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LEADER'S CONSULTATIVE COMMITTEE

170TH MEETING

AGENDA

1. Minutes of the 168th Meeting.
2. The Government's Statement on Counter-Inflation Policy.
3. Any other business.

Conservative Research Department,
24 Old Queen Street, London, S.W.1.

CFP/MMM
14.7.77

LEADER'S CONSULTATIVE COMMITTEE 

Minutes of the 170th Meeting held at 5.00 p.m. on Monday, 18th July 1977, in the Leader's Room at the House of Commons.

Present: Mrs. Thatcher (in the Chair)

Mr. Whitelaw, Sir Keith Joseph, Lord Carrington, Lord Thorneycroft, Sir Geoffrey Howe, Mr. Prior, Mr. Pym, Mr. Jenkin, Mr. Peyton, Mr. Neave, Mr. Heseltine, Mr. St. John Stevas, Mr. Maude, Mr. Edwards, Mr. Nott, Mrs. Oppenheim, Mr. King, Mr. Taylor.

Mr. Atkins.

In attendance: Sir Michael Havers, Mr. David Howell, Mr. Butler, Mr. Stanley, Mr. Patten, Mr. Ridley, Mr. Hooson, Mr. Nicholson.

Apologies: Lord Hailsham, Sir Ian Gilmour, Mr. Davies.

1. The Debate on the Government's Economic Policy

There was a discussion about this debate, which was to be held on Wednesday, 20th July, and it was agreed that we would vote on the adjournment on a three line whip.

It was also agreed that the following points emerging from the discussion should be pressed home in the debate and afterwards:

(i) It was desirable to attack the entire record of the Government in the economic field, pointing out that the two phases of pay restraint, which were now at an end, had given the Government an opportunity to do the right things which they had not taken. As a result, the country emerged from the period of pay restraint in generally worse condition (with regard to unemployment, taxation, differentials, the pound and living standards) than it was in when the period of pay restraint started.

(ii) We should use the comparisons with the performance of other European economies to answer Mr. Healey's argument that Britain's present economic weakness was still the result of the oil crisis of 1973-4.

(iii) We should emphasise that the Government should stand firm on money supply, cash limits and public sector pay awards, but we should not specify areas of conflict in the public sector and thus give the impression that the Conservatives might favour confrontation.

(iv) Above all, the tone of our statements over pay restraint and over the need to resist the militants in the unions was important.

(v) We should ask the Government what they would do in the face of excessive pay claims in the public sector: resist them, or print money, or raise nationalised industry prices.

(vi) In particular, it was necessary to concentrate the attention of the public (a) on the effect of a miners' pay claim on the price of coal, and (b) on what parallel increase in coal industry productivity would justify any particular pay settlement.

(vii) We should draw attention to the collapse of the social contract, which had been the essential feature of the Government's economic policy since 1974, and point out that Labour could hardly now point to their uniquely close and understanding relationship with the unions.

(viii) We should note that the Liberals were supposed to be opposed to increasing food subsidies.

(ix) If we were pressed on the police pay claim we might refer to Mr. Whitelaw's proposal for a Commission on police pay. Without being specific about details, we should maintain a robust position on the improvement of police pay and recruitment. Similarly, if pressed on the doctors' pay claim, we should point out that any settlement would have to be within the appropriate cash limits.

(x) The Research Department would produce a list of examples of cuts we could make in spending.

2. Voting on the Report Stage of the Finance Bill

It was agreed that there should be a two line whip for the Report Stage of the Finance Bill on Thursday, 21st July. We would vote in favour of reducing the standard rate to 33p in the £. There would be a running two line whip for Monday, 25th July.

3. Financial Support for the Parliamentary Activities of Opposition Parties

Mr. Pym reported that Mr. Foot had again asked whether we would agree to an increase in the money voted to assist Opposition Parties in respect of their Parliamentary activities (see Minutes of LCC(76)133rd Meeting, section 7, for the Committee's earlier refusal to agree to an increase). There was a discussion and it was agreed that we would find out more about what sums were likely to be involved and would also ask Mr. Foot for information on how much the pay of the Government's policy advisers had increased over the last two years.

4. Filming of the Shadow Cabinet

Mrs. Thatcher reported that the BBC wished to film part of a meeting of the Shadow Cabinet for a television production on the Conservative Party in the autumn. It was agreed that the Committee would consider the matter further at the meeting on Wednesday, 20th July.

5. Other Business

It was agreed that we should not change our plans for the Supply Day the following day, 19th July, in order to debate the Government's proposals for Drax.

The meeting closed at 6.10 p.m.