

Part A

**CONFIDENTIAL**  
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begins: 7/1/82.  
ends: 29/9/82

  
 PO -CH /GH/0030  
  
 PART A

Chancellor's (Howe) Papers:

**CHANCELLORS MORNING  
MEETINGS 1982**

Disposal Directions: 25 Years

*[Signature]*  
24/7/95



*M*  
MR RIDLEY

MINUTES OF WEDNESDAY'S MEETING

Please look through and alter these where you think fit.  
I do not know quite what you (or the Chancellor) will wish  
to do with them.

*RH*

ROBIN HARRIS





MINUTES OF CHANCELLOR'S POLITICAL MEETING ON WEDNESDAY 6 JANUARY '82

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Minister of State (L)  
Minister of State (C)  
Mr Brooke  
Mr Stewart  
Mr Butcher  
Mr Marland  
Mr Ridley  
Mr Cropper  
Mr Harris

1. General Discussion

The Chancellor stressed the importance of liaison with the No.10 Policy Unit and with the Conservative Research Department in future work on the SDP and their policies. The emergence of the SDP had pointed up some areas of policy with which the government would have to be concerned and had also unlocked some doors previously closed. The Chief Secretary agreed that policy options which would not have been worthy of serious consideration had now become so because decisions made were less likely to be reversed by a future alternative government.

Mr Stewart said that the shake-out of labour in 1980 should be presented as a water-shed in Britain's economic affairs. We should present ourselves as the only party which had seriously addressed itself to the realities of the post-second oil shock world.

The Chancellor noted that even the SDP realised that what had happened over the last two years had to happen. However, Conservative supporters often felt that they had been taken through the difficulties of that period with relish. The Financial Secretary stressed that we must continue to present this government as the only one which had been prepared to tackle Britain's long-term decline.

Mr Cropper felt that there was a need to clear up a number of outstanding issues. To what extent did the government accept responsibility for what had happened to the exchange rate and to interest rates? There was need for an agreed interpretation of what had been happening.

The Minister of State (L) felt that we should say that a great disaster had hit the world and that this government had seen Britain through it. The Minister of State (C) thought that the electorate had no time for excuses, only for achievements. The Chief Secretary felt that one could make excuses for what had happened when coming out of a recession which would not have been persuasive or acceptable when one was at the bottom of it. He felt that it was not enough to say that the government had just ridden a world storm. It had also deliberately decided to tackle long term problems. For example, the MTFIS was not just a response to a world storm.

The Financial Secretary thought that a major theme at the next election should be to give back the institutions to the people. People felt oppressed by the nationalised industries and by state control in social and educational fields. Part of the Conservative platform at the next election should be privatisation on a huge scale.

The Minister of State (C) did not believe that privatisation as such had much public appeal. Mr Ridley noted that opinion polls showed overwhelming pressure to "do" something about the nationalised industries but little support for specific policies. The Chief Secretary felt that only those aspects of privatisation which directly affected people's lives were likely to be vote winners. Mr Stewart noted that where the government had privatised, consumers had not been much affected. The Financial Secretary agreed that policies of privatisation must please the customer.

## 2. Prospects

The Chancellor noted that on unemployment and growth it was easy to be outbid by the opposition parties. However, the direction in which unemployment, inflation and growth were moving was more important than the numbers. He agreed with Mr Ridley that unemployment was likely to be the last of these to recover, behind inflation and output. Both the Financial Secretary and the Chief Secretary stressed the importance of the trends on these matters being favourable at the right time electorally.

The Minister of State (C) thought that the fall in the numbers in employment was the most worrying and damaging aspect of the employment situation. However, the Minister of State (L) noted that hundreds of thousands, or perhaps a million, had moved from the white to the black economy and that this lay behind the fall in the numbers employed. The Chancellor agreed that unemployment was the most worrying element of prospects. He would add pay in money terms as a fourth crucial indicator. The Financial Secretary felt that it was important that we should not be portrayed as the Party which approved of low pay. In discussion of pay it must always be emphasised that more could be earned if more was produced.

## 3. Perceptions of the Government's Economic Performance

The Chief Secretary argued that there was a need for new imaginative schemes to be introduced such as the enterprise zone concept in the past. The Minister of State (C) felt that the planned national fibre optic network was such a scheme which could catch the popular imagination. Mr Butcher stressed the value of enterprise allowances in his constituency. The Financial Secretary believed that the enterprise zone concept should be moved to the areas of social policy which so far seemed to have been left to the SDP to make the running.

The Chancellor believed that Treasury Ministers were insufficiently well informed of what colleagues had been doing in the way of planning new initiatives. There was a need to think up at least six such imaginative schemes by the time of the Party conference and two by the time of the Budget. He would in due course write to the Prime Minister about this. Mr Cropper was asked to look at this question from the view of the Party. The Chancellor also stressed the need to find out exactly the position on the working of enterprise zones and the enterprise allowance scheme.

#### 4. Lowering Expectations

The Chancellor stressed that expectations certainly had to be lowered by the time of the next election. One way of doing this was through international comparisons of growth, unemployment, inflation etc. The Minister of State (L) stressed the need to persuade people that they should not expect high levels of growth. However, one could also show that relatively modest levels of growth when compounded could over the longer term produce quite dramatic results.

The Chief Secretary thought that perceptions of work and of unemployment were the most important area. It was widely said that attitudes towards unemployment would need to change.

The Chancellor, however, noted that the means did exist to secure more employment and that this fact needed to be emphasised. There was a need to find more imaginative ways of addressing the "Len Murray" problem. Companies and communities should be persuaded to take people into work at less than £4000 a year. Ways of doing this should be looked at again more energetically. The Chief Secretary stressed that whatever success the government had in doing this there was no possibility of bringing employment down to the level of the 1960's. It would still remain very high. How was this to be explained to the public? The Minister of State (L) felt that it was important not to lend any support to the idea that there was merit in employing two people at a low wage to do a job which one person could perform at a high wage more effectively.

## 5. Tax Philosophy

The Financial Secretary said that dealing with the black economy was the crucial question on the tax front. He had the impression that some were mesmerised by the size of the black economy. But could one get at it? There was probably a need to live with, tame and tap the black economy rather than in the last resort to fight it. The Chancellor agreed that this was a central and very difficult problem.

The Minister of State (L) said that the need was to encourage businesses to start up in the black economy and then induce them to move to the white economy. That was the idea behind Walter Goldsmith's scheme. The concept of tax holidays was far from iniquitous and was widespread internationally. The Business Start-up scheme itself/<sup>had</sup> raised this question. The Financial Secretary said that the only way effectively of dealing with the black economy was through an extension of deduction at source, but this was obviously impractical.

The Chancellor said that both Walter Goldsmith's scheme and enterprise allowances needed to be looked at closely in preparations for the Budget.

The Financial Secretary said that there should be many more finely graduated income tax bands. However, the Minister of State (L) said that this was not possible to work through the P.A.Y.E. machine.

The Financial Secretary thought that one should be as tough as possible on "perks". Mr Stewart felt that more responsibility could be put on the employer to deal with this.

The Chancellor stressed that the next manifesto should address the whole poverty and unemployment trap issue though there was little possibility of doing so in the Budget.

## 6. Interest Groups

### (a) Industry

Mr Stewart said that the NIS was one of the few unavoidable taxes levied on companies. Any tax concessions to industry should be well spread. Energy prices was probably the most



important area needing action. Interest rates were more important than the NIS. Mr Ridley noted that action on energy costs <sup>would</sup> affect fewer industrial interests than action on NIS, rates, or interest rates.

The Minister of State (C) favoured boosting the construction industry rather than going down the route of NIS reduction. However the Chancellor said that while there were attractions in a clutch of measures on the construction industry in the Budget, he was much more sceptical about the value of a big construction programme. The most important issue for industry was arguably rates.

Mr Ridley said that it was necessary to assess what the minimum of concessions would be in order to keep industry on the government's side.

(b) Small Businesses

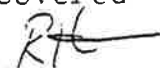
The Chancellor felt that planning de-regulation was the most important area for small businesses now. He also wished to find what the position was in enterprise zones and expected a review from Mr Heseltine to reach him during next week.

(c) Charities

Mr Marland said that the main demand made was for charities to be exempt from V.A.T. The Financial Secretary stressed that any action on such matters should exclude the more "political" charities.

The Minister of State (C) <sup>promised to</sup> let the Chancellor see Mr Alec Dixon's letter on this general subject which had recently appeared in the press.

The Chancellor stressed that there was a need for meeting to look at the area of tax philosophy covered during the meeting.

  
ROBIN HARRIS  
7 January 1982



FROM: ROBIN HARRIS  
20 January 1982

CHANCELLOR'S MORNING MEETING

192nd Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Minister of State (L)  
Mr Brooke  
Mr Ridley  
Mr Cropper  
Mr Harris

1. Deployment of Special Advisers, and Speeches

It was recognised that present arrangements for the Chancellor's speech writing were unsatisfactory. New arrangements would be proposed at the time of the new allocation of Special advisers' duties. The Chancellor asked Mr Ridley to consider the position and report to him at the earliest suitable moment.

2. Rates

The Chief Secretary would continue to lead for the Treasury on the question of rate reform. The Chief Secretary stressed the need to encourage widespread discussion of the Rates Green Paper's options by Chambers of Commerce, at public meetings, with the Party both in Parliament and elsewhere, and in the country at large. This would be likely to show the difficulties involved in abolition; and it would lead to a more measured debate about possible reform.

3. British Rail Dispute

Mr Ridley reported on the BR Board's rumoured view of the present position on the ASLEF dispute, emphasising the likely value of a clear public statement to the effect that BR's investment plans and its whole corporate plan were being put in jeopardy. The Chief Secretary



noted that this could also be put positively: the Government had sanctioned electrification of the East Anglian regional railway: the NUR had cooperated; now ASLEF should deliver. The Chancellor's Friday and the Chief Secretary's Saturday speech might be used to put this message across. However, it could most effectively be deployed at PM's Questions, Mr Ridley was asked to put his ideas on paper with a view to an approach being made to No.10. Depending upon the response, a decision would be made about whether the message could be included in a Treasury Minister's Speech on Friday or Saturday.

4. Cross Border Leasing

The Financial Secretary emphasised the importance and difficulties of the issue of Cross Border Leasing. He would make every recommendation on it to the Chancellor.

5. Institute of Directors

The Financial Secretary drew attention to the need for a firm and agreed Treasury line in dealing with the Institute of Directors' proposals on tax and on nationalised industries. It was necessary to be polite but not to give the impression of agreement with proposals which were in fact unacceptable. The Chancellor agreed.

6. Public Sector/Numbers

The Chancellor had found the figures on public sector employee numbers given in a draft answer to Mr Ralph Howell, for answer by the Prime Minister on Tuesday 19 January, highly unsatisfactory. Particularly he had noted that the summer of 1980 was the latest date for employment in public corporations, that there had been a 67,000 increase in NHS staff and an 11,000 increase at the Post Office - both much higher figures than usually given. He asked Mr Ridley to follow this up with officials and clarify the issue.



ROBIN HARRIS  
20 January 1982



Circulation:

~~Chancellor~~

Chief Secretary

Financial Secretary

Economic Secretary

Minister of State (C)

Minister of State (L)

Sir D Wass

Sir A Rawlinson

Mr Ryrrie

Mr Burns

Sir L Airey

Sir D Lovelock

Mr Ridley

Mr Cropper



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From: ADAM RIDLEY  
21 January 1982

*pwr*

D.12

CHANCELLOR

cc Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Mr Harris

6 JANUARY MEETING WITH PPSs AND ADVISERS

... I attach, for the record, Robin Harris's minutes of the meeting and a brief note of the action you subsequently agreed should be taken in the light of the discussion.



ADAM RIDLEY

*Ps. For obvious reasons I would advise against any of these papers going to the PPSs.*



COVERING CONFIDENTIAL





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ACTION TO BE TAKEN

SDP

The Harris/Ridley paper to be revised and edited, and a section of conclusions and recommendations to be written. Once approved it should be sent to the PM, copied to the CUCO and CRD. The covering letter should also stress the need to unlock the policy doors opened by the SDP. A draft should be ready by the end of January.

DEFENCE OF THE GOVERNMENT'S ECONOMIC RECORD

Agreed that it is needed, but recognition that it is not an early priority. Mr Ridley's notes should be worked up as an internal note in the first instance, with a view to circulation at the end of March. Important also to cover what has gone right, at some stage in the exercise.

