

ECONOMIC RECONSTRUCTION GROUP

Minutes of the 5th meeting held at  
10.00 a.m. on Tuesday 5th August 1975  
in the House of Commons in Room J.

Present: Sir Geoffrey Howe, MP (in the Chair)  
Mr. Gilmour, MP  
Mr. Howell, MP  
Mrs. Oppenheim, MP  
Mr. Prior, MP  
Mr. Niblock ) (Secretaries)  
Mr. Ridley )  
Apologies: Mr. Biffen, MP  
Mr. Heseltine, MP  
Sir Leonard Neal  
Mr. Nott, MP

1. Minutes of last Meeting

These were confirmed by the Chairman.

2. Review of Economic Situation and Prospects

A discussion was held on the basis of a note prepared by Mr. Ridley. Consideration was given to the stance which should be adopted by the Conservative Party in relation to various aspects of economic policy, notably public expenditure and import controls.

3. Future Work

It was agreed that a number of topics were likely to require the attention of the Group after the summer recess and that in anticipation of this steps should be taken to obtain the advice of outside experts. The following was decided in this regard:

- (i) Money Supply. It was agreed that some further analysis of the money supply and methods of controlling the monetary system was needed. With this in mind Mr. Gordon Pepper of Greenwells should be invited to an early meeting of the Group in the autumn. Mr. Ridley was asked to be in touch with Mr. Pepper.
- (ii) Corporate Liquidity. It was agreed that Professor Anthony Merrett should be asked for a paper giving an up-to-date account of the present financial position of the company sector.
- (iii) International Trade and Import Controls. It was agreed that the Group needed further information regarding the impact of foreign competition on certain sectors of the economy, namely the motor industry, the electrical industry and textiles. It was accepted that the state of international trade negotiations had to be borne in mind.

/. . . Sir Geoffrey Howe

(iii) contd. Sir Geoffrey Howe said that he would be in touch with Mr. Peter Shore asking to be brought up to date on trade developments in the above sectors and he would also ask the House of Commons library for factual notes on them.

The Research Department was asked to assemble material with a view to briefing the Group on these topics.

(iv) International Finance and Borrowing. It was thought desirable to seek closer contact with the Governor of the Bank of England and members of his staff with a view to getting fuller information about international financial trends. It was left to Mr. Ridley to make preliminary contacts with an acquaintance in the Bank with a view to seeing what could be arranged in the way of a meeting.

4. Date of Next Meeting

The Chairman said that although the Group would not be able to get down to a programme of work until October, it could well be desirable to have a meeting in the second part of September. He would be in touch with members of the Group concerning the date of the next meeting.

A discussion was held on the basis of a note prepared by Mr. Ridley. Consideration was given to the extent to which the Conservative Party is related to various aspects of economic policy, notably public expenditure and import controls.

Future Work

It was agreed that a number of topics were likely to require the attention of the Group after the summer recess and that in anticipation of this work should be taken to obtain the advice of outside experts. The following was decided in this regard:

(i) Money Supply. It was agreed that some further analysis of the money supply and methods of controlling the monetary system was needed. With this in mind Mr. Gordon Pappas of Greenwell should be invited to an early meeting of the Group in the autumn. Mr. Ridley was asked to be in touch with Mr. Pappas.

(ii) Corporate Taxation. It was agreed that Professor Anthony Reeves should be asked for a paper giving an up-to-date account of the present financial position of the company sector.

(iii) International Trade and Import Controls. It was agreed that the Group needed further information regarding the impact of foreign competition on certain sectors of the economy, namely the motor industry, the electrical industry and textiles. It was accepted that the state of international trade negotiations had to be borne in mind.