'S PROGRAMME 1976

'This level of savings [i.e. £1,000 million p.a. proposed in the Programme] would imply far more extensive reductions in defence spending than any yet carried out or proposed by the Government.' (*page 114.*)

### Mr ROY MASON

'Any reduction, even of much less than £1,000 million a year... would require savage cuts in the armed forces and many big equipment orders would have to be cancelled. Our allies would no longer regard us as serious allies and partners. The disarray that would be caused in the NATO Alliance would place at risk the whole security of Europe, not least our own.' (*Labour Weekly, 11th June 1976.*)

### Mr WILLIAM RODGERS (then Minister of State for Defence)

'There has been no... discussion (between the NATO Allies) because our NATO Allies think that such a prospect is preposterous... it must be recognised that cuts of this size, however well-intended, would so severely undermine the position of NATO that we could see a complete reversal of the situation that has existed since 1945.' (*Hansard, 15th June 1976, Col. 301.*)

'...we'll see how a two billion at P.T. It isn't really a technological change, it's a political one. I think that's what they have in mind. (After the Royal Naval Labour Party Conference, London, 1976.)' (*ibid.*)

'...the Labour Party and the Conservative Party are in fact they have a lot in common. (After the Royal Naval Labour Party Conference, London, 1976.)' (*ibid.*)

'...we're going to take a principled stand together.' (*Wales, 20th November 1976.*)

'...we're going to take a principled stand together.' (*Sunday Times, 26th Dec. 1976.*)

## 23. Parliament and the Constitution

MC CALLAGHAN STAY BIRMINGHAM CRUOGAS

### Guillotines

#### Mr FOOT

'The guillotine is the last resort of a Government who know they cannot get a full-hearted consent of Parliament, but are determined to have their way in any case.' (*Hansard*, 2nd May 1972, Col. 235.)

(*Mr Foot has been responsible for guillotining five major Bills in one day in July 1976, and for guillotining the separate Scotland and Wales Bills on the first day after their Second Reading, on 16th November 1977—an unprecedented measure.*)

### Proportional Representation

#### Mr FOOT

'Any form of PR . . . leads almost inevitably to some form of arrangement after the election takes place . . . and in my view, the great vice of that system is that it comes very near to invalidating the electoral process itself, because the very issues that are presented to the electorate one month are the issues that are to be denied the following month.' (*Hansard*, 25th January 1977, Col. 1373.)

'I believe that if PR is applied over a wide area it will generally undermine the whole principle of our political system.' (*ibid.*)

'The Liberal Party has a deep interest in this matter [i.e. PR], an interest that it does not often declare.' (*Hansard*, 25th January 1977, Col. 1374.)

### Referendum

#### Sir HAROLD WILSON

He was asked if it was correct to assume that if the polls were going against him he would say at the last minute that he would allow a referendum on the Common Market. He replied:

'The answer to that is no. I've given my answer many times, I don't change it because polls go either up or down. I'm not going to trim to win votes on questions like that, the answer is we shall/I shall not change my attitude on that.' (*Election Forum*, BBC TV, 28th May 1970.)

## 24. Law and Order

ord to incite and  
-tang to look at  
(see Col. later in document) - see if it's  
Mr FOOT

### Crime

#### Mr MERLYN REES

'The Conservative Party is trying to do on law and order what it has done on immigration: exaggerate the real problem, excite the fears of the community, and offer no practical proposals.' (Ilford, 23rd February 1978.)

'Rising crime is a serious problem.' (*ibid.*)

'There are fears—and justified fears— . . . over vandalism and hooliganism, especially in our towns and cities.' (*ibid.*)

'We are doing very well' [on police recruitment] (*Hansard*, 2nd February 1978, Col. 683.)

### The Law

#### Mr BENN

'Direct action in a democratic society is fundamentally an educational exercise . . .' (*The New Politics*, 1970.)

#### Mr FOOT

'How long will it be before the cry goes up: let's kill all the judges?' (Edinburgh, 3rd June 1972.)

#### Mr HEFFER

'We do not want to tell people to resist the law but if they feel they have to do so, they deserve the support of the Labour Party.' (At a Parliamentary Labour Party meeting on 23rd January 1973—reported in *The Times*, 24th January 1973.)