PERCEPTIONS OF GOVERNMENT PERFORMANCE: INITIATIVES ETC

Collective The Chancellor would want to write to the PM and Mr Parkinson, suggesting the need for agreed ideas for imaginative initiatives on a wide policy front (specifically including non-economic matters) - but only after the discussion about presentational machinery has progressed.

Treasury Two "imaginative schemes" needed by Budget time, six by the Party Conference. To be discussed at an early morning prayers. Enterprise zones were being monitored. Officials would be asked to advise when the results of that process would be submitted for ministerial review. /Mr Jenkins has commissioned a note.<sup>7</sup> The local enterprise allowance and associated idea of tax reliefs for corporate donations to enterprise agencies also deserved high priority in the Budget context. Mr Battishill is co-ordinating work on both issues, which fall to the FS/T to pursue and oversee at ministerial level.

LEN MURRAY QUESTION

Agreed that this had to be tackled by an imaginative initiative.



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Mr Ridley's minute outlining an approach to be worked up as soon as possible as a basis for further discussion. Mr Cropper would pursue at CRD the related question of more research into and publicity about the characteristics of the unemployed.

TAX

Black economy The FS/T would pursue his thoughts and anxieties. /A first meeting with IR officials has since been held.7

Self-employed (Goldsmith incentives) Merited urgent and careful examination. /FS/T is pursuing. The initiative lies in the IOD's hands.7

Poverty and unemployment trap Agreed that the present unsatisfactory position demanded further attention. A first step would be for the Chancellor to discuss the issue with Mr Fowler (being arranged). Possible further action still to be decided, with a view to having positive proposals ready in time to put in a Manifesto.

Tax philosophy Full discussion needed, but would have to be after the Budget. The ideas for constructively developing tax holidays were worth bearing in mind throughout the pre-Budget discussion.

Charities Care and compassion nuggets would be needed for the Budget and had not yet been sought. First steps need to be discussed with Chancellor's private office.

SMALL BUSINESSES

Agreed that, though the FS/T would exhaustively study scope for further fiscal help in the Budget run-up, the scope for action on this front had been largely exhausted, and the main area for further gain would probably be de-regulation and obstacles to enterprise. MISC 14 was the obvious place to pursue this. Method has yet to be agreed (eg ?Ridley proposal for public canvass of views of outside bodies as a possible input).



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*J pwp.*



FROM: ROBIN HARRIS

22 January 1982

CHANCELLOR'S MORNING MEETING

193rd Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Mr Brooke  
Mr Ridley  
Mr Cropper  
Mr Harris

1. 28 January Cabinet

Meetings would be arranged between the Chancellor and Lord Carrington, <sup>Done</sup> and the Chancellor and Mr Biffen. <sup>one</sup> Well before the <sup>meeting,</sup> Mr Lawson should be provided with the special briefing he had requested. The Chief Secretary would consider what other preparatory contacts he and the Chancellor might wish to undertake and would make early proposals to the Chancellor. The Chancellor would discuss the circumstances of Mr Ingham's lobby-briefing after the Cabinet at his next bilateral with the Prime Minister.

*Speaker to lobby*

2. Unemployment Debate: 28 January

Next Thursday's unemployment debate would be opened by Mr Shore followed by the Chancellor and closed by Mr Sheldon for the opposition and by the Chief Secretary for the Government.

The following points were made about the Chancellors' Speech's contents:

- it was not the time for a restatement of economic policy
- reference might be made to the recent Liberal economic pamphlet proposals and to key points made in any major SDP Speech in the previous day's debate on unemployment.



- it was an occasion to attack the Opposition's policies
- 'bull point' good news must be included
- The 'Len Murray' question should be seriously addressed.
- A section of speech should be commissioned making the points that: powerful groups (eg miners) had settled reasonably; expectations were lower; the recent statistics for unit labour costs revealed a remarkable picture; the new mood of realism was widely shared; only Opposition front bench and trade union leaders failed to understand the new realities.
- Briefing should be sought to answer the Mendham argument (eg in today's Financial Times page 9) that small businesses were not creating but shedding jobs.
- A section of the speech should be concerned with the prospects for American interest rates and their relationship with exchange rates and interest rates in the UK. It should make clear, inter alia, that domestic interest rates were affected both by the PSBR and overseas conditions.

### 3. The Long-Term Problem

Mr R Barratt's draft minute to go to the Prime Minister on "Long Term Public Expenditure Prospects" (19 January 1982) should not in fact be submitted before 28 January Cabinet and perhaps not before the budget. The Special Advisers were asked to consider the problems of handling and presentation.

### 4. VAT and Charities

The Chancellor would try to attend the Economic Secretary's meeting





with Mr Hannam on VAT and Charities on Monday 25 January.



ROBIN HARRIS

22 January 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr Cropper





CHANCELLOR'S MORNING MEETING

194th MeetingNote for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (L)  
Minister of State (C)  
Mr Ridley  
Mr Cropper  
Mr Harris

1. Legislative Programme, 1982-83

The Financial Secretary noted that in due course a deregulation bill for the nationalised industries might be suggested: but not in the '82-'83 session. The Chancellor asked the MST(C) to continue his work of drawing together other Departments' proposed legislation which had manpower implications.

2. TCSC: Armstrong Report

The Chancellor initiated a discussion on the issues which would arise when Treasury Ministers were likely to be called before the TCSC, which was likely to be before the end of February if the Report was to be published as planned before the Budget.

Mr Ridley noted that so far the Committee had shown no dissent from the Armstrong proposals. The Economic Secretary said that the wider problems involved needed to be got over at least to the more sympathetic TCSC members. It was then conceivable that the pursuit of consensus would make for an anodyne set of recommendations. It was suggested that the effect of putting fiscal as well as public spending discussions into commission through a "green budget" would be an irresponsibly large PSBR; that Parliament was and would remain inherently fiscally irresponsible;



or that only financial disaster would educate it. Moreover, there was a low level of general understanding in the country about the need for a prudent PSBR. The Treasury alone stood in the way of total fiscal irresponsibility. However, the Chief Secretary noted that one reason why there was so little public understanding of the issues was probably due to the confidentiality which was an obstacle to such wider understanding. The Chancellor believed that the influence of the financial markets would enforce increasing responsibility.

The Chancellor noted that, in practice, full control of the budget no longer rested with the Treasury. Parliament could and did change its shape. The Chief Secretary argued that the most important practical issue was whether, now that events were moving in a particular direction, it was likely to produce a more responsible conclusion by letting them continue further or by trying to hold the position where it was.

The Chancellor said that future evidence to the TCSC would have to address these fundamental problems. A system must be found which reconciled the conflicting pressures involved. Thus was it possible to suggest any constitutional or other device (as in Germany) which could ensure that the dangers involved would be less likely to arise?

Mr Ridley was asked by the Chancellor to take the issue further with officials and report back to the Chancellor. The Economic Secretary would be holding a meeting about handling the TCSC very shortly and would consider how best the committee would be made aware of the key issues, and what line the Chief Secretary should take with the press.

### 3. PPSs and Morning Meetings

Mr Ridley would fix early dates for PPSs to attend the Chancellor's Morning Meetings.

### 4. CBI Representations on the Budget

Mr Ridley drew Ministers' attention to the contents of the CBI's draft recommendations for the Budget and the arguments they continued about the need to reduce public spending.





C. culation:

Chancellor  
Chief Secretary  
Financial Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr Cropper





Note for the record

CHANCELLOR'S MORNING MEETING

193rd Meeting

Present: Chancellor  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Mr Brooke MP  
Mr Ridley  
Mr Harris

1. VAT on Charities

The Economic Secretary and Mr Ridley noted the major difficulties which might ultimately arise for private education if Charities were granted exemption from VAT. The Labour Party and SDP's response would be to firm up their commitment to remove private schools' charitable status entirely. The Chancellor said that discrimination between deserving and undeserving Charities on this or other matters must be left to the Charity Commissioners whose responsibility it had long been.

2. TCSC Drinks (Monday 1 February)

The Chancellor reported that discussion over drinks with TCSC members had been helpful. It had been learned that the Committee were likely to concentrate on the international monetary scene and exchange rate management; that a slower pace than expected was likely in their deliberations on the Armstrong proposals; and that Mr Higgins and Mr Wainwright appeared aware of the major problems which those proposals entailed. The Chancellor had mentioned to Mr Higgins and Mr Du Cann his intention of implementing the Protection of Special Deposits Scheme. He would also tell the Conservative Finance Committee that when he met them - for which briefing on the Scheme would be available.

Delivered



3. Economic Progress Report Article: 'Cost of Unemployment'

The proposed EPR article on the 'Cost of Unemployment' would not now be published. The Economic Secretary was asked to ensure that this was also true of the matching article in the Department of Employment Gazette.

4. Comptroller and Auditor General

The Financial Secretary stressed that it would soon be necessary for him to talk to Mr Barnett and Mr Du Cann to try to gain agreement for the Government's proposals on the C&AG. However, Departments continued to try to claw back those concessions offered. The Chancellor said that he hoped either he or the Financial Secretary could be given a free hand at Wednesday's meeting (3 February) to negotiate with Mr Barnett, Mr Du Cann and others on the Government's behalf. Mr Brooke noted that it was important to act as soon as possible.

5. Leaflet on Public Finance

The draft leaflet on Public Finance (circulated with Mrs Gilmore's minute of 29 January) would be discussed at a further meeting, in the light of advice from the CSD.

*a note from the Comptroller?  
or CST? ✓*



ROBIN HARRIS

2 February 1982

Circulation: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr Cropper





FROM: ROBIN HARRIS

4 February 1982

*Chancellor discussed*

CHANCELLOR'S MORNING MEETING

194th Meeting

*with Sir DW  
Sji  
Jo*

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Mr Brooke  
Mr Ridley  
Mr Harris

*1. I take the view that we  
should find it difficult to  
hold bank. bank opinion with a  
PSBR of < £10B; + that market  
will take it down as high. The  
banking has the com for > caution;  
+ looks in that sense on no change  
forecast, too as to raise out Market  
PSBR - then giving out there a*

1. Comptroller and Auditor General

The Chancellor reported that proposals on the C and AG would go to E Committee on the basis of the paper discussed at Wednesday's meeting on the subject with Cabinet colleagues. *Safety margin on the PSBR - + in the hand.*

2. Fiscal Stance in the Budget: Tactics of Back-bench Dissenters

The Financial Secretary reported he had heard it suggested that some anxious back-bench MPs might chose to defeat the Government in Committee by amending suitable parts of the Finance Bill if they concluded that the PSBR proposed in the Budget was not large enough. It was also reported that some of the Government's back-benchers would probably be invited to the Department of Industry to be persuaded of the importance of lower interest rates for many firms - and thus of the need for a low PSBR. The DOI were apparently less enthusiastic about NIS cuts than they had been, in the light of the intense concern for lower interest rates in industrial circles, which was not reflected in the recommendations of the Captains of Industry.

3. Social Security Benefits: Government's Response to Back-bench Pressure.

A meeting should be held within the Treasury to decide on the appropriate response to pressure from Government back-benchers on



the issue of the short term benefit up-rating. A further meeting would be held with Mr Fowler; Mr Brooke noted that the Whips were very uneasy about whether the line on the "2%" could be held. The Chancellor said that the same Treasury meeting should also discuss the wider questions surrounding the uprating of child benefit. Briefing would be required on: the relationship between decisions on the up-rating of personal allowances and decisions on child benefit: how far the April 1979 real value of child benefit up-rating should be considered as relevant; and the significance of the pledges made on child benefit in his own letter to Mr Waldegrave of Spring 1980 and Mr Jenkin's public assurance about up-rating.

#### 4. NHS Pay and Numbers

The Chancellor referred to Mr Buckley's submissions on NHS pay of 27 January and 3 February 1982. These should be looked at by the Minister of State (C) and the Minister of State (L) before he took a view.

The Economic Secretary noted that the increase in administrative staff in the NHS was very worrying. The Chief Secretary said that Mr Fowler's proposed steps to deal with this were welcome, but in due course/<sup>there must be</sup> firmer, simpler control as for the civil service in other Departments. The Chancellor said it remained important to pursue DHSS urgently to increase their efforts and controls.

#### 5. Letter to 'the Times'

The Chief Secretary agreed that he should sign the letter to 'the Times' in answer to its Leader of Wednesday 3rd February on Civil Service pay - 'who Guard the Guards!'. A meeting would be held later in the morning to finalise this. It must be sent in the early afternoon. No.10 would be briefed on the matter during the morning because of its implication for PM's questions. A copy of the final draft would go to No.10 during the afternoon.

