

LCC
CONFIDENTIAL

COPY NO. 1...

LEADER'S CONSULTATIVE COMMITTEE

176TH MEETING

5.30 p.m., Wednesday, 26th October 1977, in the
Leader's Room at the House of Commons.

AGENDA

1. Minutes of the 175th Meeting.
2. Future Business.
3. Forthcoming Events.
4. A Policy for Prices - a paper by Mrs. Oppenheim, LCC(77)162 - previously circulated.
5. Devolution - a paper by Mr. Pym, LCC(77)163 - attached.
6. Any other business.

LEADER'S CONSULTATIVE COMMITTEE

Minutes of the 176th Meeting held at 5.30 p.m. on Wednesday, 26th October 1977, in the Leader's Room at the House of Commons.

Present: Mrs. Thatcher (in the Chair)

Mr. Whitelaw, Sir Keith Joseph, Lord Carrington, Lord Hailsham, Sir Geoffrey Howe, Mr. Prior, Mr. Pym, Sir Ian Gilmour, Mr. Peyton, Mr. Davies, Mr. Neave, Mr. Heseltine, Mr. St. John Stevas, Mr. Haude, Mr. Edwards, Mr. Nott, Mrs. Oppenheim, Mr. King, Mr. Taylor.

Mr. Atkins.

In attendance: Sir Michael Havers, Mr. Howell, Mr. Brittan, Mr. Nigel Lawson, Mr. Stanley, Mr. Patten, Mr. Ridley, Mr. Hobson, Miss Bulloch, Mr. Hopkinson.

Apologies: Lord Thorneycroft, Mr. Jenkin.

1. Mrs. Thatcher thanked colleagues for their contributions to the success of the Party Conference.

2. The Queen's Speech Debate

The 5-day debate would end on Wednesday, 9th November, when the Resolutions to implement the Budget proposals would be moved. It was agreed that the best subjects for debate would be industry and employment, law and order and education. Other subjects proposed included agriculture and energy. A two-day debate on the economy might be possible if one of the five days and the following day were devoted to it. Rhodesian sanctions, due for renewal before 15th November, might be debated on Friday, 11th November. It was likely that the Government would bring forward the Bills on devolution for Scotland and Wales and for direct elections early in the session.

3. Prices Policy

It was agreed that discussion of Mrs. Oppenheim's paper should be deferred until it had been discussed by the Policy Sub Committee.

4. The Economic Package

Sir Geoffrey Howe said that the cuts in direct taxation this year were a further instalment of repentance by the Chancellor, and adoption of our advice. In raising public expenditure next year for unemployment reasons he was taking a risk of increasing

inflation. He had failed to answer us on the exchange rate and on money supply. He had adopted some of our policies in his proposals for small businesses.

It was noted that in raising personal allowances the Chancellor had done no more than he would be obliged to do (without Commons' agreement to the contrary) under this year's Finance Act. The pensioners' Christmas bonus was smaller in real terms than when the Conservative Government introduced it; and there was still no incentive for industrial recovery. The measures were, in effect, the first instalment of the proceeds of North Sea oil. There was some concern over the timing of the measures. Substantial relaxation of exchange controls, or a higher exchange rate were the only means of controlling the increase in the money supply, while the present inflow of funds continued. It was interesting that Mr. Healey had concluded that it was impossible to go against market forces by seeking artificially to control the inflow of foreign funds. Many people would expect both inflation and unemployment to fall, but prices were likely to start to rise again by the end of the winter. Many pay settlements were higher than was commonly believed. Unemployment would continue to rise, and exporting firms were already reporting difficulty in competing on price. The economic situation in the USA was worsening: the next six to eight months would be crucial.

It was agreed that we needed a populist approach to the measures. The £1 cut in tax could, for example, be set against the £10 earlier increase. It was unlikely that the Prime Minister would opt for an early election, but a paper on strategy should be discussed at an early date.

5. Devolution

Mr. Pym introduced his paper, LCC(77)153, which he believed set out the soundest basis on which to conduct our opposition to the Government's legislation. He aimed to avoid the complications of the Home proposals, while meeting the need for open scrutiny in Scotland and Wales of policies affecting them. We should probably move reasoned amendments, followed by a vote against each Bill.

In discussion it was argued that there had been some movement of opinion in Scotland towards us, and away from the Nationalists, since the withdrawal of the Bill earlier in the year. It was agreed that it was impossible to decide on tactics until we saw the Bills. The discussion would be continued at a later meeting.

6. Next Meeting

The next meeting would begin at 4.00 p.m. on Wednesday, 2nd November when the text of the Queen's Speech would be available.

The meeting closed at 6.40 p.m.

CONFIDENTIAL

LEADER'S CONSULTATIVE COMMITTEE

Arrangements for future meetings of the Leader's Consultative Committee in the Leader's Room at the House of Commons will be as follows:

Monday, 31st October - there will be NO meeting of either the Leader's Consultative Committee or of the Leader's Steering Committee.

Wednesday, 2nd November at 4.00 p.m. - for discussion of the Queen's Speech.

Conservative Research Department,
24 Old Queen Street, London, S.W.1.

CFP/MMH
27.10.77