

MT from WS

Notes on Finance Committee meeting.



HOUSE OF COMMONS
LONDON SW1A 0AA

FINANCE COMMITTEE - 2ND JULY

Peter Emery:

query vote against perhaps - even if partially good - as would continue to drain industry and end up (more slowly) with an even worse situation.

Ian Stewart:

no reason why make life easy for government - especially if continuing with nationalisation.

Biffen:

announcement very significant in life of this Parliament. Inevitably will emerge pay restraints.

1. Very advantageous for Conservatives as government have adopted cash limits, which we have been calling for. Cut back on capital expenditure already in process. So is taking disciplinary action - although not saying so to his backbenchers. Will catch whole areas sensitive to Labour Party - education, health, etc.
2. Lead to problems such as confrontation with nurses - on statutory control. Absurdities and rigidities.

So: complete support cash limits - but point out all rigidities of statutory limitations.

Baker:

foresees split in Conservative Party as some will not accept statutory controls. Generally supported line of G.H. in despatch box. Not agree Peter Emery but should lay down markers.

Peter Tapsell:

At last a good package - if government stands firm. More deflationary policy than any government since war, therefore ridiculous to oppose. Suggests abstain on statutory part to show split in Labour. Then move motion of censure on lack of cuts and nationalisation.



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Bordern: very difficult view at this stage - how tough the cash limits for instance? Very cautious supporting package - especially the statutory policy - as in few months, government may go back on the cash limits and leave statutory policy! So hope not vote for it.

Price: must not be too theological. Concentrate on rise in borrowing requirement. This would unite the Party. Agree J.B.: cash limits will hurt. Prices: if government tightening up price code - then some goods will disappear. Results even worse than statutory incomes policy. Very hard on farmers.

Burd: Agree cash limits most important. Nail as triumph for Tories. Not strong case for statutory policy in private sector - will put firms in very difficult position; either break law or go bankrupt! Therefore abstain on vote against. Must not give votes in support, allowing them to do other harmful things. Must exact price for our support.

John Biffen telephoned this morning. Believes:

1. We should not abstain, as would split our Party three ways.
2. The more he considers it, the more he thinks that the statutory side ought to be contested.
3. We should move reasoned amendment on Second Reading, referring to nationalisation etc. (as in 1966).

In general: Talking to our colleagues, there certainly is a difference of opinion about statutory controls at the present moment. However there seems to be a more fundamental difference between those who won't "support the government on Mondays and Wednesdays, so that it can do unpleasant things on Tuesdays and Thursdays", and on the other hand, those who feel that the government is making a brave effort - and that it would be damaging to the national interest (and to our Party in the country) to oppose them.

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