  
ROBIN HARRIS

4 February 1982





**Circulation:**

**Chancellor**

**Chief Secretary**

**Financial Secretary**

**Economic Secretary**

**Minister of State (C)**

**Minister of State (L)**

**Sir D Wass**

**Sir A Rawlinson**

**Mr Ryrrie**

**Mr Burns**

**Sir L Airey**

**Sir D Lovelock**

**Mr Ridley**





*Myp*

CHANCELLOR'S MORNING MEETING

12 February 1982

Note for the Record196th Meeting

Present: Chancellor  
Economic Secretary  
Minister of State (L)  
Minister of State (C)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

*[Handwritten mark]*

1. Chief Secretary's Speech (5 February)

Lord Carr had expressed disquiet about the Chief Secretary's speech on the 'Len Murray Question'. The Chief Secretary would write a personal letter to him explaining the argument further and seeking to establish the grounds for his concern.

2. Economic Progress Report Article: Cost of Unemployment

The EPR article on the Cost of Unemployment would not be published in March.

3. Unemployment

There was a discussion of the case for further development of policy. The Chancellor asked the Chief Secretary to pursue the issue and offer advice after the weekend.

*RH*

ROBIN HARRIS

12 February

Minister of State (L)

Sir D Wass

Sir A Rawlinson

Mr Ryrrie

Mr Burns

Sir D Lovelock

Mr Ridley

Mr French

Circulation: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)



CONFIDENTIAL



FROM: ROBIN HARRIS  
17 February 1982

CHANCELLOR'S MORNING MEETING

197th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (L)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

1. ASLEF Dispute

Ministers discussed the position of BR in the light of Lord MaCarthy's findings.

2. Nationalised Industry Prices

In the light of the previous day's (Tuesday 16 February) press reports of planned sharp rises in gas and electricity prices, the Economic Secretary considered that a rapid reappraisal was necessary of what arguments should be used/Ministers to explain them and NI price performance generally. Mr Brooke reported that there was parliamentary disquiet about the reports. The Chancellor asked Mr Ridley to find out whether Mr Locke's note to brief back-benchers and other about nationalised industries had been sent, to report on how Mr Pym intended to distribute it and subsequently to contact Mr Brooke about when it was likely to be available.

3. MEPs and EIB Loans

There was a discussion of MEPs' anxieties about the reported Treasury move to reduce the interest rate subsidy on European Investment Bank & ECSC loans. Mr Ridley would advise the Minister of State (L) on a draft Parliamentary Answer to Lord O'Hagan on this matter.



Relevant papers - including correspondence with Mrs Kellett Bowman - would be shown by Mr Ridley to the Financial Secretary. The Financial Secretary was asked by the Chancellor to oversee Treasury relations with Conservative MEPs as his predecessor had done and to advise when after the budget they should be invited to No.11. Mr Ridley would submit a note to the Chancellor and the Financial Secretary on the MEPs' new responsibilities following the leadership election.



ROBIN HARRIS

17 February 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French







CHANCELLOR'S MORNING MEETING

198th MeetingNote for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (L)  
Minister of State (C)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

1. Civil Service Pay Offer

The Minister of State (C) was asked by the Chancellor to investigate and report on the distribution to staff by Departments of details of the Government's Civil Service pay offer. There should be an early meeting of Misc 66, as already proposed, to consider the next steps in handling the issues.

2. EPR Article: Cost of Unemployment

The Chancellor and the Minister of State (L) felt that further improvements could be made in the arguments and assumptions made in the work embodied in the draft EPR article on the Cost of Unemployment. The basic arguments demanded further classification and a considered strategy of public presentation, regardless of whether the EPR was the best ultimate vehicle for explaining them. The Minister of State (L) and Mr Ridley would meet soon with officials to investigate this further and would report back to the Chancellor.

3. VAT and Charities

The Economic Secretary observed that discussion with backbenchers strengthened his view that the arguments against granting exemption from



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VAT to charities were very persuasive and not sufficiently deployed. Mr Brooke would investigate whether the DHSS Back Bench Committee still wished the Economic Secretary to attend to talk about the problems. The Chancellor asked Mr French to prepare a stock draft letter on the subject for use after the Budget speech in correspondence with MPs and others; and a short passage in the budget speech, which would embody the key arguments.

4. Early Retirement Measures

The Minister of State (C) was asked by the Chancellor to pursue the issue of possible further measures on early retirement - on which some work had already been undertaken and commissioned.

5. Nationalised Industry Prices

The Chancellor expressed anxieties over the fundamental problems of presenting NI pricing policy and developments which had been brought to the surface by the note prepared by Mr Locke, circulated under Mr Burgner's minute of 18 February, on Nationalised Industry Prices; and by the latest forecasts for the growth of NI prices relative to the RPI. It had been most useful in bringing to light issues of policy as well as presentation. The Chancellor noted the need for Treasury Ministers to be seen publicly pressing for improvements in nationalised industry performance. It was now clear that a somewhat different explanatory brief on nationalised industry prices was needed for Government back-benchers. Mr Cropper at CRD, Mr Moore at the Department of Energy and Treasury officials had been asked to collaborate in the preparation of defensive briefing on gas prices. In the light of the Chancellor's comments:

- i) the Chief Secretary was asked to reconsider the wider issues of NI policy - particularly as regards energy and water - with a view to a possible paper to ENI



- ii) the Chief Secretary, Mr Ridley and Mr Locke would probè further the issues raised in Mr Locke's paper
- iii) the Minister of State (C) would investigate and report on the associated question of Nationalised Industry Chairmen's salaries.

6. Proposals from Mr Grylls

The Chancellor noted that there was no possibility of including measures in the budget along the lines argued for by Mr Grylls. However, he was in principle favourably disposed to the proposals in Mr Jenkin's letter of 18 February about improvements in the loan guarantee and business start-up schemes. The Financial Secretary was asked by the Chancellor to continue to investigate ways in which the thrust of Mr Grylls' proposals should be responded to. There would need to be a considered, perhaps explicit, response to them in the budget speech.

RH

ROBIN HARRIS

19 February 1982

Circulation: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



*Pwp*

## CHANCELLOR'S MORNING MEETING

Note for the Record

198th Meeting

Present : Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (L)  
Minister of State (C)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

*[Handwritten mark]*1. Public Expenditure White Paper

The Chief Secretary would urgently report to the Chancellor on whether the figures for the UK's EC contributions in volume II of the Public Expenditure White Paper had been cleared with No 10.

2. Capital Taxation : Indexation and Tapering.

Ministers discussed the paper from the Bank of England of 18 February on the effects of indexation of CGT. The Economic Secretary was asked to find out from the Treasury and Inland Revenue what the Bank's comments had been in response to the 1977 IR Consultative Document on Capital Gains Tax indexation. The Economic Secretary would also examine the arguments on CGT reform contained in the minute from the Minister of State (Lords) of 19 February.

3. Civil Service Pay Offer

The Minister of State (C) undertook to explain to the CBI the facts of the latest Civil Service pay offer in order to clear up some misunderstandings which had arisen.







4. MIRAS

The Financial Secretary was asked to pursue the presentation and implementation of MIRAS with the Building Societies and the CBI.

5. Budget Speech

Ministers and Advisers were asked to send their comments on the flavour, arguments and structure of the draft Budget speech by close of play (Monday 22 February).

ROBIN HARRIS  
22 February 1982

Circulation :

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



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rwf



FROM: ROBIN HARRIS

23 February 1982

CHANCELLOR'S MORNING MEETING

199th Meeting

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (L)  
Minister of State (C)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

2

1. VAT and Charities

The Chancellor stressed the need to ensure that the decision not to exempt Charities from VAT did not provide hostile reactions to the budget. There was an argument for letting the decision and arguments be known before hand at least to some MPs. After discussion, it was decided that the Economic Secretary would arrange urgently to talk to the officers of the back-bench Committees for Finance and DHSS, which might lead to invitations to address the whole committees. The Economic Secretary would also speak again to Mr Hannam .

2. Proposals from Mr Grylls

The Financial Secretary noted that the expectations of Mr Grylls and others that the Government would implement their proposals on indexing company borrowing were still too high. The Chancellor felt that a letter explaining why his proposals could not be implemented should be sent to Mr Grylls before or at the time of the budget. In order to gauge Mr Grylls' expectations and to establish a line of communication for future use, Mr Brooke would discuss the question with Mr Grylls and report back to the Chancellor. Mr Ridley and Mr French would prepare relevant briefing for Mr Brooke prior to that meeting. A passage would be inserted into the budget speech thanking Mr Grylls for his contributions.



3. Prime Ministers Speech to the EEF: 23 February

A next of the PM's EEF Speech would be shown to the Chancellor in the course of this morning (Tuesday, 23 February).



ROBIN HARRIS

23 February 1982

Circulation;

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



FROM: ROBIN HARRIS  
23 February 1982

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CHANCELLOR  
CHIEF SECRETARY  
FINANCIAL SECRETARY  
ECONOMIC SECRETARY  
MINISTER OF STATE (L)  
MINISTER OF STATE (C)  
SIR D WASS  
SIR A RAWLINSON  
MR RYRIE  
MR BURNS  
MR RIDLEY  
MR FRENCH

cc Sir L Airey  
Sir D Lovelock

NOTE FOR THE RECORD

Meeting with Junior Ministers in 11 Downing Street, on Monday 22 February 1982

Present: Chancellor  
Financial Secretary  
Minister of State (C)  
Mr Patrick Mayhew MP  
Mr Peter Morrison MP  
Mr John Patten MP  
Mr Allan Stewart MP  
Mr John Stanley MP  
Mrs Lynda Chalker MP  
Mr Ian Stewart MP  
Mr Harris

The Chancellor said that he recognised the need to help industry and increase employment. He thought it was important to stress how much money was being spent already on employment measures. Further employment measures aimed at jobs not just training should be considered. Not all of the ways of increasing employment required the expenditure of large sums of money.

Mr Patten stressed the importance of tone in the budget speech. This must be an industrial budget. The tone should be bouncy and confident.





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The Chancellor noted that it might not just be an industrial budget but also aim to do other things. The importance of world factors particularly as regards interest rates and the impact of world oil prices should be more widely recognised.

Mrs Chalker said that there were a number of small measures which could create a strongly favourable impression. Enterprise Allowances were an example.

The Chancellor agreed. He asked the Financial Secretary to look into the position on bids by Ministers for the introduction of further enterprise allowance schemes.

Mr Mayhew said that the budget's tone should be optimistic. It should offer people something to work for.

Mr A Stewart believed that most people thought that the worst of the recession had passed.

The Chancellor said that one of the most worrying areas was the nationalised industries. Nationalised industry performance and its effect on nationalised industry prices had a deleterious impact on industrial morale.

Mrs Chalker agreed. She felt that energy industry price rises were particularly resented by industry.

The Chancellor said that there were a number of different components within this issue. Domestic gas prices were well down in real terms. By next October the Government would have passed through the problem of annual 10% increases. Postponing the next increase would have only a very small effect on the RPI. More important, was the psychological impact of rising nationalised industry prices on the business sector. Telecomms, British Rail, and Water price rises were important as well - not just the rise in gas prices.



Mr Morrison stressed the importance of putting the right people in to run the nationalised industries. Complaints about British Steel and British Leyland had much diminished as a result of the good managers appointed.

The Chancellor drew attention to the contrast between the private and public sectors of the water industry. The former had limited their price rises to less than the rise in the RPI. The latter's price rises were much higher.

Mr Stanley noted that with the appointment of new chairmen and the introduction of teams of accountants into the water authorities prospects in this area were now much better.

Mr Stanley believed that more competition should be introduced into the nationalised industry sector. Progress on telecomms was encouraging. However, there was more to do in the energy industries, particularly with regard to the CEGB.

In answer to Mr Stanley who suggested that British Caledonian should be allowed to bid for parts of British Airways, the Chancellor said that the indexed pensions provided for British Airways staff were one of the main obstacles to privatisation.

Mr Patten said that on every occasion it was necessary to stress the heavy cost borne by the Government and the taxpayer in order to pay for industries which were going through major restructuring or terminal decline.

The Chancellor drew attention to the problems of ensuring efficiency within the National Health Service. The assumption seemed general that a real growth in the level of services meant also a growth in the number of personnel.

Mrs Chalker said that the main problem was the strangle hold which the BMA had over the Health Service. Successive Governments had wrestled with this. Mr A Stewart agreed.