#### Mr BENN

'Conscientious objection to the law is not a criminal act. These people [The AUEW] are our people and we should take a principled stand together.' (Wells, Somerset, 23rd November 1973.)

#### Mr EDWARD SHORT (now Lord Glenamara)

'It is not our job to go about telling everybody to obey the law.' (*Sunday Telegraph*, 25th November 1973.)

**Mr FOOT** referred to Sir John Donaldson, President of the Industrial Relations Court, as 'Some fool or some trigger-happy judicial finger.' (*Hansard*, 7th May 1974, Col. 239.)

He later spoke of 'Judges who stretch the law . . . to suit reactionary attitudes.' (*People and Politics*, ITV, 9th May 1974.)

Mr HEFFER

'Whenever I think of the Shrewsbury Two . . . I say to myself, "there but for the grace of God go I".' (*Morning Star*, 18th July 1975.)

Mr. FOOT

**MR FORT**  
'If the freedom of the people of this country—and especially the rights of trade unionists . . . had been left to the good sense and fair mindedness of the judges, we would have few freedoms in this country at all.' (*Daily Telegraph*, 16th May 1977.)

## **25. The Press**

## 25. The Press

Mr FOOT

'I think that the unrestrained exercise of trade union power in the newspaper industry could strangle that industry. That would be a tragedy, not only for the people who would lose their jobs but also for the community at large.' (Hansard, 3rd December 1974, Col. 1380.)

(Mr Foot was responsible for forcing through Parliament the Trade Unions and Labour Relations (Amendment) Act, using the Parliament Act to override the House of Lords veto. The Act was generally held to threaten the freedom of the Press.)

Mr. PENN

... Some of the problems of control of the mass media would be easier to solve if such a radical change as the one implied by workers' control could be made to work constructively in the press, radio and television.' (*The New Politics*, 1970.)

MR. BOOTH

**MR BOOTH**  
'When newspaper editors met Mr Foot last Tuesday [19th November 1974] Albert Booth, Mr Foot's Minister of State, agreed with them that news was important—but then so was sewage.' (*Sunday Times* report, 24th November 1974.)

## Sir HAROLD WILSON

'Cohorts of distinguished journalists have been combing obscure parts of the country with a mandate to find anything true or fabricated to use against the Labour Party.' (Portsmouth, 20th September 1974.)

'I get a little nauseated, perhaps, when I hear the phrase "freedom of the press" used as freely as it is, knowing that a large part of our proprietorial press is not free at all.' (Hansard, 5th December 1974, Col. 1936.)

Mr BENN

'The warm support of the movement is echoed by millions of people whose views we are not allowed to read in our newspapers or to hear on television.' (*Blackpool, 1st October 1975.*)

Mr RON HAYWARD

The [Labour] Government has a solid record of achievement behind it—but has received precious little credit for it. Why? Because the media are not interested in setting out the record . . . Any documents we produce are dismissed [by the Press] as wild "Benney" and a snub to the Government . . . We, as a Party, are far too inclined to be led by the nose by the media; to believe everything they say about us being dominated by reds under the bed.' (Wellingborough, 21st January 1977.)

## **26. Comments on Mr Callaghan**

## **Diaries of the late Richard Crossman, Cabinet Minister 1964-70**

(The following quotations are taken from the three volumes of *'Diaries of a Cabinet Minister'*, Hamilton and Cape 1975-77.)

Volume I

'I went round to Number 11 and there was Callaghan, heavy and gloomy as ever . . . He was obviously overawed by the situation and full of self pity . . . He was in a terrible state and could not really tell me anything.' (23rd November 1964, p. 69.)

'What a contrast between the attitudes of Harold Wilson... and that of Jim Callaghan as Chancellor! When I said something about Callaghan, he [Wilson] said, "Yes, I am having to hold his hand. His nerve isn't very good these days"' (13th December 1964, p. 97, relating to the crisis of confidence in the early months of the Labour Government.)

Volume II

'Callaghan hasn't got much nerve left.' (9th November 1967 p. 564.)

'Suppose the impossible happened and as a result of the crisis Jim replaced Harold . . . He's not an adventurous bold forward-looking Macmillan who would rejuvenate the Party. Right inside he's a coward with a wonderful outside image. . .' (26th November 1967, p. 592.)

'It's now too obvious that he is an ordinary ambitious politician who was promoted well beyond his station when he served as Chancellor.' (2nd January 1968, p. 632.)

