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CABINET

REVIEW OF GOVERNMENT STRATEGY

NOTE BY THE PRIME MINISTER

I attach a paper by the Central Policy Review Staff (CPRS) which offers a synoptic view of the Government's performance in relation to its strategic objectives. As a first contribution in this field it is not designed to provide a blueprint for Government action but rather a basis for stocktaking by Ministers of what the Government has achieved so far and discussion about our strategic priorities both in the remainder of this Parliament and in the longer term.

2. The paper can only deal cursorily with the various sectors of our strategy. It is supported by amplified notes about the sectors which I am having circulated separately so that my colleagues can read them if they feel so inclined. But these notes can do little more than offer a bird's-eye view and suggest some ideas. They are not, and are not meant to be, substitutes for the expertise of Departments.

3. I propose therefore that we should not formally discuss the supporting notes; but that we should confine ourselves to a general discussion, which I will ask the responsible Ministers to lead in each sector, drawing or not as they wish on the CPRS notes.

E. H.

10 Downing Street,

30 September, 1971.

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REVIEW OF GOVERNMENT STRATEGY

MEMORANDUM BY THE CENTRAL POLICY REVIEW STAFF

INTRODUCTION

The Government has been in office for some 15 months. The purpose of this paper is to provide a basis for discussion of what the Government has done and how its strategy might be developed. Supporting notes of greater detail are available on all the particular topics discussed.

GENERAL OBJECTIVES

- 2 The Government's policies are intended to lead to:
 - (a) a better quality of life for all;
 - (b) better quality of government;
 - (c) liberation of the individual; and
 - (d) greater economic growth—on which almost all else depends.

PARTICULAR POLICIES

- 3 The particular policies which are intended to contribute to these general objectives have been grouped under the following areas of activity:

- (i) **The economy**

Control of inflation; a high level of employment; reduction of taxation and of Government expenditure.

- (ii) **Overseas affairs and Northern Ireland**

Joining the EEC; keeping Britain strong abroad; realistic pursuit of British interests; establishing peaceful and effective government in Northern Ireland.

- (iii) **Industry**

A strong competition policy; encouragement of investment; no further nationalisation; hiving off parts of the nationalised industries; disengagement from direct intervention; continued support for agriculture.

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(iv) **Labour**

Improvement of industrial relations; the efficient deployment of manpower.

(v) **The regions**

Correction of structural weakness; improvement of infrastructure.

(vi) **The environment**

Reform of housing finance; provision of transport on an economic basis; balance between the needs of expanding, wealthier population and amenity.

(vii) **Social affairs**

Developing health and personal social services; filling gaps in social security; improvement of education; law reform and enforcement; easing race relations.

(viii) **The role of Government**

Greater devolution; more open administration; encouragement of voluntarism.

4 The Table at *Annex 1* summarises action taken so far to implement a number of these policies. The succeeding paragraphs examine the objectives and policies in more detail, raise certain questions and conclude by offering recommendations.

THE GENERAL OBJECTIVES

5 QUALITY OF LIFE

This is only measurable (and then subjectively) over a period of years. There is no discernible improvement yet. Some, notably the unemployed, would say there has been regression. How much is achieved by 1975 will depend primarily on sustaining the expansion of the economy: other policies will take longer to have effect.

6 QUALITY OF GOVERNMENT

The Government has won marks by doing what it said it would do, with the crucial exceptions of inflation and unemployment.

But: Its style has sometimes appeared hard and unfeeling; decisions are taking as long to make as ever; and the strategic objective has frequently been sacrificed to the tactical necessity (e.g. Upper Clyde). The big Departments have not yet fully proved themselves; nor has PAR; nor, perhaps, has the CPRS; but who are we to say?

7 LIBERATION OF THE INDIVIDUAL

The individual person or company has been set free in a number of respects (e.g. the burden of taxation and interference with industry).

But: They have not always appreciated it. It has sometimes meant unemployment, bankruptcy, or exposure of the consumer to forces against which he feels powerless. And the compensations (e.g. through the benefits of faster growth) have not yet eventuated.

8 ECONOMIC GROWTH

There has been conflict between the need to achieve growth and the policy chosen to control inflation. The various policies intended to promote faster economic growth—tax incentives, tax reform, EEC entry, more competition, less Government interference—will necessarily take time to produce any significant or discernible effects. In the short term, production has been stagnant and unemployment rising.

THE PARTICULAR POLICIES

9 THE ECONOMY

(i) Unemployment and economic expansion

Unemployment has reached an unacceptable level. The tax reductions in the Budget and the July measures should reduce unemployment during 1972.

But: (a) If the momentum of expansion is to be maintained after 1972, the balance of payments will deteriorate. The present flexibility of exchange rates should help if we can ensure that by 1973 the EEC currencies and the Japanese yen have appreciated in relation to the pound by the amount which we need.

(b) The expansion, particularly in the context of entry into the EEC, will need to be very carefully managed. There is a risk that a new round of stop-go cycles may emerge in 1973–74.