Mr Patten however, noted that the Health Service also had to deal with the unavoidable problem of increasing demand, particularly from the very elderly.

The Financial Secretary noted that the only way to break out of this problem was to chip away at the Health Service monopoly.

The Chancellor raised the question of exempting Charities from VAT. The Government had looked at the matter closely and sympathetically. However problems of definition, manpower implications, the resultant threat to private education, and other difficulties had meant that there was no prospect of exempting Charities in the Budget.

The Chancellor also raised the general difficulty which the Government faced in dealing with a number of long term problems which were politically explosive. He instanced rent control and indexed benefits and pensions.

Mr Stanley said that the private sector could play a very useful role in providing for the elderly and others, as in the private sector provision of sheltered housing.

Mrs Chalker and Mr Patten felt that the cost of growing old and the implications of funding pensions in the years to come were major long term questions which should be clearly and sensibly addressed by politicians whenever practicable.



ROBIN HARRIS

23 February 1982





CHANCELLOR'S MORNING MEETING

26th February 1982

200th Meeting

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (L)  
Minister of State (C)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

1. Amersham International

Ministers discussed the circumstances of the sale of Amersham International. Mr Peter Rost MP's memorandum on methods of privatisation (circulated by Mr Jenkins on 25 February) would be looked at by the Financial Secretary. Mr Ridley would ensure that in the course of the morning the Treasury and Department of Energy would jointly provide defensive briefing which could be made available for the use of Conservative Backbenchers and others. The Chancellor asked for full explanatory briefing to be prepared on the subject.

2. Privatisation of the Public Utilities

The Chancellor noted that the CPRS NI project would cover the question of privatisation. Evidently this overlapped with a similar work being undertaken by the Financial Secretary. It was agreed that the Treasury, with the Financial Secretary leading, would keep closely in touch with the CPRS on the matter. The Financial Secretary would urgently provide the Chancellor with an aide memoire of how the present position had been reached, so that the Chancellor could discuss how best to carry things further at his next meeting with the Prime Minister.





3. Draft EDL Paper

The draft EDL paper 25 February on 'Private Finance in Nationalised Industries' was broadly approved with the exception of the mention of a possible Treasury adviser - an ex-corporate financial director - which was better omitted.

4. Revaluation of the 'Green Pound'

Thirty-seven Conservative back-benchers had expressed the view that the 'green pound' should not be re-valued. Mr Brooke would investigate the position and report back to the Chancellor.

5. VAT and Charities

The Economic Secretary had been asked to attend a joint meeting of the Conservative Parliamentary DHSS and Finance Committees to talk about VAT and Charities the following Tuesday (2 March). Mr Ridley and Mr French would investigate whether, as was believed, the Conservative Opposition's 'Task Force' on Charities had recommended their exemption from VAT.

6. Proposals from Mr Grylls

Mr Brooke would talk further with Mr Grylls about this proposals. He would report back on his discussion to the Financial Secretary.

7. International Tax Avoidance

It was agreed that the Government's decision not to deal with international tax avoidance this year should be announced in the Budget. The Financial Secretary had submitted a draft section of the Speech doing so.



8. DERV and Petrol

The Chancellor reported his decision that powers should be taken in the Finance Bill to modify the regulation powers so that DERV and petrol duties could be adjusted separately.

9. VAT and Double-Glazing

The Chancellor would further consider the Economic Secretary's proposals in his minute on VAT and Construction Industry of 25 February (on VAT on double glazing) for possible inclusion in the Budget.

10. Mossmorran

The Chancellor would chair the meeting on Mossmorran on Monday 1 March, in place of the Chief Secretary.

11. Budget Speech Drafting

Ministers' further comments on the new draft should in principle be with the Chancellor by 5.00pm on Sunday.



ROBIN HARRIS

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French






CHANCELLOR'S MORNING MEETING

200th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Mr Brooke MP  
Mr Ridley  
Mr French  
Mr Harris

Mr I Stewart MP  
Mr Butcher MP  
Mr Garel-Jones MP



1. Budget Debates

The Financial Secretary would wind-up on Wednesday 10 March and the Economic Secretary on Thursday 11 March. Mr Brooke would report which other Ministers would be speaking and when. The Minister of State (C) would remain on the Treasury Bench after the budget speech till 7.00pm.

2. Regional Policy Review

The Chancellor said that a future morning meeting at which PPSs would be present should discuss the future of regional policy soon after the budget.

3. QL Committee: 3 March

At the meeting of QL Committee on 3 March the Financial Secretary would seek to ensure that those Bills involving manpower savings were not lost, and that those involving privatisation had not slipped. The Financial Secretary would also report to the Chancellor on changes which appeared to have been made to the proposed bill on Water Councils.



4. Comptroller and Auditor General

The Chancellor or the Financial Secretary would try to speak with Mr du Cann about the issue of C&AG tonight (Tuesday 2 March). The issues and problems surrounding the C&AG were discussed by Ministers and PPSs.

5. VAT and Charities

The Economic Secretary would attend the Conservative DHSS Committee to talk about VAT and Charities tonight (2 March). Mr Ridley and Mr French would report to him whether there had been a 'Question of Policy' prepared on it in Opposition. The Economic Secretary would tell IDT what he was likely to say.

RH

ROBIN HARRIS

2 March 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





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*mp*

CHANCELLOR'S MORNING MEETING

201st Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

*W*

1. Follow-Up to the Budget

After the Budget, the Chancellor and Ministers - with the exception of the Chief Secretary - would attend the Conservative Finance Committee.

Every attempt would be made to learn which Conservative Back-Benchers were likely to give immediate reactions to the budget on radio or television. Mr Brooke would report on this. For them a one side brief of key points to make would immediately be available on the Members' Board. Other copies would be available in the Whips' Office. Mr Brooke would put out a supplementary whip noting these points.

2. Mr Grylls

The Financial Secretary would speak to Mr Grylls to make clear the Government's sympathy with many of Mr Grylls' past proposals and would express the hope of future co-operation with him and his colleagues.

3. Letter to Mr Donald Regan

The Financial Secretary noted that a further letter to Mr Regan on Unitary Taxation might help pacify Mr Grylls. The Chancellor would consider the draft which the Financial Secretary had submitted.



4. Domestic Rating System

The Chancellor said that an extended morning meeting after the budget should discuss the issues raised in the Green Paper on Reform of the Rating System and the Central Office questionnaire recently circulated by Mr Harris.

RH

ROBIN HARRIS

5 March 1982

Circulation:

Chancellor  
Chief Secretary *FINANCIAL SECRETARY*  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Burns  
Mr Ryrie  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





CHANCELLOR'S MORNING MEETING

202nd Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

*See 8*  
*[Signature]*

1. Reaction to the Budget: Banks

The passage in the budget speech about possible future action on the taxation of banks had caused some concern in the City. The Chancellor noted that this would have to be fairly closely monitored.

2. 'Zero-bonds'

The Chancellor and Economic Secretary would have an early meeting about the issue of 'zero-bonds'. The Economic Secretary would take the lead for the Treasury in the matter, keeping in touch with the Financial Secretary.

3. Armstrong Report, the TCSC and the Procedure Committee

Mr Brooke would report on the TCSC's intended schedule to deal with the Armstrong Report and subsequent issues.

The Chancellor noted that it was prima facie absurd that the TCSC and the Procedure Committee should both be examining the 'Armstrong' question.



Every effort should be made to bring their investigations into line with space and time wherever possible. The Treasury's response to which ever report came out first might be delayed until the other had been issued too. However it was recognised that there <sup>and</sup> could be advantages in accepting Treasury response to the TCSC/a prolonged Procedure Committee timetable. A continuing dialogue with the Committees could both avoid rushed and so bad decisions, and help the Government advance its case. The meeting with the Treasury on Armstrong next Wednesday (24 March) would have to have before it a suggested draft minute on the matter to circulate to Cabinet colleagues.

#### 4. PEWP and FSBR

The relationship of the PEWP with the FSBR was bound to be influenced by any changes resulting from discussion of the issues raised by the Armstrong Report. Next year, the FSBR and PEWP would have to be more closely reconciled, the format of the FSBR itself should be examined at leisure well in advance and provision made for changing it where appropriate. The Financial Secretary and Economic Secretary would need to consider this jointly.

#### 5. TCSC Report on Civil Service Efficiency

The Chancellor noted that the forthcoming TCSC Report on Civil Service Efficiency would require a significant response from the Treasury which the Minister of State (C) would co-ordinate.

#### 6. Plowden, Cash Planning and the TCSC

Before the TCSC hearings on the budget the line to be taken over the City's assumptions on monetary policy would be clarified by the Economic Secretary and Mr Ridley. Other points likely to be raised were: 'budget measures reflationary or deflationary', unemployment assumptions, the effect of productivity on unemployment, the burden of personal taxation.





7. Parliamentary Questions

More than the usual twenty would have to be prepared for the next Treasury First Order Questions.

*I have asked that you get 25, as a rule, in future.*

8. Tax Reform and Future Budgets

The Minister of State (L) and Mr French would report on areas of tax reform which needed to be examined both in the short and long term.

*2) Not next time, Monday Thursday 9.30am, you get 80  
3) That you get the reserve figures with the next 15, plus supply*

*FS? (no doubt to extend: C & L  
offer < 500) ES? also  
no contribution to this*

9. Community Work Scheme

The Chief Secretary would contact Mr Tebbit about pressing forward with CWS. An early internal Treasury meeting with Mr Quinlan would be set up to consider the next steps needed to ensure proper publicity and to deal with major resolved issues.

10. Regional Policy

There would be a discussion of Regional Policy at the Chancellor's morning meeting on Tuesday 16 March in advance of the meeting with officials later that day in preparation for MISC 14 on Wednesday.

11. Rates

A meeting to review the position and establish a collective Treasury view on rates reform would be held during the next week at which some officials would be present.

12. Business Opportunities Programme

The Minister of State (C) would report to the Chancellor on the use of the dissemination of information on BOP and other matters.

13. Next Pay Round

The Chancellor asked for an urgent appraisal of the position on the next public service and nationalised industry pay round. The Minister of



Since (C) with Mr Ridley would consider the issues and ground to be covered.

14. Nationalised Industry disposals

Mr Ridley would set up an early small political meeting of the Chancellor, Chief Secretary, Financial Secretary and Special Advisers to discuss nationalised industry disposals and control issues.



ROBIN HARRIS  
12 March 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Burns  
Mr Ryrie  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



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FROM: ROBIN HARRIS  
16 March 1982

*John*  
- PPS invited for 24 March  
X - Mr Higgins fixed for  
22 March at 11:00am  
Shaw

203rd Meeting

CHANCELLOR'S MORNING MEETING

Note for the Record

Present: Chancellor  
Chief Secretary  
Economic Secretary  
Minister of State (L)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

*C.*  
*All out on it, and*  
*ensure that Higgins*  
*20/11*  
*2*

1. Regional Policy

It seemed best that an official, rather than a Ministerial Committee be instituted to look into regional policy. It should include officials from Treasury and also from the Welsh and Scottish offices and, perhaps, the Northern Ireland Office. Mr Ridley was asked by the Chancellor to suggest the names of any outsiders whose views might be valuable.

2. PPSs

PPSs would be invited to one of the Chancellor's morning meetings next week in No.11. The Chancellor noted that he would welcome more occasions for them to attend such meetings, which should where possible be in No.11 rather than the Treasury.

*Shaw*  
*to talk*  
*to the*  
*1/11*

3. TCSC Members

Treasury Ministers would speak informally to Conservative Members of the TCSC about the Committees reactions to the budget and other matters. The Chancellor would talk with Mr Higgins, the Economic Secretary with Mr Beaumont Dark, Mr Howell and Mr Shepherd and Mr Ridley with Mr Eggar.



4. Written Answer on Burden of Personal Taxation

The Chief Secretary would arrange for a written answer to be prepared which would extend the figures of Table 9 in the Budget press notice "Income Tax; Illustrative Tables" to show how those with lowest incomes would pay less of them in income tax and NICs in 1982-3 than in 1981-2.



ROBIN HARRIS  
16 March 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Burns  
Mr Ryrrie  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





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*[Handwritten initials and marks]*  
P  
LTP  
awp

CHANCELLOR'S MORNING MEETING

204th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Minister of State (C)  
Minister of State (L)  
Mr Ridley  
Mr French  
Mr Harris

1. Approach to the EEC Mandate

The Chancellor asked Mr Ridley to bring together any further available opinion poll evidence on past public reaction to the previous negotiating stance adopted towards EC budget reform with a view to a possible early note to the Prime Minister and the Foreign Secretary.