Volume III

'Harold said, "How dangerous it is to be a Christian. Look what happened to me with Callaghan . . . By God, the time will come when I'll dig Jim's entrails out for what he did to me'." (31st July 1968, p. 166.)

"He's inordinately ambitious and inordinately weak" said Harold. "So weak that as Chancellor he used to weep on my shoulder and then go away and intrigue against me. That's a pretty fair analysis". (4th September 1968, p. 180.)

'I said "We have got to sink or swim together." At this point Callaghan said from the other side of the table, "Not sink or swim, sink or sink," and I said, "Why can't you resign if you think like that? Get out, Jim, get out." We have never had such a scene in Cabinet before (I was told later on that it was a phenomenally dramatic moment) and there was an awkward silence. Then Jim muttered, "Of course, if my colleagues want me to resign, I'm prepared to go if they insist on my going." He had been punctured. He hadn't responded, he had crawled.' (8th May 1969, p. 480, relating to the 'In Place of Strife' controversy.)

(23, a. 382)

'Throughout the morning Jim Callaghan behaved with an egregious smoothness and oiliness which was almost unbearable....' (17th June 1969, pp. 521-2).  
me I as a biss [noelW] ad uargallt modu Callaghan  
easid booy visi fai eis arf arf arf arf arf arf  
'Roy [Jenkins] was interesting about Callaghan, too,  
saying, "You know there is nobody in politics I can  
remember and no case I can think of in history where a  
man combined such a powerful political personality with  
so little intelligence'.' (5th September 1969, p. 627.)

'It's not trade union votes you want, it's their money. As Party Treasurer you've got to collect the funds for the next General Election campaign and you're going round the trade unions telling them that if they give us a good donation you can give them the assurance that there won't be any more prices and incomes legislation. It's been very clever of you, Jim, and you've forced the PM's hand.' (Crossman referring to Callaghan, 29th May 1968, p. 90.)

#### **Lord WIGG (Paymaster General 1964-7)**

'Two other candidates were presumed to be prepared to be drafted for duty—Gordon Walker and Callaghan, both of them in political terms then light-weights and make-weights. I remember Callaghan describing to me, way back in the 'forties, his own recipe for political success: wait till the Trade Unions decide their line and follow them.' (George Wigg by Lord Wigg, Michael Joseph, 1972, p. 254.)

(23, a. 382) (vol. 181C) Part of bib

'The reactions of the Chancellor of the Exchequer to our troubles at that time bowled me over. Jim Callaghan's lips quivered, his hands shook, he had no idea what had hit him. A gathering at Chequers during the November economic crisis lives in my memory. I remember vividly Callaghan mumbling, "We can't go on. We shall have to devalue". I decided that Callaghan was not the man to be Chancellor, and I am sure that Wilson and Brown reached the same conclusion. Callaghan was appointed as a result of Wilson's fatal tendency to appease rivals and because he was impressed by Callaghan's ability as an articulate extrovert to deliver, with nice rotundity of phrase, well-sounding speeches generally devoid of content.' (*ibid.*, p. 310.)

## 27. The Natural Party of Government?

### Sir HAROLD WILSON

'From being the party of protest we have now become the natural party of government.' (*Blackpool, 30th September 1975.*)

### Mr FOOT

'... I certainly don't accept that any party is the natural party of Government: every Government Party has to earn it with the electorate. . .' (*Weekend World, ITV, 4th April 1976.*)

### Lord GEORGE-BROWN

'... We have been taken over. And we have been taken over by a collection of people who call themselves "activists". But they are for the most part people who do not believe in our way of life or in our social democratic outlook . . . And these fellows have now captured control of the Labour Movement at every level: constituency parties; trade union branches; executives of the Trade Unions; the General Council of the TUC; the Labour Party National Executive; and the Shadow Cabinet.' (*The Times, 9th December 1972.*)

### Mr HEFFER

'The big Communist Parties in Italy, France, and some other countries have a real mass basis; some of their policies are more right wing than the policies of the Labour Party.' (*Morning Star, 26th August 1976.*)

### Mr CALLAGHAN

'I also draw the Party's attention to a new factor creeping into the Party that I must warn against, namely those elements who misuse the word "Socialist" and who seek to infiltrate our Party and use it for their own ends. They are almost always recognisable by their jargon and their intolerance.' (*Labour Party Conference, Blackpool, 28th September, 1976.*)