(ii) Control of inflation

Inflation has not been controlled: wages and prices have respectively risen by a record 12 per cent and 9 per cent in the last year. Neither competition policy nor trades union reform will by themselves have much effect either in the short or long term. The Chancellor's reflationary measures of July may actually improve

labour bargaining power. The CBI initiative is a way of breaking into the vicious circle; but unless there is a response from the unions a limitation of prices alone will lead to inadequate profitability and thus jeopardise industrial investment.

While the Government has so far avoided a statutory freeze or other formal prices and incomes policy, it will need to develop a positive strategy before the expiry of the CBI initiative. Otherwise the effects of joining the EEC, of the VAT, of the reform of housing finance and of economic pricing by the nationalised industries could cause intolerable inflationary strains in 1973-74.

However successful the Government's policies, inflation will be higher in this Parliament than ever before. If inflation averages 7 per cent, a fixed income of £2,000 at the beginning of the Parliament will be worth just over £1,400 by the end. The Government should consider how it can protect the losers from this process.

(iii) **Reduction of taxation**

The Government has reduced taxation by £1,100 million in 1971-72 and has abolished hire purchase restrictions.

But: Inflation has whittled away some of the benefit of the reductions to individuals. Moreover, can the downward trend of taxation be maintained until 1974-75 unless public expenditure is also held down more firmly, especially if resources have to be found for an increase in investment on accession to the EEC and for the balance of payments in, say, 1973?

(iv) **Restraint of Government expenditure**

The prospective rate of growth of public expenditure over the next five years has so far been kept only just below the estimated potential growth rate of the economy.

But: There has been a conflict between this objective and the containment of inflation. Many of the cuts in public expenditure have involved the transfer of charges from the public to the private sector e.g. agricultural finance, housing finance, prescription charges, school meals and milk.

Civil Service manpower has been reduced by abolishing the Land Commission, the PIB and Investment Grant offices. But the demands of VAT, law and order and more selective social services impede further reductions. So Civil Service manpower is still actually rising rather than falling. Progress with hiving off has been meagre; and it is in any event no economy in manpower (though it may lead to improved efficiency) to transfer people from one pay-roll to another. The need is to identify activities which may be dispensed with altogether; or which may

be carried out as efficiently with fewer staff. Since Departments have so far been unable to do this themselves, should the Government now engage professional consultants for the purpose?

10 OVERSEAS AFFAIRS AND NORTHERN IRELAND

(i) Joining the EEC

Negotiations have been successful. Subject to Parliament, the United Kingdom should be a member of the Community on 1 January, 1973.

But : Have we yet started thinking European? Have we decided what sort of Europe we want and what we must do to get it, e.g. defence policy, monetary integration, future of London as Europe's financial centre?

(ii) Northern Ireland

Past policy on Northern Ireland is in ruins. Given the cost of the present troubles in lives and money, British opinion is liable to become increasingly disenchanted.

(iii) Keeping Britain strong abroad

The Government has done well to achieve an East of Suez presence and a stronger contribution to NATO within financial limits lower than the cost of the Labour Government's programme.

But: The percentage of our GNP devoted to defence will on present plans remain alarmingly high by EEC standards. Even keeping to the limits at present contemplated will be difficult, however, if we are to maintain our existing commitments, especially in a period when the American contribution to Europe's defence is likely to be contracting. The constraints of manpower on defence policy are also likely to increase.

(iv) Realistic pursuit of British interest abroad

The Government has maintained a skilful balancing act where differing British interests conflict (e.g. arms for South Africa and the Singapore Conference).

But : Other troublesome cases are looming (e.g. economic relations with the United States, oil supplies from the Middle East and reactions to a possible settlement with Rhodesia).

11 INDUSTRY

(i) Competition

The Government has reaffirmed belief in the competitive forces of the market place and is to introduce new legislation on competition.

But: Competition in future must be considered in terms of Europe: the EEC is our domestic market and any legislation on monopolies and restrictive practices should reflect this. It should also show concern for the consumer.

(ii) Investment

Allowances have been substituted for grants and will be generally preferred by industry when profitability increases.

But: Reluctance to invest has persisted, with serious implications for our industrial competitiveness. This is particularly important in the context of entry into the EEC in 1973. Significant increases in the level of investment will only occur if the Government commits itself to a credible long-term policy of stable and uninterrupted growth and permits higher profitability.

(iii) The nationalised industries

Apart from Rolls-Royce, and now some pressure in respect of UCS, the Government has resisted further nationalisation.

But: It has found difficulties—ideological and practical—in hiving off parts of the existing nationalised industries. There is a fundamental conflict in the Government's attitude to these industries: is the Government still aiming at leaving them to act commercially or does it want to retain control (e.g. pricing policy)?

(iv) Disengagement

The IRC has been wound up and the Government has emphasised its refusal to support lame ducks.