2. Central Correspondence Unit: Post-Budget Representations

The new Central Correspondence Unit would need to make maximum (but not excessive) use of Ministerially approved standard draft letters in reply to post-budget representations.

3. Taxation of the Banks

The Chancellor noted that the complex of problems surrounding the taxation of bank profits was the most important fiscal issue the Government faced. It seemed probable that it might have to be dealt with separately from and earlier than, but in a manner not inconsistent with, what was proposed for reform of corporation tax as a whole.

4. Public Service Manpower Numbers

The Chancellor and the Minister of State (C) would meet to consider the Government's manpower targets the issue of hiving off and the



definitional problems concerning what would and would not be counted as within the public service. The Chancellor and the Minister of State (C) would, similarly, investigate the possibility of a Bill on the Royal Ordnance Factories in 1982-83, and whether a better balance might be sought in the legislative programme.

5. Water Authorities: DOE legislative proposals

The Financial Secretary noted that the Department of the Environment had planned to concede in imminent legislation the inspection of water authority accounts by members of the public and others. This had a bearing on the issue of the role of the Comptroller and Auditor General. However, it might just be possible to hold the position. The Financial Secretary would investigate further. The Financial Secretary also noted that QL Committee had removed that section of the proposed Water Bill which would have reorganised the water authorities. The Chancellor said that this should be re-examined, that the Prime Minister should be briefed on it, and that the issue should be reopened in Cabinet. By that time the Chancellor and the Minister of State (C) would have to have reached a conclusion about the ROFs (see above, No 4).

6. Mr Grylls

The Financial Secretary would set up a meeting between Mr Grylls and his colleagues and officials to look at the technical problems involved in putting his ideas into practice with officials.

7. The Tax Burden

The Chancellor noted that at the Second Reading of the Finance Bill it would be necessary to have a set of convincing arguments to reply to Opposition attacks on the way in which the burden of personal taxation had increased since the Government took office. The Chancellor said that the main lines of argument were:

- higher taxation was a consequence of higher public spending, which the Government's critics welcomed and wanted to rise more



- it also reflected the rise in wages between 1977 and 1980 of those in work
- most benefits were price protected, whereas personal incomes were not
- to aggregate NICs and income tax as if they served the same purpose was quite wrong (why should be spelt out)
- even had rich taxpayers been taxed more heavily that would not have provided much for the poorer taxpayer.

Mr Ridley was asked to pull together these arguments with supporting analysis prior to the Chancellor's TCSC appearance on the budget.

9. Motor Car Tax Allowances - Car Scales

The Chancellor observed that the issue of car sales must be handled with great care. The Prime Minister would have to be told in advance what was intended.

10. Ministers' Responsibilities: the Finance Bill

The Chief Secretary would organise an early meeting to allocate responsibilities between Ministers for different aspects of the Finance Bill.

11. Nationalised Industries

The Chancellor emphasised that an urgent reappraisal of policy and its presentation for the nationalised industries was required. In pressing for closer and more effective scrutiny of the nationalised industries the Treasury had a key role. It was necessary to ensure that ENI met regularly as planned and that its position was strengthened. This could, in part, be done by invoking the Prime Minister's support on particular issues which arose. It was suggested that the apparent refusal of the CEEGB to make clear the cost of oil burn might be one such issue. The



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Chief Secretary would continue to pursue this.

The Financial Secretary noted that he would be bringing forward a paper to EDL Committee on methods of disposals.

RH

ROBIN HARRIS

19 March 1982

Circulation:

Chancellor  
Chief Secretary                      Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





CONFIDENTIAL



on offer to Sir W Double Secretary } early am 27 April  
am or early pm 28 April  
pm 29 April  
May?

FROM: ROBIN HARRIS  
30 March 1982

CHANCELLOR'S MORNING MEETING

205th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (L)  
Minister of State (C)  
Mr Brooke MP  
Mr Butcher MP  
Mr Marland MP  
Mr French  
Mr Harris

SENT  
1. cc. Dr. T. M. Littleton.  
2. Shann: to arrange X (after 22/11)  
3. The PWP. J.P.L.  
30/iii

John  
The Finance Committee have agreed to 9.00am on 27 April.  
Do I need to invite all Ministers Mr Ridley anyone else?

Shannon

1. Exchange of Letters with Mr Jack Straw MP

The Chancellor would take no further action in the exchange of letters with Mr Straw.

2. Finance Bill

The Chancellor would ask Sir William Clark whether there were particular clauses of the Finance Bill he would wish debated on the floor of the House. The Chancellor would also offer him a meeting with officers of the Conservative Parliamentary Finance Committee to discuss tactics. The Chief Secretary and Mr Brooke would discuss who should serve on the Committee.

3. Circulation of Press Release

Ministers discussed the system of circulating press releases and the role in this of the COI. The Chancellor asked for a further meeting with Ministers and advisers to discuss the desirability of changing the present system, which Mr Hall would attend.



4. The Monetary Scene

The Chancellor noted that, in the light of continued press comment by Mr Tim Congdon and others, it was necessary to press forward urgently with the examination of ways in which a switch of corporate borrowing from banks to borrowing from the markets could be encouraged. The Chancellor said that if there were ways in which such a switch could be achieved the necessary measures should be in this year's Finance Bill. The Financial Secretary commented that he was already engaged in urgent examination of the tax treatment of zero-bonds and related issues in that context.

5. Meeting with Mr Grylls

The Financial Secretary reported that he would be meeting Mr Grylls and others next week to discuss the latter's proposals. Subsequently the issues they had raised must be examined in a wider forum including other interested parties.

Circulation:

Chancellor  
Chief Secretary  
Economic Secretary  
Financial Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French

*RH*  
ROBIN HARRIS  
30 March 1982



CONFIDENTIAL



*Dave*  
*Can I have the PPS*  
*on 'X' overleaf.*  
*Thanks Jim*  
FROM: ROBIN HARRIS

31 March 1982

CHANCELLOR'S MORNING MEETING

206th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (L)  
Mr Brooke  
Mr French  
Mr Harris

1. Draft TCSC Report on the Budget

Ministers discussed the possibility of a joint appearance by the Chancellor and Chief Secretary before the TCSC on Monday 5 April.

2. Charitable Giving and Education

Ministers discussed the ideas which Sir Keith Joseph had advanced at yesterday's meeting concerning making charitable donations for educational purposes tax allowable and other matters. The Chief Secretary would have a note prepared covering these points which could be sent to Sir Keith if it were requested.

3. CPRS Report on the Labour Market (26 March 1982)

The Chancellor said that half a dozen key points, which should then be vigorously pressed forward, should be distilled from the CPRS Report on the labour market.

4. British Library

for the Chancellor

The Chief Secretary undertook to provide a summary of how the present position had been reached in discussions concerning the new British Library building.



5. Reports from the Chancellor's Department

The Chancellor asked for a note to be prepared setting out the conventional and statutory role and responsibilities of the Chancellor of the Exchequer in seeing, approving or amending the reports each of the Chancellor's Departments.

6. PEWP Debate

The Minister of State (C) would wind-up for the Government in the forthcoming debate on the Public Expenditure White Paper.

7. Cost of Unemployment

The Chancellor would note in a minute to the Minister of State (L) the gist of Sir Angus Maude's observations on the issues raised in current analysis of the 'cost' of unemployment.

*RH*

ROBIN HARRIS  
31 March 1982

Circulation:

Chancellor  
Chief Secretary  
Economic Secretary  
Financial Secretary  
Minister of State (C)  
Minister of State (L)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French







FROM: ROBIN HARRIS  
DATE: 7 April 1982

mp

CHANCELLOR'S MORNING MEETING

208th Meeting

Note for the Record

Present: Chancellor  
Financial Secretary  
Economic Secretary  
Mr Brooke  
Mr French  
Mr Harris

1. Re-allocation of Ministerial Responsibilities

The Economic Secretary said that he was broadly content with his Ministerial responsibilities. The Chancellor, Chief Secretary and Financial Secretary would be meeting to discuss the allocation of /<sup>other</sup> Ministerial responsibilities.

2. Finance Bill: Ministerial Participation

Mr Brooke would discuss with the Chief Secretary how many Ministers would need to be present during the Committee stage of the Finance Bill.

3. Public Expenditure in Cost Terms

The Chancellor asked Mr Harris to ensure that <sup>he</sup> was informed about the background to a possible Parliamentary Question for Written Answer dealing with public expenditure in cost terms.

4. History of the NEDC

Ministers discussed a proposed history of the NEDC.



5. Work on Outstanding Policy Areas

The Economic Secretary would press ahead with work on the problem of over-funding and the issues arising from the need to raise the statutory limits for the NLF.

The Financial Secretary with the Inland Revenue and IP would press forward with work on the taxation of bonds and on the issue of CGT and 'bed-and-breakfasting'.

*RH*

ROBIN HARRIS  
7 April 1982

Circulation:

— Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State - Mr Heyhoe  
Minister of State - Mr Wakeham  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



CONFIDENTIAL



FROM: ROBIN HARRIS  
8 April 1982

CHANCELLOR'S MORNING MEETING

209th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Mr Brooke  
Mr French  
Mr Harris

1. Allocation of Ministerial Responsibilities

Ministers discussed the result of the previous day's (7 April) meeting on the allocation of Treasury Ministerial responsibilities. The Financial Secretary undertook to give further thought to the division between his and Mr Wakeham's work.

2. Letters

The Financial Secretary noted that he had asked officials to prepare a standard reply to those enquiring about the sinking fund. The Financial Secretary asked the Economic Secretary to have prepared a standard reply to those enquiring why local authorities could not use indexed bonds.

RH

ROBIN HARRIS  
8 April 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State - Mr Hayhoe  
Minister of State - Mr Wakeham  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrrie  
Mr Burns

Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



✓



FROM: DOUGLAS FRENCH  
DATE: 16 April 1982

CHANCELLOR'S MORNING MEETING

210th Meeting

Note for the Record

*(Handwritten pink scribble)*

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Minister of State - Mr Hayhoe  
Mr French

1. Chief Secretary's Defence Speech

It was agreed that this had gone well. The Speech had been widely reported and the Department of Defence seemed content.

2. Policy Films

A meeting was in hand with Tony Jay, Tim Bell, Peter Cropper and Sir Keith Joseph to discuss scripts of the proposed policy films.

3. Civil Service Arbitration Tribunal

The Chancellor expressed concern about parts of the text (eg on nurses pay) of the speech to be given by Peter le Cheminant to the Civil Service Arbitration Tribunal. In particular it needed more on pay in relation to output and profitability and in relation to job security in different industries. The Minister of State (Mr Hayhoe) undertook to look closely at the text. The Chancellor said that Peter le Cheminant should be encouraged to speak from headline notes rather than a full text if possible.

4. TCSC

The Chancellor had spoken about TCSC reports to Terence Higgins who had agreed to raise with Mr Du Cann the practice of the Treasury being invited to comment only on facts and not on opinions in draft reports.

✓  
My version  
slightly different  
See above  
with  
PS





5. Ministerial Responsibilities

The Financial Secretary suggested that the Minister of State (Mr Wakeham) should assume responsibility for the whole of corporation tax.

6. C&AG Debate

It was agreed that the Financial Secretary should argue the case without pre-empting the talks. Mr Brooke should be encouraged to mobilise more 'middle-of-the roaders'.

7. Peter Walker

The Chancellor expressed concern about Mr Walker's Speech to the Tory Reform Group calling for extra public expenditure. It was agreed that there was no point in writing to Mr Walker at this stage.

8. Worker Participation

In advance of the meeting with Mr Tebbit it was agreed that the view should be taken that the prospect of legislation on worker participation should not be excluded.

9. Rates

There was a discussion on who should be in charge of rates following the departure of Lord Cockfield. It was agreed that the response of officials to Lord Cockfield's meeting on the paper of April 5th should be awaited. Mr Harris would feed in the Central Office view. The view of the Department of the Environment would be obtained and there should then be a general meeting to decide who should assume responsibility.

10. GEC

The Chancellor drew attention to the GEC Switchgear success story. It was agreed that IDT should look at the example and suggest ideas for promoting good news of this type.



CONFIDENTIAL

11. GLC

Ministers discussed the FT report on the GLC's cheap fare policy.

