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30th May, 1975.

Economic Policy Groups

1. Anne Bulloch's memo of 23rd May records, in effect, sir Geoffrey Howe's proposals for the first three of what were then called the 'sub-committees of the ESSC' suggested at the meeting of 5th May recorded in your minute of the 6th.
2. Comparative details as follows:-

	<u>5th May</u>	<u>25th May</u>
Title:	<u>Inflation</u>	<u>Economic Reconstructions</u>
Chairman:	Geoffrey Howe	Geoffrey Howe
Members:	Jim Prior Ian Gilmour John Nott David Howell Sir Leonard Neal John Biffen Brian Griffiths (Keith Joseph) (Sally Oppenheim) (an industrialist) (another backbencher) (another academic)	Jim Prior Ian Gilmour John Nott David Howell Sir Leonard Neal (probably) John Biffen Brian Griffiths → <i>Timothy</i>
Secretaries:	Adam Ridley George Cardona	Adam Ridley George Cardona
Title:	<u>Taxes &amp; Benefits</u>	<u>Taxation</u>
Chairman:	David Howell or Peter Hordern	David Howell
Members:	Sam Brittan Peter Hordern Peter Rees (Ralph Howell) (Bruce Sutherland) (Professor Wheatcroft)	Sam Brittan Peter Hordern Peter Rees Barry Bracewell Milnes John Chown Alan Frest Paul Dean
Secretary:	Anne Bulloch	Anne Bulloch

Title:	<u>Public Expenditure</u>	<u>Public Sector</u>
Chairman:	John Mott	John Mott
Members:	Nicholas Ridley Edward Du Cann Tony Merrett (Graham Page)	Nicholas Ridley Edward Du Cann Tony Merrett Kenneth Baker Nigel Lawson David Howell Patrick Jenkin Keith Speed Michael Heseltine
Secretary:	Michael Niblock	Michael Niblock

3. As will be seen the Howe proposals follow very closely the original. Moreover, the terms of reference seem to have been more fully elaborated. The "Public Sector" Group with the emphasis now given in its terms of reference to local government needs to have strong links with the Local Government Group being set up by Tim Raison under Keith Speed's chairmanship. The fact that Keith Speed is on the Public Sector group should ensure this, but he will obviously have to watch that the two groups keep in step. Similarly, Paul Dean's sub-committee of the Taxation Group on tax credits and taxation of social security benefits will need to co-ordinate with any work being done in this field by Norman Fowler's groups. It is not clear at the moment which of Norman Fowler's groups will be studying the social security provisions generally. Other big spenders which need to be linked with the main economic groups are Housing, Transport and Education.
4. The other two groups proposed on 5th May were on the Authority of Government and Housing. Keith Joseph has written to Peter Carrington about a group on Authority of Government and if Jim Prior joins this group there will be a link both with Economic Reconstruction and Industrial Relations, but we have not heard of any further developments. Tim Raison is proposing to set up a group on Housing and Land with sub-groups on home ownership, private renting and council housing. The Home Ownership sub-group (chaired by Michael Latham) is meeting when the House re-assembles. There is going to be some problems linking these with the main economic groups. John Mott and Nigel Lawson have both been approached, but neither can spare the time. Another possibility might be to put one of the Housing Groups - possibly John MacGregor - on to the Economic Reconstruction Group.
5. In general, the whole structure is beginning to make sense. The main problem is probably to get people actually meeting and thinking about policy. The main gap at the moment

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seems to be the absence of anything very systematic on the industry side. The Health and Social Security cluster looks rather a mess and I would suggest asking Norman Fowler to meet with Keith Joseph and Angus Maude similar to one meeting on 5th May which Charles Bellairs might attend. There is also some danger of the Education Groups going off at a tangent or a series of tangents, but if we get the rest of the structure right this can probably wait.

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