But: The Government had to rescue Rolls-Royce, is trying to provide a new structure for shipbuilding on the Clyde and is buttressing ICL. Does this point to the advantage of a more pragmatic, less doctrinaire approach to intervention in the private sector? Is there scope for some co-operative agency which would enable Government and industry to plan together, as for example the Japanese, Italians and French seem to do with some effect?

(v) **Support for agriculture**

The Government has taken the necessary steps to move to an import levy system of support, thus facilitating harmonisation with the common agricultural policy of the EEC.

But : As members of the EEC we shall need to be clear about the optimum level of protection for European agriculture.

12 LABOUR

(i) **Legislation**

The Industrial Relations Act is on the Statute Book—a notable achievement.

But : Legislation alone is not enough. Indeed, in the short term it may even exacerbate unrest. Bargaining power has swung in favour of organised labour. Ultimately, there has to be a new relationship between Government, management and labour which recognises this development.

(ii) **Manpower**

The process of industrial change creates redundancies in some skills and areas and labour shortages in others. New policy initiatives on training and re-training in order to increase mobility and reduce unemployment are essential, e.g. measures to ensure that existing training facilities, especially those in Government Training Centres, are fully used together with a further substantial expansion of such facilities. These initiatives must be geared to the structural problems of the development areas.

13 THE REGIONS

Differential incentives (through tax allowances rather than grants) have been continued for development areas; the Regional Employment Premium is to disappear. There has been some concentration on infrastructure improvement.

But : Unemployment is at a very high level, calling forth a public works programme costing over £150 million in the regions which will, however, provide few jobs. Development areas still rely excessively on declining industries (e.g. coal mining and ship-building). The regional problem is thus as acute as ever. Should an entirely new approach be considered, such as planned emigration from the regions, not only to other parts of the United Kingdom but to Europe and outside it; the establishment of effective regional development institutions; or stimulating a co-ordinated European approach involving Community finance? The political constraints here may be paramount, but by 1974-75 the regional problem, on present indications, will be no nearer fundamental solution. Any solution will involve spending a lot of money.

14 THE ENVIRONMENT

(i) Reform of housing finance

The charging of economic rents is a step forward.

But: The brunt will be felt in 1973 when the United Kingdom is also incurring the first costs of the EEC and of VAT. The effect will be inflationary.

(ii) Surface transport

The roads programme is going ahead steadily. Steps are being taken to make public passenger transport more responsive to market forces.

But: Railway closures are becoming increasingly hard to implement. There are still no comprehensive solutions to urban transport problems. Minorities without easy access to either public or private transport will continue to present difficulties. Should the Government have a more co-ordinated policy towards the private motor car?

(iii) Amenity

The problem is to preserve a balance between the needs of expanding population and industry, and the preservation of amenity. This affects the quality of life.

But: Does the Government know what people really want and are prepared to pay for? The environmental lobby is strong and the Government has itself made people more aware of environmental considerations. Is the pendulum swinging too far? Would people be prepared to pay £100 more per car to prevent pollution of the atmosphere?

15 SOCIAL AFFAIRS

(i) Improvement in the health and personal social services

Many improvements are being made and considerable priority has been attached to the programme as a whole. The reorganisation of the NHS is in hand.

But: Finance and manpower are major constraints. The question of whether the Department of Health and Social Security should have a more positive directing role in relation to the executive authorities is important. The long-term financing of the NHS gives cause for concern. More, and more relevant, research is needed across the whole field.

(ii) Social security

The radical reconstruction of National Insurance in accordance with declared Government policies is well under way.

But: Decisions on family poverty will not be easy politically, but will be crucial. Decisions remain to be taken on the selectivity or otherwise of future real improvements in pensions, and on the disincentive effects of benefits at certain income levels.

(iii) Improvements in education

Resources have been purposively shifted into primary education. Local authorities have been told that they are free to choose their own pattern of secondary education.

But: Finance and manpower are once again major constraints. The rate of growth of the University programme has been cut back to pay for primary school improvements, and the future strategy for higher and further education remains to be decided. Major issues in the teaching profession are looming up. Nothing has yet been done to expand nursery education. Is the present structure of the education system being adjusted quickly enough to meet the needs of a rapidly changing society?

(iv) Law reform and enforcement; and race relations

Action has been taken to meet the Government's immediate pledges. The treatment of offenders is the subject of the Home Office PAR for 1971.

But: The availability of qualified manpower will constrain the prison programme, the police and the probation service. Long-term programmes will be needed to tackle the fundamental problems of child care and race relations.

16 THE ROLE OF GOVERNMENT**(i) Reform of local government and greater devolution**

The Government has promised to increase the independence of local authorities and to bring about a genuine devolution of power from the centre.

But: The current reform of local government—due to come into effect by April 1974—does not redeem either of these promises. Like its predecessor, the Government seems to have turned its back on devolution lest it lead to loss of efficiency and greater expense. Would these really be the costs of more independent local government? Are Ministers prepared to argue that there would be no offsetting advantages?