*Douglas French*  
DOUGLAS FRENCH

Circulation:

Chancellor—  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State - Mr Hayhoe  
Minister of State - Mr Wakeham  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Mr Brooke  
Mr Ridley  
Mr Harris  
  
Sir L Airey  
Sir D Lovelock



CONFIDENTIAL



FROM: ROBIN HARRIS  
DATE: 20 April 1982

CHANCELLOR'S MORNING MEETING

211th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Minister of State (C)  
Minister of State (R)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

1. Falklands Crisis

Ministers discussed the Falklands crisis.

2. Speech to Royal College of Defence Studies: 21 April

Mr Ridley and Mr Harris would re-draft the speech to the Royal College of Defence Studies.

3. Personal Taxation: Publication of International Comparisons

The Chancellor would investigate the question of publishing international comparisons of personal tax rates in the light of discussion of Mr French's minute of 8 April.

4. PAC Debate: 19 April 1982

The Financial Secretary and Mr Brooke reported on reactions during and after yesterday's PAC Debate. The Financial Secretary noted that defence of the NHS's record on efficiency and manpower had been most difficult. The Chancellor stressed the need for the

*2/11 minute  
to JWD  
about this  
JH*

*2*



CONFIDENTIAL

Treasury to consider seriously procedures for following up the reports of the PAC, not least the recent ones relating to the NHS.

RH

ROBIN HARRIS  
20 April 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





CONFIDENTIAL

FROM: ROBIN HARRIS  
DATE: 23 April 1982

CHANCELLOR'S MORNING MEETING

212th Meeting

1. P.J. item 3

2. pwp

Note for the Record

Present: Chancellor  
Chief Secretary  
Minister of State (C)  
Minister of State (R)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

1. House of Commons Library Research Paper

The Chief Secretary reported that a misleading House of Commons Library Research paper on the burden of personal taxation, which draw largely and uncritically on a recent publication by the Institute for Fiscal Studies, had been the subject of exchanges in the House of Commons yesterday (22 April). The Chief Secretary would commission the Treasury Inland Revenue to analyse this paper (a copy of which would be obtained). The Chancellor asked the FST to consider this particular incident and the general issues it raised at the next meeting of the Group on presentation of policy on April 28th. This should consider, in the light of the earlier problem of the library's note on the cost of unemployment whether more systematic steps should be taken to vet such research notes. Mr Brooke was asked to report on views expressed in the Parliamentary Party about any bias or inaccuracies in papers of this sort.

The Chancellor said that the impact of the Budget in lowering or holding down interest rates should be stressed in all discussions of the effect of income tax of national insurance charges on personal incomes.

2. Public Sector Pay

Ministers discussed the position on public sector pay claims.



3. Disposal of BR Subsidiaries

The Chancellor and the Financial Secretary stressed the need to press hard for the disposal of BR subsidiaries.

The Chancellor would consider Mr Cropper's earlier proposal to appoint an ex-Finance Director to advise on disposals of Government owned shares in the light of the paper which the Financial Secretary would be putting forward as a result of his meeting on procedures for flotation. It was noted that the use/<sup>of</sup> professional advisers ad hoc might remain a satisfactory way of obtaining the necessary advice.

4. 1981-82 PSBR Figure

Ministers discussed possible presentational problems which might arise as a result of suggestions that the £2 billion under-shoot of the 1981-82 PSBR implied an excessively tight fiscal stance. The Chancellor noted that at his request Sir Douglas Wass was also conducting an enquiry into the reasons why the budget-time prediction had been inaccurate.

RH

ROBIN HARRIS  
23 April 1982

## Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



pwp

FROM: ROBIN HARRIS  
26 April 1982

CHANCELLOR'S MORNING MEETING

213th MeetingNote for the Record

Present: Chancellor  
Chief Secretary  
Minister of State (C)  
Minister of State (R)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

1. Civil Service Pay Arbitration etc

The Chancellor noted that press interpretation of the civil service pay arbitration award had not been helpful. The message needed to be conveyed that the outcome was much closer to the Government's than the unions' position, that it recognised the government's argument that the level of pay should be market oriented and that it could probably be reconciled with cash limits. The Chancellor asked the Minister of State (C) to discuss the need to get over the right impression with Mr Le Cheminant and (in Mr Hall's absence) Mr Page.

Ministers also discussed pay in the NHS, particularly nurses' pay. The Chancellor asked the Minister of State (C) to discuss the position today with Mr Le Cheminant and learn Mr Fowler's view.

2. Taxation of Oil Companies

The Chancellor asked the Minister of State (R) to consider the best ways to appraise the arguments put forward by the oil companies and the Inland Revenue on the proposed North Sea tax regime changes.

3. Liberalisation of Telecommunication

The Chancellor asked the Minister of State (R) to comment on



Handwritten marks or initials in the top right corner.



Main body of the document containing several paragraphs of text, which is extremely faint and illegible.

points raised in Mr Harris' minute of 23 April. ('CPS Report:  
British Telecommunications').

RH

ROBIN HARRIS

26 April 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





CONFIDENTIAL



FROM: ROBIN HARRIS  
DATE: 30 April 1982

*RHP*

CHANCELLOR'S MORNING MEETING

212th Meeting 4.5

Note for the Record

*1. cc urgently  
to Peters Kitcatt  
cc Kemp  
please.  
JPH.  
30/4.*

Present: Chancellor  
Chief Secretary  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

1. Chief Secretary's Speech to the House Builders' Federation:  
30 April

Mr Harris would ask Mr Hall to write to the 'Times' in view of their breaking of the embargo for the Chief Secretary's speech to the HBF.

2. Index-linked Pensions and Public Opinion

Mr Ridley would enquire about the possibility of testing public opinion, bearing in mind the likely timetable of Ministerial decisions.

3. Subjects for Macro-economic Discussion at Cabinet

X The next meeting on Tuesday 4 May would discuss Mr Kemp's minute of 27 April on subjects for macro-economic discussion at Cabinet.

4. Mr Kitcatt's Meeting on the Rates: 4 May

The Chancellor asked that Mr Kitcatt's meeting on the future of the rates should take account both of the paper by Christopher Foster circulated by Mr Ridley on 29 April and of the results of the Conservative Party survey circulated by Mr Harris on 27 April.

*RH*

ROBIN HARRIS  
30 April 1982



CONFIDENTIAL

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





FROM: ROBIN HARRIS  
DATE: 4 May 1982

CHANCELLOR'S MORNING MEETING

214th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Mr Ridley  
Mr French  
Mr Harris

*Ch. reminded us why we follow up  
PAC reports - how we follow-up  
what we've got to make of them.*

1. Follow-up of PAC Reports

The Chancellor stressed the need to achieve/<sup>a</sup>more effective follow-up of PAC Reports.

*1. check up on system  
2. how many PAC Reports  
to be*

The Chancellor asked the Chief Secretary to pursue vigorously the issue of DHSS manpower control. He also asked that Sir Anthony Rawlinson with the Chief Secretary and Financial Secretary should examine and report on the present system of responding to PAC Reports. At the same time it would be necessary to examine the Treasury's related initiatives to improve systems of financial responsibility and control in Departments. The Chancellor also asked that a meeting should be arranged for him and the Chief Secretary to discuss outstanding matters with DHSS ministers.

2. PAC: Discussion with Mr Du Cann and Mr Barnett

The Financial Secretary said that his discussion with Mr Du Cann and Mr Barnett on the issue of the role of the Comptroller and Auditor General had been encouraging. The Financial Secretary was preparing a paper with a view to a further (and perhaps conclusive) meeting with them.



3. Macro-economic Discussion at Cabinet

No subjects for macro-economic discussion at Cabinet need be advanced at present. There would be no such discussion before July. However, the Chancellor and Chief Secretary noted the importance of ensuring that the 'long term' public expenditure discussion should not be subject to slippage. If there were any danger of such slippage the Chief Secretary should be notified at once.

4. PSBR Undershoot

Ministers discussed the implications of the 1981-82 PSBR undershoot. The Chancellor stressed the need for a factual analysis of why there had been so much over-funding.

*RH*

ROBIN HARRIS

4 May 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





CONFIDENTIAL



FROM: ROBIN HARRIS  
DATE: 6 May 1982



CHANCELLOR'S MORNING MEETING

215th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Mr Ridley  
Mr French  
Mr Harris



1. Finance Bill

The Financial Secretary would be present when the Solicitor General was dealing with the section of the Finance Bill concerning Trusts in order to intervene on broader political and economic issues.

2. Representations on Capital Gains Tax

The Financial Secretary reported on his meeting with Sir Nicholas Goodison concerning Finance Bill proposals on CGT. The Chancellor noted that it was clear that there would need to be consideration of the strong case for further simplification of improvement of the tax in the 1983 Finance Bill.

3. Transport Policy

The Chancellor noted the importance of ensuring effective presentation of the Government's stand on the subsidisation of public transport. He also asked for further consideration of the prospects for increasing competition and further privatisation in transport, especially buses. Mr Harris would consider the position and whether further attention should be given to the issues by Ministers, reporting by the end of May.



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4. Joint Treasury, DHSS and IR Memorandum: Income Tax and  
Income Support

The Chancellor asked advisers and officials to consider whether the covering minute of the joint memorandum to Mr Meacher's TCSC sub-committee could be further improved. This would be done quickly to meet the necessary dead-line.

5. Docks Strike and Dock Labour Scheme

Ministers discussed the content of the letter of 5 May from Mr Tebbits' PPS to Mr Scholar concerning the threatened dock strike and the Government's response. The Chancellor asked for it to be recorded that Treasury Ministers would view with anxiety any extension of the present Dock Labour Scheme.

RA

ROBIN HARRIS

6 May 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



CONFIDENTIAL



FROM: ROBIN HARRIS  
18 May 1982

*RHP*

CHANCELLOR'S MORNING MEETING

216th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

*Remind me  
or \$3?*

*We spoke.  
Perhaps not the best day*

*1. C. to see  
2. Denny: pl. Spk  
✓ re para 9.  
JW.*

1. PSBR Undershoot

The Chief Secretary would continue vigorously to pursue inquiries into the causes and implications of the undershoot of the PSBR in 1981-82.

2. Bank of England Evidence to Procedure Committee

The Economic Secretary would urgently look at, and report his views on, the Bank's proposed evidence to be given to the Procedure Committee on parliamentary control of Government borrowing. ✓

3. Monetary Scene

The Chancellor asked that an early meeting be arranged to discuss with Treasury Ministers the various papers on the monetary scene, submitted with Mr Middleton's minute of May 13th. 848:19/V

4. PMG Note: Public Service Pay

The Chancellor asked that a "PMG" note should be prepared and quickly circulated by the Lord President's office which would bring together a defense of the government's decisions on civil service, TSRB, MPs' pay, and other public service pay issues.



5. Relations between Treasury Ministers and the Nationalised Industries

On balance, Ministers felt that it was worth while the Chief Secretary being prepared in certain circumstances to agree to requests to meet the chairman of nationalised industries. However, it was essential that the Government should present a united front on such occasions, and that this should be accepted and acted on by Sponsor Department and Ministers. Otherwise such meetings could only increase the undersirable tendency to focus nationalised industry lobbying and criticism on the Treasury. The Chancellor would bring this matter up with the Prime Minister.

6. British Airways Board's Pay

Ministers discussed Lord Cockfield's letter of 12 May concerning BA Board's pay.

7. E(NI)4th Meeting: Progress with the CPRS Proposals for the Nationalised Industries

Minister discussed the Minister of State (R)'s report on the 4th Meeting of E(NI)(82) - his minute of 14 May. The Chancellor asked it to be recorded that Ministers shared the Minister of State (R)'s concern about the need to press forward with making E(NI)'s work effective.

8. May Day Bank Holiday

The Chancellor and other Ministers were not inclined to change the date of the 'May-day' bank holiday.

9. Future Morning Meetings

The Chancellor asked that his office should book times well in advance for regular morning meetings of Ministers and Advisers that to every one in three (or so) of these PPSs should be invited.

