

STEERING COMMITTEE

Minutes of the 28th Meeting held at 6.00 p.m. on Monday 19th May 1975, in the Leader's Room at the House of Commons.

Present: Mrs. Thatcher (In the Chair)

Mr. Whitelaw, Sir Keith Joseph, Sir Geoffrey Howe, Mr. Maudling, Mr. Gilmour, Lord Carrington, Mr. Prior, Mr. Peyton, Mr. Atkins, Mr. Maude.

Mr. Patten, Mr. Ridley, Mr. Nicholson (In attendance)

1. Royal Commission on the Press

Mr. Maude said that although Mr. Whitelaw had declined to give evidence on behalf of the Party when he was Chairman, Lord Thorneycroft and he had now been requested to submit evidence, and Lord Hunt (a member of the Commission) had written to him personally on the same lines. Mr. Maude felt he should refuse; if we gave evidence to one Royal Commission we should be expected to give it to others. Our submission to the Layfield Committee on Local Government Finance arguably served a specific political purpose, but it did not provide the happiest precedent. If we submitted evidence it might limit our freedom of manoeuvre when the Commission reported. Lord Thorneycroft and he took the view that there was little advantage, and some possible danger, in submitting evidence and after a short discussion it was agreed that the Party should not do so.

2. Whipping on Thursday's Economic Debate

Mr. Atkins reported that if, in view of recent Press criticisms that the Party had not been voting with its full strength in Commons divisions, it was desirable to have a maximum vote on Thursday, this would mean cancelling the pairing arrangements for up to forty M.P.s, including about fifteen who were involved in various meetings in the E.E.C. Referendum Campaign. Mr. Whitelaw pointed out that to cancel the appearance of these M.P.s would upset a number of rank and file Party workers involved in the Referendum Campaign. There was a short discussion and it was agreed that, as this was the last possible division before the Referendum, there should be no interference with pairing arrangements. We could tell the Press that some of our M.P.s were at Referendum meetings.

3. Motion for the Economic Debate

There was a discussion over whether we should simply vote against the Government on a motion of adjournment or should put forward a substantive motion. It was at least arguable that to condemn the Government too vigorously in a motion might, as Mr. Mellish had suggested to Mr. Peyton, do harm overseas, although Mr. Mellish's fears were obviously exaggerated. The Government might amend a motion so as to cut out all references objectionable to it, leaving an innocuous or even patriotic statement, which we would find it difficult to vote against. A decisive argument, however, was that if we failed to put forward a substantive motion, we would be

...../thought unable to

thought unable to reach any party consensus on policy. It was agreed, therefore, that Sir Geoffrey Howe and Mr. Atkins would draft a motion which would be sufficiently critical of the Government (while not going so far as "condemning" it) so as to require drastic amendment by the Government; we could then vote against them on the second division in favour of our original motion.

4. Mr. Maudling's Paper on Inflation, Wages and Money (LSC (75) 35)

Mr. Maudling introduced his Paper. He emphasised that he was in favour of cutting public expenditure, not because he thought that this would have much effect on wage inflation, but because it would release resources for the hardpressed private sector.

Mrs. Thatcher said that she had been encouraged by the virtual unanimity on the issue at the Business Committee the previous Wednesday attended by about 100 M.P.s. While few wanted a statutory pay freeze, almost all would be prepared to support an indexed freeze if it restored confidence in sterling.

There was a discussion. Among points made were the following:

(a) We should not take the initiative in pressing for a freeze. It would simply label us as the union bashers and would encourage the Government to continue ignoring the real problem, which was the need to cut the Public Sector Borrowing Requirement (PSBR). One problem which a freeze always created was what to do when it finished. Another was the fear that if pay were frozen or indexed there would be pressures for stricter controls on prices and dividends. We should resist these as they would damage profitability and employment and increase nationalised industry deficits and the PSBR.

(b) An indexed freeze also contained the danger of legitimising and perpetuating inflation. One approach on pay would be to explain that all that the country could afford was compensation for increases in the price of essentials like food and housing. That would involve a fall in real standards of living, but it was the only way to avoid rocketing unemployment.

(c) It was suggested that the Government would not need to impose a comprehensive freeze: it should simply set limits to the growth of public sector spending and leave it to those concerned to decide on the balance between more pay and fewer jobs. One problem was that this might, once again, exacerbate inequities between the public and private sectors, but the fact had to be faced that pay in the public sector was now a main cause of inflation.

(d) However logical and reasonable our analysis of the problem and suggested solutions were, would they convince the militants who were almost by definition unreasonable? It was suggested that a confrontation with some militants on some issues was inevitable, as indicated by the threat by the National Union of Public Employees to resist by strikes any cuts in public expenditure which would affect their jobs. But were the unions so monolithic? Mr. Scanlon was facing difficulties in his union, and there were examples of employees accepting lower pay settlements against the advice of their shop stewards.

It was thought that the furthest we could probably go at present on pay was to press the Government to tighten up the guidelines of the Social Contract, and support it against the Left-wing if it did so. But the Government could not expect consistent support from us in facing the crisis unless it took the right steps on public expenditure and dropped its nationalisation plans.

The meeting closed at 7.00 p.m.