(ii) More open government

Little progress has been achieved with this objective. Preoccupied with issues of security, the Government has not notably opened up areas of debate, even within Whitehall. However, change here is desirable if the apathy or cynicism about politics among much of the electorate, notably the young, is to be overcome. It is also necessary as a spur to Civil Service efficiency.

(iii) Voluntarism

Progress in encouraging private resources into socially beneficial areas has been scant. None the less, this offers one way of restricting the area of government and of helping to achieve savings in government expenditure and manpower. It should therefore be encouraged, notably by tax incentives. Obvious areas are the social services, education and the arts.

CONCLUSIONS

17 The notable achievements of the Government's first 15 months of office have been:

- (i) successful negotiations to join the EEC;**
- (ii) the passing of the Industrial Relations Act;**
- (iii) the substantial reductions in taxation; and**
- (iv) the introduction of a more serious style of government.**

18 The notable failures have been in respect of:

- (a) inflation;**
- (b) unemployment; and**
- (c) Northern Ireland.**

The first two of these could be fatal in the General Election of 1974-75 if they persist. Their rectification must be the Government's first priority, and the basis for the second year's momentum.

19 Northern Ireland is the joker in the pack: is it an exaggeration to say that it could be the United Kingdom's Vietnam? A new initiative is imperative, well before 1974-75.

20 Specific, but less fundamental, areas where the Government is not at present fulfilling its pledges are those of **reduction in the size of the Civil Service; devolution to local authorities; less state involvement in the nationalised industries; and more open government.**

21 However, the Government is likely to be judged less on its fulfilment of specific pledges than on its success in dealing with the major problems mentioned in paragraph 17 above. At this point the question of timescale becomes very important. A number of the Government's policies, designed to increase the country's prosperity in the longer run, will not have much effect before 1975: examples are those concerned with competition, investment and labour relations. Others indeed may be positively unpopular in the short term: examples are disengagement from private industry and entry into the EEC. The Government therefore also needs policies to deal with the short term. These however should so far as possible be consistent with their longer-term policies—more personal responsibility, disengagement, lower taxation, thinking European.

RECOMMENDATIONS

22 In the light of these conclusions, the CPRS selects from the ideas in this paper the following recommendations. We have grouped them according to the timescale on which they could be expected to have effect.

A. IMMEDIATE MEASURES FOR EARLY RESULTS

(i) Give top priority to the essentials—controlling inflation and reducing unemployment

An accommodation with the trades unions on wages must be found before the expiry of the CBI initiative on prices. Otherwise the Government may be forced into a statutory incomes policy. Meanwhile, the Government should reduce unemployment by a general expansion of demand rather than by propping up uneconomic industries. This expansion should leave room for an increase in investment preceding United Kingdom entry into the EEC and for transferring more resources to the balance of payments in 1973.

(ii) Maintain currency flexibility

In expanding demand the Government should exploit its major piece of good fortune—that the balance of payments constraint may be removed by other currencies revaluing in relation to our own. It should therefore aim at retaining currency flexibility as long as necessary to ensure an appropriate relative value for sterling.

(iii) In seeking further cuts in public expenditure, avoid areas where the result is to put up prices to consumers; cuts should rather come through greater efficiency or cessation of a service.

(iv) Protect the losers from inflation

The Government needs to identify the main losers from inflation and protect them.

(v) Pay more attention to communication

The Government has so far not got proper credit for its more compassionate policies. It needs to show that it cares.

B. IMMEDIATE MEASURES FOR LONGER-TERM RESULTS

(i) Think in European terms

This affects such diverse things as regional policy, environmental measures, and policies for competition, social security and industrial development. The Government will need to formulate positive initiatives on e.g. the Common Agricultural Policy, monetary integration, European defence and making London the financial centre of Europe. Results may not be seen until the next Parliament, but a start has to be made at once.

(ii) Re-examine the Government's role in relation to industry

Investment must be encouraged by a credible Government commitment to uninterrupted growth and higher profitability. Where total disengagement is impossible the Government should consider new ways of marrying public and private funds e.g. through an agency run jointly by the state and the private sector.

(iii) Re-think regional policy

Expansion may ease the regional problem in the short term. But the adoption of a new approach with new policy instruments is urgently needed if the long-term problem is to be eased and money is not to be squandered.

(iv) Fill gaps in the short-term strategy for social affairs

Tackle the problem of family poverty. Work out a strategy for treating the offender. And initiate better customer-orientated research across the whole field.

(v) Make the public service more efficient

The CPRS believes it may be possible both to reduce the size of the public service and to improve its efficiency. Since Departments have themselves been unable to achieve this, an alternative would be to engage independent management consultants for the purpose.

(vi) Northern Ireland

We make no recommendation here but underline the importance to the Government of finding the basis for a fresh policy.

