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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

27 November, 1979

Jewell,

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PREPARATIONS FOR DECEMBER NEDC

I am circulating separately today the final version of the Chancellor's paper for NEDC next month. Many of the points raised at Monday's meeting here bore directly on the drafting of the paper, and have now been reflected in it. I am not, therefore, recording them separately. A number of other substantive points were, however, made at the meeting; you may find it useful to have this short note.

Mr. Prior argued, and the other Ministers agreed with him, that it was important not to build up the December NEDC meeting too much beforehand, since results would necessarily be modest. It was also suggested that we should try to obtain in advance a copy of the TUC's paper; I doubt whether we shall have much success.

Your Secretary of State argued, and all agreed, that the thrust of the Government's approach should be all in the direction of achieving common ground; but equally it was agreed that it was essential not to be manoeuvred into the position of appearing to seek a package deal of any sort with the TUC. There was a real risk of being pressed into unrequited concessions, e.g. on the industrial relations and housing fronts. These considerations re-emphasised Mr. Prior's initial point. The dialogue must be kept going, but expectations must not be raised too high.

Your Secretary of State suggested that it would be useful to have a meeting of NEDC entirely devoted to the role and problems of small firms.

On the line to be taken with the press, it was agreed

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that pre-meeting publicity should reflect Ministers' wish not to stimulate exaggerated expectations, and should present the December NEDC as simply one stage in an evolving relationship. The meeting would be of normal length, and papers would be released as usual. Mr. Chandler would brief the press afterwards as usual.

Finally, there was some discussion of outstanding issues on the membership of NEDC. It was agreed that Sir Leslie Murphy should be asked to leave NEDC immediately now that he had resigned the chairmanship of the NEB. As for his replacement, an immediate decision was not needed; but your Secretary of State said he by no means ruled out Sir Arthur Knight as a possibility. Mr. Burgh reported that Mr. Nott did not favour removing or replacing Mr. Michael Shanks at the moment. Sir Douglas Wass was in the process of consulting the Governor of the Bank of England about the possibility of his succeeding Sir Eric Roll; your Secretary of State said he still had reservations about exposing the Governor in NEDC on a regular basis.

I am copying this letter to the Private Secretaries to the Secretaries of State for Employment, Trade and Energy, and to Lippitt, Burgh, and Kennedy, in your Department, and the Departments of Trade and Energy respectively. A copy also goes to Tim Lankester for information.

Yours etc,

MA

M. A. HALL

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