

LEADER'S CONSULTATIVE COMMITTEE

Minutes of the 199th Meeting held at 10.30 a.m.
on Monday, 17th April 1978, in the Assembly Rooms
at Central Office.

Present: Mrs. Thatcher (In the Chair)

Mr. Whitelaw, Sir Keith Joseph,
Lord Carrington, Lord Hailsham,
Lord Thornycroft, Sir Geoffrey Howe,
Mr. Prior, Mr. Pym, Sir Ian Gilmour,
Mr. Peyton, Mr. Davies (from Item 7 onwards),
Mr. Jenkin, Mr. Neave, Mr. Heseltine,
Mr. St. John Stevas, Mr. Maude,
Mr. Edwards, Mr. Nott (for Items 1 - 6),
Mrs. Oppenheim, Mr. King, Mr. Taylor.

Mr. Atkins

In Attendance: Sir Michael Havers, Mr. Butler,
Mr. Stanley, Mr. Patten, Mr. Ridley,
Mr. Nicholson, Mr. Cardona.

1. Themes for the Manifesto

There was first an extensive discussion of the nature
of the Manifesto document and the themes to which we might
want to draw attention in it. The following points were
agreed:

i) We should consider whether to publish two documents:
first, a short statement of our main arguments which would be
similar to the Leader's foreword to previous Manifestos, and
second, the main document, which would contain a quarry of
proposals designed to guide and assist our Party workers.
If it was not thought desirable to publish the two documents at
different times, the initial statement might well act as the
Leader's foreword to the Manifesto. It should contain some of
the phrases and slogans which would help our supporters in their
speeches.

ii) We should take care that our themes included: a
fierce attack on the extreme left-wing nature of the present
Labour Party and its programme; the need for successful
wealth creation; an emphasis on the need to improve law and
order, especially in the large cities; the "spirit of Britain"
theme, arguing against the diminution of liberty and choice
under successive Labour Governments; the creation of two
classes - a minority of power wielders and the vast majority of
those who had docilely come to accept what they were told and
what they were provided with (rather on the lines of the
closing stages of Mrs. Thatcher's speech to the Central
Council). On the other hand, we should not appear too "hard
faced" and we should emphasise the need to improve the quality
and efficiency of the public services.

iii) In compiling the list of proposals for the Manifesto,
we should take care not to imply at any point that we would
increase the public sector borrowing requirement. (It was
noted that Mr. Healey's speech that afternoon was likely to seek

to cost the proposals we had hitherto made). We should give our opponents as few opportunities for damaging criticism as possible.

(iv) We should note that increases in world growth and world trade might be considerably less than in the '60's, and many social, as well as industrial, problems would follow from this. People's expectations were likely to be disappointed and therefore it was vital that we should not raise expectations too high.

(v) We should remember that many people were very tired of politicians attacking each other's records without indicating their own proposals for improvement. A successful election theme was more likely to be "what sort of society do you want to see developing in Britain in the 1980's, than a recital of Labour's recent failures .

(vi) We should remember that although it was vital to emphasise individualism because it was the chief stimulus to economic progress and because it was an essential part of our philosophic case against Socialism, we should not lose sight of the theme of the community - the importance of working together, the key role of the family, the role of parents in education and the role of the community in the various social services.

(vii) We should concentrate attention on the themes and issues where we knew we could make a difference - for example, law and order, reducing immigration, cutting wasteful expenditure, cutting taxation, improving educational standards - and note that, while the major economic issues of prices and jobs were always important, any success in tackling them was vulnerable to external factors such as commodity booms or trade recessions.

(viii) We should take care not to commit ourselves in the Manifesto to a number of proposals which appeared desirable but which we doubted whether we would be able to find time to implement. Unless care was taken we would be open to attack from our supporters for not doing what we had promised.

(ix) We should consider what we could say about Parliamentary reform, as there was already considerable dissatisfaction with the way Parliament did its work and this was likely to be increased as a result of Parliamentary proceedings being broadcast on the radio and television.