C. LONGER-TERM MEASURES

(i) **Make up your minds about the nationalised industries**

Policy towards the nationalised industries is ambivalent. They should either be left to act commercially, in such matters as pricing, or be more closely controlled. The former would be more consistent with the Government's general philosophy.

(ii) **Develop a long-term strategy for social affairs**

Work out a new strategy for education, especially higher education, to fit society's new needs and develop the structure of the teaching profession accordingly. Plan for the financing of the NHS in the 1980s. Work out comprehensive policies for child care. Develop a long-term strategy for race relations.

(iii) **Decide what sort of military power we wish to be**

Financial, manpower and international problems are likely to call for radical reappraisal within a few years at most. They should be anticipated.

(iv) **Be bold about more open government**

This would pay dividends with the disenchanted. The Green Paper technique should be further developed, e.g. to cover many of the topics discussed in this paper (family poverty, transport, the environment).

23 Strategy is dynamic, not static. The present paper, together with the more detailed sectoral notes, is intended as no more than a first step in what should be a continuing process of self-examination. The CPRS proposes:

- (i) Periodically to monitor progress towards the Government's objectives and fulfilment of the policies discussed in paragraphs 3 to 16 above.
- (ii) To scrutinise particular programmes and policy proposals as they come forward for compatibility with the objectives.
- (iii) In collaboration with Departments, and through the machinery of PAR, to examine how the policies discussed in this paper can be developed.

24 Finally, we consider that since many of the problems examined here are of great complexity, it is neither desirable nor possible to rely exclusively on meetings of the Cabinet, Ministerial Committees and on officials for discussion and thought about them. We believe that selected groups of Ministers must find time to discuss selected problems related to strategy under informal conditions. Such discussions should be preceded by a brief colloquial paper by a Minister, a Civil Servant, the CPRS or someone else. Whether or not Ministers are already over-worked, we consider that informal Ministerial meetings along these lines at regular intervals are highly desirable.

REVIEW OF GOVERNMENT

ANNEX I

Government sector	General objective	Methods of getting there	Specific proposals
The Economy	Liberation of individuals and companies leading to more growth, less inflation, higher employment	Stopping inflation by general pressures without compulsory power on wages or prices Reduction and simplification of taxation	More selective social security Reform of housing Reform of agriculture Cuts in Civil Service Abolition of IRC, P Tax cuts Abolition of SET Simplification of Companies Act Possible introduction of...
Overseas Affairs Foreign policy	Realistic pursuit of British interests	Examine value of specific policies to Britain Join and develop EEC	Join EEC on right terms New attempt at Rhodesia
Defence	Security of Britain and strength overseas	Maintain limited presence East of Suez Stronger contribution to NATO	Five-power defence Asia Improved reserve forces
Industry and Agriculture Industry	Expansion of free enterprise	Disengagement of Government from private and State companies Increase competitiveness Increase investment	Repeal Industrial Enterprises Act Reduce Government share in nationalised industries Stop ports nationalisation No further nationalisation Vigorous competition Replace investment...
Agriculture	Improve self-sufficiency	Increase farm production, improve farm incomes Save on imports	Agricultural support deficiency payments Encourage forestry Protect fishing industry
Labour Industrial relations	Less anarchy	New rules for industrial relations to establish clear rights and obligations	A new Act and code of practice
Manpower	Make better use of labour resources	Increase in training programmes General reflation of demand	Increase in training

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REVIEW OF GOVERNMENT STRATEGY

ANNEX I

	Methods of getting there	Specific proposals before election	Achievements	Omissions
om- wth, nent	Stopping inflation by general pressures without compulsory power on wages or prices Reduction and simplification of taxation	More selective social services Reform of housing finance Reform of agricultural finance Cuts in Civil Service numbers Abolition of IRC, PIB, Land Commission Tax cuts Abolition of SET Simplification of Capital Gains Tax Possible introduction of VAT	Social services made more selective (see below) White Paper on housing finance published (see below) Agricultural levies to be introduced IRC, PIB and Land Commission abolished £1,100 million reduction in taxation SET to be phased out Capital Gains Tax simplified Income and Surtax to be merged Hire purchase restrictions lifted	Inflation continues Unemployment at Some public expenditure Civil Service still growing VAT threatens new
ests	Examine value of specific policies to Britain Join and develop EEC	Join EEC on right terms New attempt at Rhodesian settlement	EEC negotiations successful	
ngth	Maintain limited presence East of Suez Stronger contribution to NATO	Five-power defence force in South-East Asia Improved reserve forces	Five-Power defence arrangement Gurkha Brigade maintained Larger volunteer reserves for army European Defence Improvement Programme	
	Disengagement of Government from private and State companies Increase competitiveness Increase investment	Repeal Industrial Expansion Act Reduce Government involvement in nationalised industries Stop ports nationalisation No further nationalisation Vigorous competition policy Replace investment grants with allowances	Industrial Expansion Act repealed PIB and IRC abolished (see above) No help to Mersey or Clyde docks Nationalisation of ports stopped Transport Holding Company denationalised Monopoly legislation in preparation linked to consumer protection Investment grants replaced by allowances	Little progress with Interference with prices and wages Rolls-Royce and m
	Increase farm production, improve farm incomes Save on imports	Agricultural support by levies not deficiency payments Encourage forestry Protect fishing industry	Levies introduced in place of deficiency payments Negotiations in train with EEC	
	New rules for industrial relations to establish clear rights and obligations	A new Act and code of practice	Industrial Relations Act (1971) Draft Code of Industrial Relations	Days lost by strikes
rces	Increase in training programmes General reflation of demand	Increase in training centres	Increase in training centres Special grants for the over 45's	No "massive" inc

