



Prinhardt Econ 10/1

Agree that the Chancellor should report to E Committee as proposed in para 11?

Yes no

Treasury Chambers, Parliament Street, SW1P 3AG
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PRIME MINISTER

Spoke to
Travis

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NATIONAL ECONOMIC FORUM

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It was agreed at our meeting of E Committee on 17th July that the proposal for a separate National Forum should not be pursued at present. It was decided instead to examine the alternative of a special meeting of the NEDC, enlarged for the occasion and held in public, to discuss the economic prospects of the country. I undertook to take soundings of the CBI and TUC as to whether a proposal on these lines was worth pursuing as an experiment and report back to E Committee. Before I do this, I thought you would like a report of the CBI and TUC reactions and my own thoughts, in the light of these reactions, on how we might proceed.

2. At my request, Douglas Wass has talked separately with John Methven and Len Murray about the idea of developing an economic forum out of the NEDC. To each the idea was sketched out - albeit tentatively - in the following terms:

- i. it would be based upon NEDC;
- ii. its membership might be widened somewhat, e.g. by the inclusion of the Governor;
- iii. its meetings might be in public - i.e. the media could be invited and there might be a public gallery;
- iv. the purpose would not be to reach specific agreement, but to be educative and elucidatory - the target being the parties participating and the public at large;

/v. discussion

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- v. discussion might be based on a paper by the Government (and the other parties if they wished);
- vi. the first meeting might be held this autumn, possibly in October.

3. John Methven responded warmly to this concept. He recalled that the CBI had always favoured this sort of procedure as a means of getting realism into public attitudes towards the economy. On particular issues, he applauded (i), (iv), (v) and (vi) but had some reservations about (ii) mainly because he did not want to see a proliferation of employer interests, though he saw no difficulty about the Governor being invited. He was definitely opposed to (iii) and thought it essential that, at the outset at any rate, the meetings should be held in private. He also had definite views about the amount of time which should be devoted to such a meeting. He thought that if participants were to advance beyond the stage of stating stock positions the meeting should last at least a day, and possibly two days.

4. By contrast Len Murray was much less warm. He went so far as to say that an invitation to the General Council to participate in such an experiment now would almost certainly lead to a refusal, even if the refusal had to be made public. The reason he gave was that the Government seemed to be taking so little notice of TUC views that it would seem pointless to participate in a new venture. He was having difficulty enough in getting authority to keep the existing dialogue going and he would be criticised at the Conference for persevering.

5. On the details, he said that the TUC would be opposed to a public meeting; that the inclusion of the Governor should pose no problem; that any attempt to reach an agreement would be unlikely to succeed; and that October

/was much



was much too early (and too near the Conference season).

6. Douglas Wass asked Len Murray whether the TUC's opposition would extend to an ordinary or perhaps extended meeting of the NEDC devoted to the subject of "economic prospects", provided it was not billed as a forum, met in private and had substantially the same membership as the NEDC. Len Murray immediately said that this would create no problems. There would be no need to consult the General Council since this would be ongoing NEDC business.

7. I have concluded that I would be unlikely to elicit a more favourable response from Len Murray if I were to see him - he is clearly tied by the attitude of the General Council - and that there are broadly two options for us to consider:

i. to press ahead regardless with the idea of a new forum, based on the NEDC (perhaps with some extension in membership), and to issue invitations to the interested parties, leaving it to the TUC to risk the public opprobrium of refusing to join in; or

ii. to put the above idea on ice and to build instead on the idea of an ordinary NEDC meeting (possibly extended to a whole day) devoted to a discussion of "economic prospects".

8. My own view is that in practice the first option would not offer significant advantages over the second. Neither the CBI nor TUC want meetings to be held in public, and I believe we may be able to secure some adjustment of NEDC membership, e.g. the addition of the Governor, without a major initiative. I therefore recommend the second option

/as being



as being the course of action most likely to gain acceptance. A modest beginning, if it succeeds, would leave open the possibility of later developments towards a more distinctive economic forum.

10. So far as timing is concerned, we had hoped to hold the first meeting in October, partly in order to influence the tone of this pay round. However, Len Murray's reaction, and the need to prepare very carefully for the meeting if it is not to be counter-productive, persuade me that it would be better to hold it once we have published our medium-term economic/financial plan (my minute of 9th August refers). This would provide material on the economic prospect and help to ensure a realistic discussion of economic policy, pay etc. These considerations point to a meeting probably in December - there is a regular NEDC meeting scheduled for 5th December.

11. Subject to your views, I propose to circulate a progress report to E Committee for the meeting on 11th September which would recommend in favour of building on normal NEDC meetings at this stage.

12. I am sending a copy of this minute to Keith Joseph, Jim Prior and Sir John Hunt.

A handwritten signature in dark ink, appearing to be 'G.H.' with a flourish.

(G.H.)

5 September, 1979



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