### Sir HAROLD WILSON

'Tonight I want to issue a grave warning to the Party. A warning against infiltration by small and unrepresentative groups, insistent on takeover bids in respect both of policy and personalities.' (*Batley and Morley CLP, 4th December 1976.*)

### Mr BENN

'Marxism has, from the earliest days, always been openly accepted by the Labour Party as one of the main sources of inspiration within our Movement . . . we must preserve within our Movement a place for those that are [Marxists].' (*Bristol University, 10th December 1976.*)

### Mrs SHIRLEY WILLIAMS

'We are entitled . . . to ask those who wish to join us: . . . Do you accept that if the cause of Socialism [as you define it] and the cause of democracy should come into conflict, you will stand by democracy?' (*The Guardian, 22nd January 1977.*)

'It is a sad comment on the sterility of much of our debate on the Left that the lessons of the Soviet experience have not been as seriously studied here as by the Left-wing parties on the continent of Europe.' (*ibid.*)

### Mr CALLAGHAN

'It is true that Marxists have not shown too much concern for democracy . . . [but] I do not discourage the discussion of philosophical ideas that may help to shape our society.' (*Hansard, 8th February 1977, Cols. 1224-1226.*)

### Mr FOOT

'There is nothing wrong with being a Marxist. Their point of view is essential to a democratic debate.' (*Report in Daily Telegraph, 26th May 1977.*)

### Mr SYDNEY BIDWELL (Chairman of the Tribune Group, 1974-5)

'I find negligible differences with editorial expressions of the *Morning Star* . . . I find my differences with the Communist Party nowadays also negligible . . . Someone like me is in danger of being branded as a "Communist" by some slap-happy Tory. But that should not worry a Socialist.' (*Morning Star, 28th June 1977.*)

### Mr BENN

'Now is the time to unite our whole strength behind Socialist policies that go beyond a claim to be the natural party of government.' (*Daily Mail, 13th December 1977.*)

### **Mr BENN**

'The only party that really stands for the rights of the individual, equality and democracy, is the Labour Party. Only the Labour Party is strong enough to fend off the forces of hatred and mutual suspicion upon which the present Opposition seeks to build its support.' (*Bristol, 17th March 1978.*)

### **Mr CALLAGHAN**

'I want to see our movement in power for the next ten years.' (*Scotsman, 30th January 1978.*)

### **The General Secretary's View**

#### **Mr RON HAYWARD**

'The Labour Party's image in the country today is tarnished.'

'... what has infiltrated the Party is a mood of intolerance: intolerance of anyone who holds views which do not coincide exactly with one's own.'

'It sometimes seems that the only thing we want to prove to the world is that we are all better socialists than the comrade next door.'

'Some people join our Party and in a matter of weeks, seek and achieve positions within the local party and then lend their energies to destroying the goodwill that the Member of Parliament has built over a period of many years.' (*Wallington, 3rd December 1976.*)

### **Sixteen Years' Decline**

#### **Sir HAROLD WILSON**

'This Party is a moral crusade or it is nothing. That is why we have rejected timidous and defeatist proposals for a Lib-Lab alliance. We are not going to sail into power under any flags of convenience.' (*Brighton, 1st October, 1962.*)

## **28. Liberal Quotations**

### **The Liberal Attitude to Labour**

#### **Mr STEEL**

'The Prime Minister [i.e. Sir Harold Wilson] has convinced us that we are not just a party of the left but the Party of the left.' (*New Statesman, 11th August 1967.*)

#### **Mr PARDOE**

'... we have to implement an incomes policy. There is no alternative. I hope that it will break the Labour Party and that we shall finally get the social democrats separated from the Marxists. Then we can get on with a sane form of Government for Britain.' (*Hansard, 17th December 1974, Col. 1433.*)

'With an intelligent electoral system we would not have a Marxist dominated Labour Government.' (*Hansard, 15th January 1975, Col. 519.*)

#### **Mr STEEL**

'The Prime Minister is concerned only about the fragile unity of the Labour movement, not the unity of the country ... [He is] the prisoner of his past memories of 1931.' (*Daily Telegraph, 26th October 1976.*)