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VERNMENT STRATEGY

NNEX I

Specific proposals before election	Achievements	Omissions or inconsistencies
<p>selective social services</p> <p>h of housing finance</p> <p>h of agricultural finance</p> <p>Civil Service numbers</p> <p>on of IRC, PIB, Land Commission</p> <p>ts</p> <p>on of SET</p> <p>ication of Capital Gains Tax</p> <p>e introduction of VAT</p>	<p>Social services made more selective (see below)</p> <p>White Paper on housing finance published (see below)</p> <p>Agricultural levies to be introduced</p> <p>IRC, PIB and Land Commission abolished</p> <p>£1,100 million reduction in taxation</p> <p>SET to be phased out</p> <p>Capital Gains Tax simplified</p> <p>Income and Surtax to be merged</p> <p>Hire purchase restrictions lifted</p>	<p>Inflation continues, restricting growth</p> <p>Unemployment at post-war peak</p> <p>Some public expenditure cuts inflationary</p> <p>Civil Service still growing</p> <p>VAT threatens new complications</p>
<p>EC on right terms</p> <p>tempt at Rhodesian settlement</p>	<p>EEC negotiations successful</p>	
<p>ower defence force in South-East</p> <p>ed reserve forces</p>	<p>Five-Power defence arrangement</p> <p>Gurkha Brigade maintained</p> <p>Larger volunteer reserves for army</p> <p>European Defence Improvement Programme</p>	
<p>Industrial Expansion Act</p> <p>e Government involvement in</p> <p>onalised industries</p> <p>orts nationalisation</p> <p>ther nationalisation</p> <p>us competition policy</p> <p>e investment grants with allowances</p>	<p>Industrial Expansion Act repealed</p> <p>PIB and IRC abolished (see above)</p> <p>No help to Mersey or Clyde docks</p> <p>Nationalisation of ports stopped</p> <p>Transport Holding Company denationalised</p> <p>Monopoly legislation in preparation linked to consumer protection</p> <p>Investment grants replaced by allowances</p>	<p>Little progress with "hiving off"</p> <p>Interference with nationalised industry prices and wages</p> <p>Rolls-Royce and maybe UCS nationalised</p>
<p>ltural support by levies not</p> <p>iciency payments</p> <p>rage forestry</p> <p>t fishing industry</p>	<p>Levies introduced in place of deficiency payments</p> <p>Negotiations in train with EEC</p>	
<p>Act and code of practice</p>	<p>Industrial Relations Act (1971)</p> <p>Draft Code of Industrial Relations</p>	<p>Days lost by strikes increasing</p>
<p>se in training centres</p>	<p>Increase in training centres</p> <p>Special grants for the over 45's</p>	<p>No "massive" increase in programme</p>

Government sector	General objective	Methods of getting there	Specific proposals
The Regions	Redress regional imbalance	Initiate thoroughgoing study of regional policy	Phase out Premiums Use Local Employment Switch resources to infrastructure Fairer treatment of regions Link expenditure to needs created
The Environment Housing	Better housing at reduced cost to State	Concentrate house building on cases of need Increase home ownership	Renegotiate house rents Release more land for housing Sale of council houses Encourage house building societies Encourage home building societies Fair deal for tenants
Transport	Make public transport more market-orientated	Continue closure of uneconomic rail services	Continue with experiments
Amenity	Improvement of the environment	Better Government machinery Review existing legislation Encourage local and voluntary action	Greater emphasis on local action
Social Affairs Health and personal social services	Concentration of resources on those in real need	Improve administration of the health services Determine more sensible priorities for social services Emphasis on elderly, chronic sick and handicapped	Improved administration Co-ordinate health services Improve arrangements for health services Improve community health services Encourage voluntary health services
Social security	Improved social security	Pensions uprating and improvements Benefits improvements for priority categories Reconstruct national insurance Tackle family poverty problem	Biennial review of pensions to maintain purchasing power Ease earnings rule for pensions Pensions for the over 65s Improve pensions for the disabled Improve benefits for the disabled Reconstruct national insurance Extend earnings rule for pensions Tackle family poverty Deal with abuses of the system