RH

ROBIN HARRIS  
18 May 1982





**Circulation:**

**Chancellor**

**Chief Secretary**

**Financial Secretary**

**Minister of State (C)**

**Minister of State (R)**

**Sir D Wass**

**Sir A Rawlinson**

**Mr Ryrie**

**Mr Burns**

**Sir L Airey**

**Sir D Lovelock**

**Mr Ridley**

**Mr French**

**Economic Secretary**



Paul



FROM: ROBIN HARRIS  
DATE: 20 May 1982

CHANCELLOR'S MORNING MEETING

217th Meeting

Note for the Record

Present: Chancellor  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Mr Brooke MP  
Mr Ridley  
Mr French  
Mr Harris

1. C. Item 1.  
2. PJ ✓ Item 2.  
3. JWC again. Lu

1. Ministerial Correspondence

Ministers discussed the new arrangements for handling Ministerial correspondence. The need to focus replies on the points actually raised in letters and the need to make maximum, but not excessive, use of good standard drafts were stressed. Ministers would review the standard drafts used in dealing with issues within their own responsibility. The Chancellor asked that an early Ministerial meeting should be held to discuss the scope for further improvements in arrangements with Mr Durrant, Mr Butler and with senior representatives of the Inland Revenue and Customs and Excise Departments.

✓  
Don't forget  
meeting  
discovery?  
(Try to put  
it into  
the meeting if they  
put down on paper  
in advance. If you  
agree, it'll suggest to

2. BOP Publicity

The Chancellor asked that preparations for an early meeting with Mr Heseltine to discuss the procedure for publicising BOP should be urgently carried forward.

Arrange  
meeting of  
H9 / SGT  
as soon  
as possible.

No need, I think

3. "PMG Note" on Public Service Pay Awards

The Chancellor asked to see the draft "PMG Note" on Public Service Pay Awards which should, when approved, be sent via Mr Biffen to Cabinet colleagues as soon as possible.

not get  
held for  
Heseltine.  
check  
clearing



4. Meeting on Mr Burns' Note of 18 May

The Chancellor asked that an early meeting be arranged to discuss Mr Burns' note of 18 May ('Monitoring the Forecast') and also the note being prepared by Sir Douglas Wass on the reasons for and implications of the 1981-82 PSBR undershoot.

5. Select Committees

Ministers discussed the burdens placed on Ministers and senior officials, particularly in the Treasury, of appearances before and submissions to Parliamentary Select Committees. The Economic Secretary noted that this burden, while in total it might seem unremarkable, was concentrated on Ministers and key officials, and so was disproportionately disruptive. The need to give firm replies when unreasonable requests were made was discussed. The Chancellor asked that these views should be noted by Sir Douglas Wass who continued to monitor the burden of work which the Select Committees imposed.

*RH*

ROBIN HARRIS

20 May 1982

Circulation:

Chancellor —  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



CONFIDENTIAL



FROM: ROBIN HARRIS  
DATE: 25 May 1982

CHANCELLOR'S MORNING MEETING

218th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Mr Brooke MP  
Mr Ridley  
Mr French  
Mr Harris

Mr Stewart MP  
Mr Hogg MP  
Mr Marland MP  
Dr Mawhinney MP

1. First Order Questions

Four Treasury Ministers would answer at First Order Treasury Parliamentary Questions.

2. Select Committees

Ministers discussed Sir D Wass' note on 'Select Committees' of 24 May 1982. It was acknowledged that while appearances before and evidence to Parliamentary Select Committees imposed a considerable strain on Treasury Ministers and some officials, it was unlikely Ministers or the Department would be able to elicit a great deal of publicity by pressing this publicly. However there were things to be done to reduce the burden. A more robust response was called for when unreasonable requests <sup>for evidence</sup> were made at short notice, and no punches should be pulled when Committees made serious errors. The Chancellor said that despite their failings he was in general sympathetic to the work of the Committees and suggested that he might make a speech to that effect which also drew attention to their failings in a manner which would be the more telling for not appearing in a wholly critical speech.





3. Employee Involvement

The Chancellor asked the Minister of State (R) to represent the Treasury in Ministerial discussions concerning measures to promote employee involvement.

4. Capital Gains Tax and the Finance Bill

The Chancellor asked that Ministers should consider whether it was still possible to modify the CGT proposals in the Finance Bill; if it were not possible, nothing should be done to obstruct further simplification in next year's Finance Bill. The Financial Secretary would hold a meeting on Wednesday 26 May to consider these matters further.



ROBIN HARRIS

25 May 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



CONFIDENTIAL



FROM: ROBIN HARRIS  
DATE: 26 May 1982

*Handwritten initials*

✓

CHANCELLOR'S MORNING MEETING

219th Meeting

Note for the Record

**Present:** Chancellor  
Chief Secretary  
Financial Secretary  
Minister of State (C)  
Minister of State (R)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

*Faint handwritten notes*

*Handwritten mark*

*Handwritten squiggle*

1. "Mossmorran"

Ministers discussed Mr Dixon's note of 25 May, 'Working Group on Petro-Chemicals'. The Chief Secretary would comment in writing on this. He would also attend the meeting to discuss the issue which would be arranged soon after his return from holiday. The Chief Secretary noted that he felt strongly that nothing should be done to jeopardize the proposals in question and that 'tax logic' should not be an overriding consideration in this case.

*long first  
airways*

2. "PMG" Notes

It was observed that "PMG" (Government Information Service) Notes should be short, crisp and pithy. It was important that they should be produced quickly. The Chancellor asked that the Economic Secretary's Presentation Group in general and Mr Hall in particular should consider and report back on what arrangements, if any, were now in place for the preparation and distribution of such notes; on ways these might be improved; and on what the Treasury might do to make better use of present and possible future arrangements.

3. Mr Jenkin's speech to the CBI on 24 May 1982

The Chancellor asked for a note on whether, when and in what circumstances Mr Jenkin's recent speech to the CBI had been shown to the



Treasury.

4. PSBR Under-shoot

The Chancellor asked for an urgent Ministerial meeting to be held, before the Bank Holiday began, on Sir Douglas Wass' paper 'PSBR' of 25 May.

fixed  
27/V

*RH*

ROBIN HARRIS  
26 May 1982

Circulation:

~~Chancellor~~  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



CONFIDENTIAL



FROM: ROBIN HARRIS  
DATE: 2 June 1982

*(Handwritten signature)*

CHANCELLOR'S MORNING MEETING

220th Meeting

Note for the Record

Present: Chancellor  
Economic Secretary  
Mr Brooke MP  
Mr French  
Mr Harris

1. Falklands

The Chancellor asked for a round-up of the public spending arithmetic of the Falklands crisis to be prepared prior to tomorrow's (3 June) Cabinet meeting.

*RH*

ROBIN HARRIS  
2 June 1982

Circulation:

— Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





CONFIDENTIAL



FROM: ROBIN HARRIS

8 June 1982

*RH*

CHANCELLOR'S MORNING MEETING

Note for the Record

221st Meeting

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Mr French  
Mr Harris

1. Falklands

Ministers discussed the Falklands crisis.

2. Tax Relief for Professional Subscriptions

Ministers discussed the issue of tax relief for professional subscriptions for the unemployed (Miss P Hart's (IR) submission of 27 May).

3. Speech (or Statement) on the Oil Tax Regime

An early occasion would be found for the Chancellor to make<sup>a</sup> public statement of the proposed changes in the oil tax regime.

Circulation :

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley

Mr French

*RH*  
ROBIN HARRIS

8 June 1982



CONFIDENTIAL



FROM: ROBIN HARRIS  
DATE: 9 June 1982

CHANCELLOR'S MORNING MEETING

222nd Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Mr Brooke MP  
Mr Ridley  
Mr French  
Mr Harris

1. Sale of Council Houses

Mr French was asked by the Chancellor to investigate and report back on obstacles to increasing the rate of council house sales.

ROBIN HARRIS  
9 June 1982

Circulation:

→ Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Ryrrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





FROM: ROBIN HARRIS  
DATE: 22 June 1982

CHANCELLOR'S MORNING MEETING

223rd Meeting

Note for the Record

- Present: Chancellor  
 Chief Secretary  
 Economic Secretary  
 Minister of State (C)  
 Minister of State (R)  
 Mr Brooke MP  
 Mr Hogg MP  
 Dr Mawhinning MP  
 Mr Marland MP  
 Mr Ridley  
 Mr French  
 Mr Harris

1.S.

C.  
X: Timing? Pre- or Post-15 July?  
? a further word at prayers?  
JPH

M76 Wm  
OFHS

? 20 July

from to HM + Ho. 10 ✓

1. Falklands Medallion

Ministers broadly agreed with the proposal for a medallion to commemorate the liberation of the Falklands (made in an undated minute from PS/Master of the Mint to PS/Economic Secretary).

2. Education Vouchers

Mr Ridley and Mr Harris would prepare a short aide-memoire on education vouchers for the Chancellor, with a view to a discussion with Sir Keith Joseph.

3. Briefing on Economic Prospects

Mr Brooke drew to the Chancellor's attention the need to reassure Government back-benchers about economic prospects before the summer recess. The Chancellor might perhaps speak to the back-bench Finance Committee; other economic briefing might be produced; the possibility of a speech along these lines would be considered.

X  
N not agreed by Sir Wm Clark



#### 4. Industrial Disputes

Ministers discussed current and imminent industrial disputes. It was felt that in dealing with the rail unions, the points should be made that the taxpayer was already very heavily funding the railways and that the cost of a strike to BR could be huge.

*RH*

ROBIN HARRIS

22 June 1982

#### Circulation:

— Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Sir W Ryrrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





FROM: DOUGLAS FRENCH  
DATE: 23 JUNE 1982

*EJF*  
*e*  
*my*

CHANCELLOR'S MORNING MEETING

224th MeetingNote for the Record

Present: Chancellor  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Mr Brooke MP  
Mr Ridley  
Mr French

1. European Budget Procedure

The Financial Secretary reported on his visit to Luxembourg. He would arrange for the Chancellor to have a note on Budget Procedure for the next Ecofin meeting. The Chancellor asked for a draft paper on Community Budget Refunds to be seen by the Financial Secretary and the Economic Secretary.

2. Tax Treatment of Bonds

Ministers broadly agreed that the package should allow flexibility and choice through

- (i) income route
- (ii) capital route
- (iii) a third route to be announced next year

It was noted that no Ministers had seen the proposed PQ or the answer to it. The anticipated report had not appeared in today's 'Times'. Briefing would be needed for Monday when the Chancellor was seeing Terence Higgins MP with the Economic Secretary.

3. Defence Expenditure

There was a discussion about defence expenditure following the Falklands with consideration of the likely timing of the main public debate about future arrangements. The (fear) was expressed

*? hope*  
*in*



CONFIDENTIAL

that public opinion would surface to recognise that the scale of the commitment was out of all proportion to the strategic importance of the Islands. The Financial Secretary warned of the difficulty of handling the Foreign Office witch hunt. The Minister of State (Commons) drew attention to press reports about the doubtful title to the Islands.

4. Public Sector Pay Disputes

Comparisons were made between the structure for handling the Health Service Workers and British Rail.

5. VAT and Construction

The Economic Secretary raised the problems arising from the most recent Court decision. It would need to be considered whether the Chancellor's meeting with the Backbench Environment Committee might have to be changed.

6. Treasury and Ministry of Defence

Mr Ridley asked for consideration of tactics and reaction in the light of the press reports of a Ministry of Defence campaign against the Treasury. The Chancellor asked for an examination of how this could best be handled.

  
DOUGLAS FRENCH

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Sir W Ryrle  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley      Mr Harris



*pw p* *JK*



FROM: ROBIN HARRIS  
25 June 1982

CHANCELLOR'S MORNING MEETING

*2*

Note for the Record

225th Meeting

Present: Chancellor  
Minister of State (R)  
Mr Ridley  
Mr French  
Mr Harris

*Discussed with Min. being fixed. PJ 28.6*  
*with MST(L) meeting*  
*6.2, as well*

1. Clause 119 of the Finance Bill

The Minister of State (R) reported on the debate of clause 119 in Finance Bill Committee. The Chancellor asked him to have a brief prepared for Government back benchers on the issues it raised which would be made available to Government supporters by the Whips. Mr Brooke would suggest names of those who should receive it.

2. International Leasing

The Chancellor reported that he had heard it argued that the Finance Bill measures on international leasing could have the unintended effect of inhibiting legitimate leasing activity. He asked that the Financial Secretary with the Minister of State (R) should consider this.

*highlighting in interest business, which did not rise at the time (cf. the Bank)*

3. CBI Pay Conference

Mr Ridley would consult Mr Dixon about briefing for the Chancellor on the CBI's proposed presentation on pay which the Chancellor might raise when he saw Sir Terence Becket.

*Thomas à*

4. Industrial Disputes

Ministers discussed current and imminent industrial disputes.



Recalling the conclusion of Sir R Armstrong's strategy of the lessons of the Civil Service Strike, the Chancellor expressed anxiety about whether central Government had sufficiently prepared the necessary disciplinary procedures for use in disputes, particularly to deal with sympathy strikes. He intended to pursue this further with the MST(C).

