

GOVERNMENT RECORD SINCE 1983 ELECTION

FACTS FOR
Tps
[following meeting]

An enormous amount has been achieved in the last 18 months.

To take just a few examples:

- The abolition of the national insurance surcharge which we promised over a Parliament was completed in a session.
- A massive programme of privatisation has been undertaken, including Enterprise Oil, Sealink, Jaguar, INMOS and Scott Lithgow.
- The British Telecom privatisation doubled the number of private shareholders in this country.
- The Trade Union Act has been passed and at its first test in the Courts has shown to be extremely effective.
- The Rates Act has been passed and as a result of the Government's policy 1984/85 rate increases are at the lowest level for 10 years.
- A major reform of company taxation has been commenced which will reduce corporation tax to 35% over the next 2 years.
- All these are clear indications that the Government remains on course towards its target of creating a new enterprise culture which will create new wealth and new jobs for our people.

COMPARISONS WITH THIS STAGE IN THE LAST PARLIAMENT

We stand today 18 months after the last election. Let me compare the position now with the position 18 months after the 1979 election:

- then inflation was running at over 16%; today it is still below 5% - the lowest sustained rate since the 1960s:
- in 1980 when the world recession was beginning to bite, GDP had fallen 4% over the previous year; today it is running about 7% higher than at the end of 1980;
- interest rates in 1980 were running at 16%; today they are at 9½% with good prospects for a further fall;
- Government borrowing, as a proportion of GDP, will this year be half what it was in 1980-81;
- Company profits have improved significantly, from about 4% in 1980 on capital to over 7% this year;
- in 1980 investment had fallen by 8% over the previous year; today it is 10% above the 1983 level and is running at an all time high:
- productivity in manufacturing is 22% higher than in late 1980;
- of course the one major respect in which we are worse off now than in 18 months after the last election is unemployment. Then it was 1.6 million; now it is 3.1 million. How to reduce that figure is the greatest problem facing not only this country, but all western industrialised countries.

December 1984

INFRASTRUCTURE/INVESTMENT

- Investment throughout the economy will be at its highest ever real level this year at about £45 billion.
- That overall total capital expenditure in the public sector is at about the same real level as in 1978/79 (about £24 billion). In addition, repair and maintenance contracts in the public sector are worth about £5 billion a year.
- Some examples:
 - i) spending on major roads this year will be 27% greater in real terms than in 1978/79;
 - ii) investment in water and sewerage is being increased by over 9% next year (about £850 million).
 - iii) the east coast main-line electrification is going ahead and is expected to cost £306 million over 7 years.
 - iv) 40% more houses have been renovated with the help of improvement grants under this Government than its predecessor.

December 1984

EMPLOYMENT

- (i) The number of new jobs exceeded the number of lost jobs over the last year by 250,000. Most of the new jobs have been in the service sector. It is perhaps significant that our best estimate is that only about 10% of the new jobs are in the unionised sector. We are creating new jobs - a very considerable number of new jobs - but there are not enough to absorb the increase in the population of working age.
- (ii) The proportion of our population of working age which is in work is at 66%; higher than the European average (60%); higher than in West Germany and France (61%); much higher than in Italy (55%) and equal to that of the USA.

THE POVERTY TRAP

A worker with a gross income of £120 a week can have a net income of only 84p more than one in similar family circumstances earning £60 a week.

The difference is made up of:

	<u>£</u>
Tax	17.80
Additional National Insurance contributions	5.40
Family Income Supplement	20.00
Rent rebate	10.98
Rate rebate	3.44
Free milk	1.54
	—————
	59.16
	—————