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	Methods of getting there	Specific proposals before election	Achievements	Omissions
re	Initiate thoroughgoing study of regional policy	Phase out Regional Employment Premiums Use Local Employment Act more Switch resources from general support to infrastructure and retraining Fairer treatment for service industries Link expenditure more closely to jobs created	Regional Employment Premium to be phased out £100 million programme for infrastructure projects over three years Free depreciation allowance benefits service industries	Regional situa
ce	Concentrate house building on cases of need Increase home ownership	Renegotiate housing subsidy scheme Release more land for house building Sale of council houses Encourage house modernisation Encourage housing associations and building societies Fair deal for tenants	"Fair Deal for Housing" White Paper outlined economic rent scheme Restriction on sale of council houses lifted Money ceiling on local authority mortgages lifted	
ed cost to	Continue closure of uneconomic rail services	Continue with expanded road programme	Subsidies to London commuter services withdrawn Road programme continuing	
ore market-	Better Government machinery Review existing legislation Encourage local and voluntary action	Greater emphasis on amenity	DOE created Third London Airport decision Reorganisation of water resources proposed	
onment	Improve administration of the health services Determine more sensible priorities for social services Emphasis on elderly, chronic sick and handicapped	Improved administration for NHS Co-ordinate hospitals, GPs and local health services Improve arrangements for general practice Improve communication with the public Encourage voluntary organisations	Reorganisation proposals for NHS published Review of DHSS organisation under way Proposals for Health Commissioners and Community Health Centres Prescriptions, dental and ophthalmic charges raised. Better remission arrangements Cheap welfare milk abolished. More free milk for those in need Extra £110 million provided for elderly, mentally ill and handicapped Possible further £118 million for special capital programmes Small increase in grants to voluntary bodies	
es on those	Pensions uprating and improvements Benefits improvements for priority categories Reconstruct national insurance Tackle family poverty problem	Biennial review of retirement pensions to maintain purchasing power Ease earnings rule Pensions for the over 80's Improve pensions for younger widows Improve benefits for long-term sick and disabled Reconstruct national insurance Extend earnings related contributions Tackle family poverty problem Deal with abuses of the social security system	Pensions uprated and improved as promised Benefits for long-term sick and disabled improved White Paper on reconstruction of national insurance published Family Income Supplement introduced Benefit payments to strikers restricted Committee to review abuses set up Payment for first three days' sickness and unemployment stopped	

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Specific proposals before election	Achievements	Omissions or inconsistencies
<p>out Regional Employment Premiums</p> <p>Local Employment Act more resources from general support to infrastructure and retraining</p> <p>treatment for service industries</p> <p>expenditure more closely to jobs created</p>	<p>Regional Employment Premium to be phased out</p> <p>£100 million programme for infrastructure projects over three years</p> <p>Free depreciation allowance benefits service industries</p>	<p>Regional situation deteriorating</p>
<p>Introduce housing subsidy scheme</p> <p>Release more land for house building</p> <p>Release council houses</p> <p>Finance house modernisation</p> <p>Finance housing associations and building societies</p> <p>Deal for tenants</p>	<p>"Fair Deal for Housing" White Paper outlined economic rent scheme</p> <p>Restriction on sale of council houses lifted</p> <p>Money ceiling on local authority mortgages lifted</p>	
<p>Continue with expanded road programme</p>	<p>Subsidies to London commuter services withdrawn</p> <p>Road programme continuing</p>	
<p>Emphasis on amenity</p>	<p>DOE created</p> <p>Third London Airport decision</p> <p>Reorganisation of water resources proposed</p>	
<p>Improved administration for NHS</p> <p>Reorganise hospitals, GPs and local health services</p> <p>Improve arrangements for general practice</p> <p>Improve communication with the public</p> <p>Finance voluntary organisations</p>	<p>Reorganisation proposals for NHS published</p> <p>Review of DHSS organisation under way</p> <p>Proposals for Health Commissioners and Community Health Centres</p> <p>Prescriptions, dental and ophthalmic charges raised. Better remission arrangements</p> <p>Cheap welfare milk abolished. More free milk for those in need</p> <p>Extra £110 million provided for elderly, mentally ill and handicapped</p> <p>Possible further £118 million for special capital programmes</p> <p>Small increase in grants to voluntary bodies</p>	
<p>Annual review of retirement pensions to maintain purchasing power</p> <p>Earnings rule</p> <p>Pensions for the over 80's</p> <p>Improve pensions for younger widows</p> <p>Improve benefits for long-term sick and disabled</p> <p>Restructure national insurance</p> <p>Improve earnings related contributions</p> <p>Family poverty problem</p> <p>With abuses of the social security system</p>	<p>Pensions uprated and improved as promised</p> <p>Benefits for long-term sick and disabled improved</p> <p>White Paper on reconstruction of national insurance published</p> <p>Family Income Supplement introduced</p> <p>Benefit payments to strikers restricted</p> <p>Committee to review abuses set up</p> <p>Payment for first three days' sickness and unemployment stopped</p>	