*RH*

*Can this be from him*

ROBIN HARRIS

25 June 1982

**Circulation:**

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Sir W Rylie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





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FROM: ROBIN HARRIS

30 June 1982

CHANCELLOR'S MORNING MEETING

226th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (R)  
Mr Brooke  
Mr Ridley  
Mr French  
Mr Harris

A handwritten pink scribble, possibly initials or a signature, located to the right of the 'Present' list.

1. Finance Bill Committee Members' Drinks

Mr Brooke and Mr French would liaise on arrangements for the Finance Bill Committee Members' drinks party.

2. Chancellor's CPC Lecture: 3 July

Comments on the latest draft would be with Mr Harris by Midday. A summary would be submitted to the Chancellor by close of play. Mr Harris would discuss with Mr Hall and Conservative Central Office how the lecture might be given effective publicity and whether extracts might appear eg as an article in the Sunday Press.

3. Small Business Bureau Newspaper

Mr Ridley and Mr French were asked by the Chancellor to enquire into the arrangements for publication of the SBB Newspaper.

4. Immature Spirits Duty

The Chancellor would pursue with the Economic Secretary the latter's anxieties about briefing provided on the Immature Spirits Duty in relation to rum and whisky.

(I have briefed him)  
PH

*Rum is an island where they make whisky  
Rum is an immature spirit for teachers who drink whisky.*



5. Pay and Cash Planning

Ministers would take note of and, if appropriate, comment on the Chief Secretary's observations (Miss Swifts Minute: 28 June) on Sir Anthony Rawlinson's minute (25 June) on Pay and Cash Planning.

6. Financial Times Leader: 'Buying Time for Procrastination'

The Chancellor noted that today's FT leader confirmed the importance of looking again at the underlying logic of the Government's position on over-funding and associated issues.

7. Economic Debate

Ministers discussed the likelihood of an economic debate at Finance Bill Report Stage or separately before the House rose. The Chancellor asked that appropriate material should be assembled on the assumption that such a debate would indeed occur.

8. Meetings: General Economic Review

The Chancellor said that once the June forecast was available a meeting of Ministers and some officials should be held to discuss the position it revealed.

9. 'CGT Indexation': Financial Secretary's Minute of 28 June

Ministers discussed the issues raised in the Financial Secretary's minute of 28 June ('CGT Indexation'). The Chancellor would comment further when he had seen the Minute.

10. Loan Guarantee Scheme

In the light of continuing adverse comment on the working of the



Loan Guarantee Scheme (eg Financial Times article by John Elliot: June 29), the Chancellor asked for an early official report on the position.



ROBIN HARRIS

**Circulation:**

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (R)  
Minister of State (C)  
Sir D Wass  
Sir A Rawlinson  
Sir W Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French





FROM: ROBIN HARRIS

5 July 1982

*J.*  
*Gu.*

CHANCELLOR'S MORNING MEETING

227th MeetingNote for the Record

Present: Chancellor  
Chief Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Mr Ridley  
Mr French  
Mr Harris

*(Handwritten pink scribble)*

1. 5% Abatement in Unemployment Benefit

Ministers discussed the likelihood of an amendment to the Finance Bill on unemployment benefit abatement being called. The Chief Secretary and Mr Brooke would pursue the matter and report back to the Chancellor.

2. Mr Hansford's Minute of 1 July: Public Expenditure

The Chancellor asked that the substance of Mr Hanford's minute of 1 July be incorporated in a personal minute from him to the Prime Minister and also be made the basis of an informal speaking note for Treasury Ministers. *amended*

3. Chief Secretary's Cabinet Paper

Ministers discussed the issues raised in the Chief Secretary's Minute of 2 July, commenting on the draft Cabinet paper attached to Sir Anthony Rawlinson's minute of 1 July. The Chancellor and Chief Secretary decided that in paragraph 7 no figure for an inflation assumption for 1984-5 would be given and that that for 1983-4 would be given as "about 7%". The Chancellor's and Chief Secretary's Cabinet Papers would be re-examined together. *Done*

4. Meeting with Conservative Parliamentary Finance Committee Officers

*New Friday.*  
Thursday mornings Ministerial meeting with Finance Committee officers





would also include PPSs (except Dr Mawhinney) but exclude two of the three Special advisers and would take the place of the scheduled ministers-and-advisers' meeting. It would be held in No.11.

5. 'Second-hand' Bonds: FT Article on Saturday 3 July

The Chancellor asked that officials should examine the contents of an article in last Saturday's Financial Times which suggested that there were new tax loop-holes in or associated with the measures introduced to deal with 'Second-hand' bonds.

6. Discussion of the June Forecast

The Chancellor asked that a Ministerial and Official meeting to discuss the June forecast be arranged in place of that planned for Thursday (6 July) on the Taxation of Husband and Wife.

*- but we may need the S/P to settle the Cabinet App.*

7. Treasury Press Briefing

The Chancellor noted that he had asked Mr Hall to discuss with Sir Douglas Wass a more forward role for Treasury's public presentation if its arguments about public expenditure.



ROBIN HARRIS

5 July 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Sir W Ryrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



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FROM: ROBIN HARRIS  
DATE: 9 July 1982

pwf

CHANCELLOR'S MORNING MEETING

228th Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Mr Brooke MP  
Mr Ridley  
Mr French  
Mr Harris

2

1. ICI's Court Case Against HMG

The Minister of State (R) would lead for the Treasury in any media response to ICI's court action.

2. 5% Abatement of Unemployment Benefit

Briefing would be prepared, initially for Treasury Ministers, the Whips and then probably for Government back-benchers, on the backbench amendment to restore 5% abatement of unemployment benefit, due to be debated in the House of Commons early next week. Special advisers and officials would prepare a draft note for the Chancellor by close of play, covering arguments which could be deployed. The Chief Secretary, Mr Newton (DHSS) and the Minister of State (C) would be consulted in clearing the draft first. The Minister of State (C) would answer the debate.

3. Meeting with Tax Advisers

The Chancellor asked that a meeting be arranged for him, the Financial Secretary, Mr French and Mr Cropper to meet the Treasury's advisers to discuss a range of issues. At the second half of that meeting he wished Revenue/officials would be present. Perhaps one or two members of Mr Grylls' team might also be invited. The Financial Secretary, Mr French and Mr Cropper would draw up a list for the



Chancellor of tax advisers who should be invited.

4. Informal Discussion with Cabinet Colleagues

The Chancellor repeated that he had asked for a list of Cabinet colleagues to be contacted personally by the Chancellor and the Chief Secretary to discuss the issues raised in the Treasury's two papers for the 15 July Cabinet.

5. Meeting on the June Forecast

The Chancellor noted that he had asked for an early meeting of Ministers and officials to discuss the June Forecast.

*RH*

ROBIN HARRIS

9 July 1982

Circulation:

~~Chancellor~~  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Sir W Ryrrie  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



CONFIDENTIAL

*Pup*



FROM: ROBIN HARRIS  
16 July 1982

CHANCELLOR'S MORNING MEETING

229th Meeting

Note for the Record

Present: Chancellor  
Economic Secretary  
Minister of State (R)  
Mr Brooke  
Mr Harris

*What was?*

*You could have 1 1/2 hours  
-ie up to 10:30, and go to  
No Senate (as  
I think you think)  
Wd 1 1/2 hours too enough?  
Or shd we find another  
day?  
Job*

1. Meeting on Implications of the Forecast

Ministers, Special advisers, Mr Brooke and Mr Stewart would hold a meeting [since arranged for Monday 26 July, 9.00 till 11.00am] to discuss the implications of the June Forecast.

2. Life Assurance Second Hand Bonds and Capital Investment Bonds

An early Chancellor's morning meeting [Monday 19 July] would discuss the issues concerning Life Assurance Second Hand Bonds and Capital Investment Bonds raised in the Private Secretary to the Financial Secretary's minute of 7 July referring to Mr O'Leary's note to the Chancellor of 6 July.

3. Mr Bridgeman's Submission of 14 July

The Economic Secretary would urgently chair a meeting to discuss the implications of Mr Bridgeman's submission of 14 July, 'Building Societies' Marginal and Average Costs'. He would report his conclusions to the Chancellor.

*RH*

ROBIN HARRIS  
16 July 1982

Circulation:

Chancellor Sir A Rawlinson  
Chief Secretary Sir W Rylie  
Financial Secretary Mr Burns  
Economic Secretary Sir L Airey  
Minister of State (R) Sir D Lovelock  
Minister of State (C) Mr Ridley  
Sir D Wass Mr French





5. Economic Prospects in the light of the Forecast

The Chancellor confirmed that a meeting of 1½ hours beginning at 8.45am on Monday 26 July in No.11 would be held for Ministers and advisers, Mr Brooke MP and Mr Stewart, to discuss the issues arising from the June Forecast. ✓

6. Fiscal Policy

The Chancellor asked that officials should prepare briefing for a meeting to be held before the recess at which Ministers would consider: ✓

- a) outstanding fiscal issues which were still of importance after the 1982 Finance Bill eg Taxation of the Banks and CGT; and
- b) the range of longer term fiscal issues, which the Financial Secretary was examining.

JR. ✓  
You've already  
spoken to PER?

Fixed for Mon  
8.30 p.m. AM  
circulating  
agenda: same  
cost as bfr.

The Chancellor noted that there were two major opportunities for fundamental tax reforms: the first was the year after the general election, the second was the year after computerisation of PAYE.

7. BL's Tax Losses

The Chancellor asked for an urgent report by officials on the stories in the week-end press (also eg. today's 'Daily Telegraph' p.2) that BL's tax losses were being used by private companies to avoid tax at great cost to the Revenue. ✓

8. Second-Hand and Capital Investment Bonds

The Financial Secretary reported on his decisions and conclusions in the matters of Second-Hand and Capital Investment Bonds. The Chancellor asked him to continue with work in these and related issues and, in particular, to examine the loop-hole whereby those who had bought second-hand bonds before the deadline imposed could still inject further capital into them. ✓

RH

ROBIN HARRIS

19 July 1982

1. The first part of the document  
 discusses the general principles  
 of the system. It covers the  
 basic concepts and the overall  
 structure of the system.

2. The second part of the document  
 describes the implementation details.  
 It provides a detailed overview of  
 the system's architecture and the  
 various components involved.

3. The third part of the document  
 discusses the testing and validation  
 process. It outlines the methods used  
 to ensure the system's reliability and  
 performance.

4. The final part of the document  
 provides a conclusion and a list of  
 references. It summarizes the key  
 findings and provides a list of the  
 sources used in the research.

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FROM: ROBIN HARRIS  
DATE: 27 September 1982

prwp

CHANCELLOR'S MORNING MEETING

232nd Meeting

Note for the Record

Present: Chancellor  
Financial Secretary  
Minister of State (C)  
Minister of State (R)  
Mr French  
Mr Harris

1. London Weighting: Civil Service Pay

The Chancellor asked for a meeting to be arranged to discuss London Weighting in Civil Service Pay. ✓

2. National Maritime Institute Privatisation

The Financial Secretary would forward a note to the Chancellor setting out the main issues relating to the intended privatisation of the National Maritime Institute. ✓

RH

ROBIN HARRIS  
27 September 1982

Circulation:

— Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Burns  
Sir L Airey  
Sir D Lovelock  
Mr Ridley  
Mr French



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✓ cc Mr Moore 2.  
Mr Sedgewick (pwp)  
Mr Selwans  
Mr Wicks J.D.  
29/14

FROM: ROBIN HARRIS  
DATE: 29 September 1982

CHANCELLOR'S MORNING MEETING

233rd Meeting

Note for the Record

Present: Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (R)  
Mr Ridley  
Mr French  
Mr Harris

1. Britoil: Daily Mail Article by Patrick Sergeant

The Financial Secretary was asked by the Chancellor to investigate the proposals in Patrick Sergeant's article in the Daily Mail (29 September).

2. Community Oil Levy

Treasury Ministers discussed the proposal of a European Community Oil Levy. The Chancellor summed up by noting that he had been strengthened in his feeling that the Government should not volunteer the proposal of a Levy, while recognised that, particularly if the proposal were made by the Commission, it might at some time in the future be worth considering.

RH

ROBIN HARRIS  
29 September 1982

Circulation:

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State (C)

Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Burns  
Sir L Airey

Sir D Lovelock  
Mr Ridley  
Mr French