### **Criticisms of Labour's Economic Policy**

#### **Mr STEEL**

'Unemployment has become an instrument of this Government's economic policy because they refused to face the alternative of restricting wage increases by law, when they came into office.' (*The Guardian, 23rd August 1975.*)

'The minority Labour Government ... increased their Parliamentary majority in an Autumn General Election by deceiving the electorate. They said prices were rising by 8 per cent each year when they were rising by over 20 per cent.' (*Liberal News, 19th July 1977.*)

#### **Mr PARDOE**

[Mr Healey's] first three years as Chancellor were the worst since the war... a catalogue of economic blunders, wrong forecasts, misplaced optimism, poor judgement, and sheer wrong-headed dogmatism unmatched in modern times.' (*News of the World, 9th April 1978.*)

## Subsidies

### Mr PARDOE

'We believe that they are wasteful since they go to the rich as well as to the poor. I object to paying my taxes in order to subsidise Mr Hyam's bread.' (*Hansard*, 16th April 1975, Col. 589.)

'The two-party politicians have tried to buy the people's votes with the people's own money. To be bribed is bad enough—to be bribed with your own money is lunatic.' (*Liberal News*, 12th July 1977.)

## Industry

### Mr STEEL

'There must be a strict budget on aid to industry; and the removal of thoughts in the minds of trade unions and industrialists that they can pressure the Government into rescuing failures because a lot of jobs are at stake.' (*Daily Telegraph*, 26th October 1976.)

## Public Spending

### Mr THORPE

'I further think that we must step up public expenditure.' (*Hansard*, 22nd March 1972, Col. 1559.)

### Mr PARDOE

'It is essential that [the Chancellor] should be ready with quick acting devices for cutting public expenditure in case of need.' (*Hansard*, 8th April 1976, Col. 692.)

'Will the Chancellor accept that all who are not totally overcome by Party political passion will welcome his determination not to indulge in panic and immediate cuts of public expenditure? Does he realise that such cuts would be totally phoney and could not be implemented by any government?' (*Hansard*, 7th June 1976, Col. 916.)

### Mr HOOSON

'Public expenditure cuts last year showed more regard for the maintenance of socialist dogma than the maintenance of adequate welfare standards. Public money is still being wasted on unnecessary and burgeoning bureaucracy at a time when essential welfare services are having to be cut to the bone.' (*Liberal News*, 11th January 1977.)

## Borrowing

### Mr STEEL

'When North Sea oil comes ashore, the Labour Government has already mortgaged the oil still under the sea in return for loans abroad.' (*Daily Telegraph*, 7th October 1974.)

### Mr PARDOE

'We cannot borrow and borrow for ever. Indeed, we have to recognise . . . the problem of how we look the world in the face. As long as we have to go on borrowing, the whole of our foreign policy becomes mortgaged to various sections of the world which are prepared to lend us money and upon which we are so dependent.' (*Hansard*, 17th December 1974, Col. 1431.)

## Growth

### Mr PARDOE

'I think that the Budget will mean that we miss the 5 per cent growth target at which the Chancellor says he is aiming. I fully support him in that aim.' (*Hansard*, 12th March 1973, Col. 953.)

'I have never thought that the pursuit of economic growth at all cost was the pre-eminent aim of economic policy.' (*Hansard*, 28th March 1974, Col. 685.)

## Taxation

### Mr PARDOE

'I make no bones about this: I am a member of a redistributivist party. I want to redistribute income and to redistribute wealth.' (*Hansard*, 9th May 1972, Cols. 1204-6.)

'If I had to reduce the total amount of taxation, I should not choose first to do it by reducing the standard rate of income tax. I should much prefer to do it on the allowances and by a direct cut in consumption taxes.' (*Hansard*, 16th May 1974, Col. 1480.)

'I welcome the fact that there is to be a Select Committee on the Wealth Tax. I hope that I may be called upon to be a member. We are favourably disposed towards the idea of a Wealth Tax.' (*Hansard*, 14th November 1974, Col. 645.)

### Mr STEEL

'We shall be supporting the present Government's endeavour to establish a Wealth Tax.' (*Liberal News*, 19th November 1974.)

### **Mr PARDOE**

'The Capital Transfer Tax is at least a move in the right direction of ensuring that wealth is taxed in a proper manner.' (*Hansard*, 17th December 1974, Col. 1428.)