(x) We should keep the amount of extra legislation that would be needed to a bare minimum. But we recognised that legislation would be required to implement our firm pledges, and to put things right that were definitely wrong or that would get worse without a change in the law (for example the repeal of the Community Land Act and the Education Act, the amendment of the Employment Protection Act, and the implementation of our immigration package.)

(xi) We should remember that our objective in the election campaign was not simply to win but to obtain as much support for our policies as possible as we would desperately need this support in our first years of Government. We did not desire power for power's sake, we wanted power in order to help our country and its people.

(xii) Above all, we had a marvellous opportunity to "jump the class barrier" as it was the traditional Labour voters in the urban areas who had seen their material and other standards decline so significantly in recent years.

(xiii) The election might well coincide with an economic crisis, in which case we should require an emergency Manifesto which would naturally contain many fewer pledges.

2. Mrs. Thatcher said that the object of the following discussions was to agree the general shape of the proposals under the general subject headings. Points of detail should be made in letters direct to the Research Department.

3. Finance and Economic Policy

The following points were agreed:

(i) An examination of all the Manifesto drafts had shown that there were insufficient proposals for economies in expenditure, even to keep it at its present level, let alone to pay for our vital pledges, such as increased expenditure on police and defence, and to finance tax cuts. It was essential to arrive at an agreement on priorities and specific proposals for further economies in planned expenditure well before the summer holidays.

(ii) The need for paying further attention to public spending was essential if we were to wish to exploit the important theme that we are the party of "sound money". We could only run Government deficits within the country's capacity to borrow simply in order to create another short-lived consumer boom.

(iii) We should note that any significant improvement in the country's defences would be extremely costly. We should press the present Government to increase servicemen's pay quickly to proper levels in order to free ourselves to concentrate our intended increases in defence spending on desirable equipment.

(iv) We recognised that we would face constant pressure to specify where we would cut spending and thus it was important to have available a list of items of waste both in central and local government. It was noted that the Research Department was compiling such a list which could be of great importance in making understandable and acceptable the case for spending cuts.

(v) The point about exchange controls in Section 13 on page 5 should be re-examined in the light of the likelihood that such a measure might promote a rapid and immediate outflow of capital. We needed to examine ways of attracting foreign capital, to invest in Britain, for example from Japan.

(vi) It was necessary to promote greater public understanding of economic issues and this was the reason for the proposals on the future of the NEDC and for the setting up of a Parliamentary Select Committee on economic policy. It was noted that the latter might seek to examine the policies and activities of the major trade union leaders. These institutions would evolve gradually. We should bear in mind two difficulties: such a Parliamentary Select Committee might well contain several formidable Opposition (Labour) spokesmen, who would use it not only as a forum for making constant attacks on our Government, but would seek to extract from us economic forecasts that were not at present available, and which it might not be desirable to provide.

(vii) We needed to examine the danger that our proposed reductions in taxation, far from promoting growth,

investment and increased productivity, would simply lead to a consumer boom from which foreign importers, because they were more competitive, would benefit much more than British industry, thus contributing to an early balance of payments crisis. It was noted that Sir Geoffrey Howe and his team would discuss proposals made by Mr. Heseltine and Mr. David Mitchell for certain investment incentives to minimise these difficulties.

4. Trade

Mr. Nott explained that he would be inclined to assign a low priority to the proposal in paragraph 5 of the paper for allowing British citizens to buy shares in British Airways. He was prepared to make up to £100 million of spending cuts if required. It was noted that the Budget had extended tax allowances to commercial buildings. The paper was agreed, together with the following points:

(i) If possible the legislation to set up the proprietary company should come early in the new Parliament.

(ii) Candidates in North-West seats in particular needed to be equipped with arguments on unfair imports, on the lines of the proposals in paragraphs 3-4. We should support robustly the renegotiated Multi-Fibre Agreement.

(iii) We could not promise to solve the problem of lack of competitiveness speedily.

5. Prices

The paper was generally agreed subject to the following points:

(i) Our objective was to restore long term price stability. We should be careful not to give the impression that Conservative policies could produce lower prices.