Government sector	General objective	Methods of getting there	Specific
Social Affairs (continued) Education	New priorities for education	Shift resources in favour of primary schools Give local authorities discretion in secondary education	Shift resou schools Recognise education Raise schoo Encourage Expand pl education Enquiry int
Law and race relations	Emphasis on law and order Racial harmony Control of immigration	Strengthen the police Restore prison building programme Law reform More funds for immigrant areas Discontinue further large scale immigration	Strengthen Restore pri Streamline Compensat Remove di and anon Help loca immigran Introduce legislation Assist Cor return ho
Role of Government	Return to limited role of Government Increased efficiency of Government Reduce alienation from Government	Greater devolution. Return activities to private sector Reform of central and local government. More open, honest government	Reduce C efficiency Eliminate u Review Off Support for

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Objective	Methods of getting there	Specific proposals before election	Achievements	On
education	<p>Shift resources in favour of primary schools</p> <p>Give local authorities discretion in secondary education</p>	<p>Shift resources in favour of primary schools</p> <p>Recognise need to expand nursery education especially in deprived areas</p> <p>Raise school-leaving age as planned</p> <p>Encourage direct grant schools</p> <p>Expand places in further and higher education</p> <p>Enquiry into teacher training.</p>	<p>Extra £99 million over three years for primary schools</p> <p>School leaving age to be raised</p> <p>Extra £9 million allocated to direct grant schools</p> <p>£11.8 million for polytechnics and colleges of further education</p> <p>James Committee on teacher training appointed</p> <p>Circular issued to local authorities giving discretion on secondary education</p> <p>Saving of £102 million by curtailng free school milk, increasing meals charges and charges for further education</p> <p>Saving of £126 million in university programme</p>	No gener
d order ion	<p>Strengthen the police</p> <p>Restore prison building programme</p> <p>Law reform</p> <p>More funds for immigrant areas</p> <p>Discontinue further large scale immigration</p>	<p>Strengthen the police</p> <p>Restore prison building programme</p> <p>Streamline the law</p> <p>Compensate victims of violence</p> <p>Remove discrimination against women and anomalies in family law</p> <p>Help local authorities with large immigrant populations</p> <p>Introduce new permanent immigration legislation</p> <p>Assist Commonwealth immigrants to return home without harassment</p>	<p>Generous police pay settlement</p> <p>New prison building programme</p> <p>Criminal Justice Bill under consideration to streamline law and compensate victims of violence</p> <p>Follow-up action on Cripps Report</p> <p>Additional funds provided for local authorities with large immigrant populations</p> <p>Immigration Bill before Parliament</p>	
of Government f Government m Government	<p>Greater devolution. Return activities to private sector</p> <p>Reform of central and local government. More open, honest government</p>	<p>Reduce Civil Service and increase efficiency</p> <p>Eliminate unnecessary secrecy</p> <p>Review Official Secrets Act</p> <p>Support for voluntary activities</p>	<p>Government Departments reorganised</p> <p>CPRS, PAR set up</p> <p>Reform of Select Committees</p> <p>Franks Committee set up</p> <p>Two-tier system of local government proposed</p>	<p>Civil Serv</p> <p>Very little</p> <p>Little pro</p> <p>Only limit</p> <p>activities</p> <p>Only li</p> <p>governm</p>

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Specific proposals before election	Achievements	Omissions or inconsistencies
<p>Shift resources in favour of primary schools Recognise need to expand nursery education especially in deprived areas Raise school-leaving age as planned Encourage direct grant schools</p> <p>Expand places in further and higher education Enquiry into teacher training.</p>	<p>Extra £99 million over three years for primary schools</p> <p>School leaving age to be raised Extra £9 million allocated to direct grant schools £11.8 million for polytechnics and colleges of further education James Committee on teacher training appointed Circular issued to local authorities giving discretion on secondary education Saving of £102 million by curtailing free school milk, increasing meals charges and charges for further education Saving of £126 million in university programme</p>	<p>No general action yet on nursery education</p>
<p>Strengthen the police Restore prison building programme Streamline the law Compensate victims of violence</p> <p>Remove discrimination against women and anomalies in family law Help local authorities with large immigrant populations</p> <p>Introduce new permanent immigration legislation Assist Commonwealth immigrants to return home without harassment</p>	<p>Generous police pay settlement New prison building programme Criminal Justice Bill under consideration to streamline law and compensate victims of violence Follow-up action on Cripps Report</p> <p>Additional funds provided for local authorities with large immigrant populations Immigration Bill before Parliament</p>	
<p>Reduce Civil Service and increase efficiency Eliminate unnecessary secrecy Review Official Secrets Act Support for voluntary activities</p>	<p>Government Departments reorganised CPRS, PAR set up Reform of Select Committees Franks Committee set up</p> <p>Two-tier system of local government proposed</p>	<p>Civil Service still growing Very little "hiving off" Little progress with open government Only limited support so far for voluntary activities Only limited devolution to local government</p>