'A Wealth Tax would bring in peanuts.' (*Hansard*, 3rd May 1976, Col. 903.)

'We all know that Income Tax is too high at almost every level of income.' (*Hansard*, 3rd May 1976, Col. 907.)

'As long as [taxes] are beyond all reason, all the investigative powers that the Government can get and all the penalties they can provide will not do anything to stop tax evasion, because tax evasion is a disease of a nation that is over-taxed.' (*ibid.*, Col. 911.)

### **Liberal Attacks on Socialist Legislation**

**Mr WAINWRIGHT** (on the Aircraft and Shipbuilding Industries Bill)

'This is a measure of industrial archaeology, and the Minister at the Dispatch Box should have been the Minister in charge of museums, galleries and folkcraft.' (*Hansard*, 2nd December 1975, Col. 1475.)

'We are asked to give a blank cheque for that old, utterly played-out recipe of nationalisation.' (*ibid.*, Col. 1477.)

### **Mr THORPE**

'The Community Land Bill is a further attack on the freedom of the individual.' (*Western Morning News*, 21st October 1975.)

**Mr STEEL** (on Clay Cross)

'Where they [people] break the law in the belief that their friends in high places will come along subsequently and legalise what they have done they are merely cardboard martyrs who deserve nothing but contempt. Does he [Mr Crosland] recognise that his setting aside of the disqualification will encourage the growth in lawlessness in our society that we see today?' (*Hansard*, 6th November 1974, Col. 1082.)

### **Trade Unions**

**Mr CYRIL SMITH** (on press freedom and closed shops)

'Unless the country sees evidence soon, not merely on this but on many other matters, of Foot's willingness to stand firm against certain trade union demands he will go down in history as "Mr Pussy Foot".' (*Hansard*, 3rd December 1974, Col. 1410.)

**Mr PARDOE**

'... if we are to avoid the collapse that now faces us—if it is not already upon us—we must face the problem of trade union monopoly bargaining power. We cannot shirk that problem either.' (*Hansard*, 17th December 1974, Col. 1432.)

**Mr SMITH** (on the Trade Union and Labour Relations (Amendment) Bill)

'It is becoming increasingly obvious, certainly to my Rt. Hon. and Hon. Friends and me, that the Minister [Mr Foot] and the Department are very much in the hands of the TUC. The Rt. Hon. Gentleman . . . is virtually a slave of the trade union movement.' (*Hansard*, 12th February 1975, Col. 394.)

### **Mr STEEL**

'To discourage irresponsible industrial disputes, social security payments to strikers' families should be limited to those stoppages called in a secret ballot by at least 50 per cent of those entitled to vote.' (*The Sun*, 11th September 1975.)

### **Mr HOOSON**

'I should have thought that there was a formidable case for saying that there is a freedom for people not to join a union if they want not to join and that there is freedom for an employer not to have unions in his factory if he wants not to.' (*Liberal News*, 12th July 1977.)

### **Pay Policy**

**Mr PARDOE**

'The primary reason why it [the Conservative Government's Stage 2] has not been effective is the Government's totally inadequate enforcement procedures.' (*Hansard*, 17th October 1973, Col. 258.)

'If the miners' union and the National Coal Board between them cannot find their way through the huge and multi-tudinous holes in Stage 3 of the Prices and Incomes Policy they must be either blind or wilfully and obstinately determined not to find a way.' (*Hansard*, 15th November 1973, Col. 730.)

#### **Mr THORPE**

'Why should a Government, which is ready to appease the Sheiks of the Persian Gulf, refuse to conciliate the miners of Scotland, Wales and Yorkshire?' (*Newmarket*, 26th January 1974.)

#### **Mr STEEL**

'There is no point in paying ourselves more money in depreciating currency. We should declare that after August—when Phase Two of the incomes policy expires—no more money was available for income increases.' (*Daily Telegraph*, 26th October 1976.)

'That is the motivation for the Liberal Party's agreement with the Government. We have simply got to get through the next few months with a new pay restraint deal and new controls on price increases.' (*The Guardian*, 14th April 1977.)

#### **Mr PARDOE**

'The third phase of incomes policy for the United Kingdom should allow no overall increases at all. The norm is nowt.' (*The Times*, 26th February 1977.)