(ii) We wished to avoid legislation over the powers of the Price Commission, and should seek by administrative means to transfer these gradually to the Office of Fair Trading. We should examine more closely the relationship between some of these powers and the monopoly position of nationalised industries.

(iii) We should be careful not to commit ourselves to introducing legislation comparable to the Robinson - Patman Act.

(iv) We should be careful not to become committed to extensive examinations and intervention, as appeared to be suggested in paragraph 7 (a): we needed to reconcile any such intentions with the objective of avoiding "burdensome requirements" in paragraph 8. These points would need to be more carefully explained when it came to drafting the Manifesto.

6. Industry

It was noted that further policy papers on regional policy and the nationalised industries were being prepared, and would be discussed by the Shadow Cabinet on an early occasion. The paper was agreed subject to these two discussions and to the following points:

(i) We should try to be more specific about how we intended to amend the Industry Act as our proposals in

"The Right Approach" had been distorted and misunderstood. Sweeping proposals were likely to cause some alarm in industry, and would certainly generate bad publicity for us.

(ii) We needed to examine whether economies could be made in the staffing and expenditure of Government research establishments; what more could be said about our pledge to return ship building and aerospace to the private sector, and whether shareholders should be represented on the NEDO sector working parties, so far as these continued.

7. Employment, Pay and Industrial Relations

It was noted that the proposals in this paper, in particular those on participation and employee rights, involved less legislation than had been envisaged in the October 1974 Manifesto. The following points were agreed:

(i) In bringing forward our proposals in this area, we should beware of strengthening extremists and weakening the moderates in the unions. We should remember that the two newly elected union leaders of the TGWU and AUEW would be anxious to show they were tough, especially in their dealings with a Conservative Government and that there was a much greater awareness of the need for pay restraint, given the loss of jobs in so many industries after the 1974-5 pay explosion. We should not, however, show too much concern at what trade union leaders would say before and during the election - they probably felt obliged to appear to help the Labour Party. In making any proposals in this area we should emphasise our desire for "consideration" and "discussion".

(ii) We should emphasise that there was a limited amount that Governments could do to end restrictive practices which led to inefficiency and uncompetitiveness throughout British industry. A Conservative Government would seek to handle this problem by cuts in taxation, persuasion, creating a new climate, and by seeking to give management confidence.

(iii) We could say that our dislike of the closed shop was such that while our Manifesto sought to deal with the realities of the present situation, it could not be our final word on the matter. We would have to see how the atmosphere changed and what measures the unions themselves were prepared to take. In particular, we needed to ensure that Tribunals were free to award damages for unfair dismissal in a closed shop dispute against a union as well as an employer where this appeared fair. This would probably not require legislation. We should also remember our vigorous attempt in the 1974-5 closed-shop debate to protect the rights of individuals on grounds other than religion.

(iv) We should spell out the third point in paragraph 49 on page 6 about individuals being exempt from union membership "but not to their financial benefit".

(v) We were fully committed to seeking representation of non-affiliated unions on industrial tribunals. We should continue stating that we would not prevent a nationalised industry board from recognising a non-TUC union.

(vi) The opening of the third sentence in paragraph 48 on the closed shop would be amended to read "an outright legal ban would not make matters better".

(vii) It was our intention to seek to mould ACAS along lines that we preferred, while recognising that it was essential for the unions to continue to be involved in a conciliation and arbitration service of this kind.

(viii) The issue of strikers' benefits was one on which we would have to be prepared for an argument with our own supporters, who were reluctant to accept that the key issue was to stop generous refunds of income tax rather than to limit social security payments to strikers' families. We noted however that if repayment of PAYE were halted more money might be paid out in social security.

(ix) On picketing, we should proceed along the lines of the picketing code proposed by Michael Foot and endorsed by Mr. Callaghan. It was based on the NUM's practice in the 1974 Miners' strike when the union was extremely anxious not to antagonise the public.

(x) In developing the proposals in paragraph 36 for a new role for the NEDC and a Select Committee of the House of Commons, we should take care not to say that we wished to involve the Government, through these institutions, in determining pay in the private sector. An important aim of the proposal was to concentrate public attention on the need for increased productivity and the elimination of restrictive practices.