*The following statements were made after the Lib-Lab pact was concluded:*

#### **Mr PARDOE**

'I regard Stage 3 as absolutely essential because if we do not get it we shall go into the stratosphere of inflation.' (*Hansard*, 30th March 1977, Col. 417.)

#### **Mr STEEL**

'We have a right to expect the Government to stand firm on behalf of us all against any one greedy pressure group.' (*The Guardian*, 6th July 1977.)

#### **Mr PARDOE**

'If the unions cannot deliver on Phase Two [sic], then the Government will have to step in with some statutory measures to ensure it.' (*Liberal News*, 12th July 1977.)

#### **THE LIB-LAB PACT**

##### **Why Was The Pact Made?**

#### **Mr FOOT**

'The Labour Party must make sure it chooses the time of the next general election in order to get a full majority. We have already carried into effect most of our commitments as carried in our manifesto.' (*Sunday Times*, 27th March 1977.)

'If we had not made an arrangement with the Liberals, we would have thrown away that chance of getting a real majority not merely for months, but maybe for years.' (*Labour Weekly*, 18th June 1977.)

#### **Mr RON HAYWARD**

'It is we who must choose the date of the General Election. That means maintaining a majority in the House of Commons. That is what the agreement with the Liberals is about.' (*Llandudno*, 27th May 1977.)

#### **Mr GRIMOND**

'To some people we seem to have become the poodles of Labour, fearful of an election and uncertain of the future.' (*The Guardian*, 27th September 1977.)

#### **Discordant Voices On The Pact**

#### **Mr STEEL**

'We have taken a chance to start a process that will show the British people that they can be governed in a different and more stable manner.' (*The Times*, 18th April 1977.)

'As the agreement between us continues to work in an easily identifiable way, I expect campaigning by Liberals to become easier.' (*Financial Times*, 7th May 1977.)

#### **Mr GRIMOND**

'Don't let us become oysters to Carpenter Jim, however genuinely benevolent he may seem.' (*Daily Mail*, 26th July 1977.)

**Mr SMITH**

'They [his colleagues] see themselves as buying influence. I see them as selling the soul of the Liberal Party.' (*News of the World*, 31st July 1977.)

'I was not sent to the House of Commons to be the tool of the Labour Whips. If the people of Rochdale had wanted such an MP, they would have elected a Labour MP as they had done for many years previously.' (*ibid.*)

'My experience and belief is that the Government will not give us any items of Liberal policy.' (*ibid.*)

'Do my colleagues really want to go down in history as the group of MPs who made sure that we had Socialism in the '80s?' (*ibid.*)

**Mr STEEL**

'The greatest thing the Liberal Party has got out of the pact is not any series of policies but the appearance of a Party prepared to accept responsibility.' (*Sunday Times*, 31st July 1977.)

**Mr PARDOE**

'We have changed a very bad Government into a half good one ... we have changed the method of governing Britain.' (*The Times*, 29th September 1977.)

**Mr STEEL**

'If the ... Liberal vote fell sharply [i.e., in Bournemouth East] it would be a repudiation of what had been achieved under the Lib-Lab Agreement.' (*The Guardian*, 23rd November 1977.)

(*The Liberal vote in Bournemouth fell by two-thirds.*)

**Mr GRIMOND**

'The Labour Party remains without principle, clinging to office, paid by the trades unions, and with an anti-democratic Marxist wing. The pact, I fear, is having no effect on the nature of that party.' (*Daily Mail*, 28th November 1977.)

'At the General Election, are we really going to ask people to vote Liberal to return an appendage to another Labour Government?' (*ibid.*)

**Requirements for European Elections****Mr STEEL**

'We have a right to expect the substantial majority of Labour members and especially Ministers, whose continuance in office depends on us, to support the Government's recommendations for the regional list system of voting for elections to the European Parliament.' (*The Times*, 28th September 1977.)

**Resolution Carried at the Liberal Assembly on 26th September 1977**

'This Assembly regards the support of a substantial majority of Labour MPs for a proportional system of election to the European Parliament as a crucial indicator of Labour support for an Agreement.'

(*When the vote on PR was taken on 13th December 1977 only 146 out of a total active strength in the Commons of 308 Labour MPs voted for PR—about 47 per cent—and four Cabinet Ministers, seven Ministers outside the Cabinet and another 104 Labour backbenchers voted against PR.*)