(xi) It was noted that a paper was being prepared on how we should deal with the Temporary Employment Subsidy and a group was working on industrial training. It was important to produce imaginative policies to deal with the problem of unemployed school leavers and to bridge the gap between school and work.

(xii) We should draw attention to unfairnesses in dealing with redundancy, and contrast what redundant private sector workers were entitled to (and normally received) under the rules, with the large sums paid out to redundant shipyard workers and others when the Government was under political pressure.

(xiii) We needed to emphasise that the interests of management and employees were largely the same and many of our present problems resulted from the propagandist success of those who believed that their interests were totally divergent and who therefore advocated conflict. We needed to develop this theme lest a defeated Labour Party chose to regroup behind and (even more undesirable) to develop further the Bullock proposals.

(xiv) We recognised that the work of the industrial tribunals over unfair dismissal cases had prevented a large number of strikes. But we needed to find a form of words to deal with the problem that small businesses, in particular, faced as a result of the burdens imposed by seeking to test such cases before the tribunals. (It was noted that they frequently paid damages without contesting the case). We should examine the possibility of excluding employees below the age of 21 from the scope of the Employment Protection Act: the case for a longer eligibility period; and the production of a preliminary written submission to the Chairmen of Tribunals to establish a prima facie case.

(xv) It was recognised that legislation might become necessary over the closed shop and over picketing if codes of practice and the voluntary approach were seen to be inadequate.

(xvi) It was possible to make savings by sensible measures over industrial training, but these should be taken gradually and with care.

(xvii) We should take care not to be specific in proposing amendments to the Employment Protection Act. Any such ideas needed to be presented with the greatest tact. But we should give examples of abuses calling for remedy, such as our wish to give non-union employees the right to sit on safety committees.

8. Energy

The paper was agreed subject to the following points:

(i) BNOC should be substantially diminished in size and we should aim to sell off BNOC equity to the private sector.

(ii) In stating our policy towards BNOC we should bear in mind the danger of a ruthless campaign of distortion by Mr. Benn and the Labour Party, arguing in particular that our policy would result in much reduced British sovereignty over North Sea oil. In formulating our policy towards BNOC we should bear in mind the considerable uncertainty that existed as to the legal implications of the Treaty of Rome on this subject.

(iii) We should add a passage referring to the beneficial role and good safety record of nuclear power.

(iv) Research Department would ensure that Sir Geoffrey Howe, Mr. King and Mr. Taylor should further consider whether we could find an acceptable policy for the hypothecation of some North Sea oil revenues.

(v) We should give prominence to the need to stabilise electricity prices and consider ways of improving the efficiency of the industry, in particular the possibility of small private companies supplying electricity to the National Grid or small villages and towns.

9. Agriculture, Fisheries and Forestry

The paper was agreed subject to the following points:

(i) We should change the existing statement on the green pound from "we would aim to eliminate the gap within two or three years" to something on the lines of "seek to eliminate the gross distortions, resulting from the failure to devalue the green pound, within the normal lifetime of a Parliament".

(ii) We should emphasise that the fall of sterling and the recent deterioration of the balance of payments strengthened the arguments for more home food production. The Manifesto should indicate what proportion of our food imports came from the EEC.

(iii) Mr. Whitelaw and Mr. Peyton would discuss what more might be said on improving the economy of the uplands.

10. Local Government

The paper was agreed subject to further discussion of proposals for the reform or abolition of the system of domestic rating. Outstanding issues included proposals for dealing with water rates, and the need to protect the commercial rate payer from the danger of Labour councils increasing commercial rates disproportionately. One way of doing the latter if we phased out domestic rates would be to enforce a standard commercial rate payable direct to the Exchequer.

11. Economies in Department Budgets

It was agreed that Sir Geoffrey Howe, with the assistance of Mr. Nott and Mr. Lawson would establish substantial further economies in our proposed spending levels with the appropriate Shadow spokesmen. This work would need to be completed as far as possible by the Whitsun Holiday.

12. Future Meetings

It was agreed that the remainder of the papers would be discussed at an evening meeting at the House of Commons. The date would be arranged later.

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