

Strategy

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DJN/LSA

6th February 1978

MRS THATCHER

I enclose an extended version of the minutes of the Steering Committee meeting on 30th January. This is the only copy we are sending out, although I would be happy to provide further copies if so requested.

The normal minutes, just indicating the points of agreement, will be circulated to all members of the LSC in due course.



David Nicholson.

Rt. Hon. Margaret Thatcher MP
House of Commons
London S.W.1.

Enclosure.

Richard
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LEADER'S STEERING COMMITTEE

51ST MEETING

Minutes of the 51st Meeting held at 5.00 p.m. on Monday, 30th January 1978, in the Leader's Room at the House of Commons.

Present: Mrs. Thatcher (in the Chair)
Mr. Whitelaw, Sir Keith Joseph,
Lord Thorneycroft, Sir Geoffrey Howe,
Mr. Prior (for the end of the discussion),
Mr. Pym, Sir Ian Gilmour, Mr. Peyton,
Mr. Davies, Mr. Maude.
Mr. Atkins.
In attendance: Mr. Butler, Mr. Stanley, Mr. Patten,
Mr. Ridley, Mr. Nicholson.
Apologies: Lord Carrington.

Discussion of Strategy and Tactics

Mrs. Thatcher explained that the two papers, "Steppings Stones", LSC(78)61 and "Implementing our Strategy", LSC(78)62, were not mutually exclusive. Sir Geoffrey Howe and Mr. Prior had been closely involved in the "Stepping Stones" paper. She asked members for their general comments on the "Steppings Stones" paper.

Mr. Davies thought that it did not take account sufficiently of the realities of the present economic situation, especially in relation to other countries. He thought prospects for the British economy were better than for a number of our competitors, such as France and Germany, because of the problems they faced and which we were now spared. We should not exaggerate the arguments as to the inevitability of our decline. Our investment, growth and balance of payments were all likely to improve considerably. He preferred us to emphasise the great opportunity that improving circumstances

had given us. Secondly, we should be extremely careful of trying to separate union members from union leaders. It was very difficult and some of the left-wing leaders were much respected by their members. There was no reference in the document to our policy of seeking to involve the unions in the economic management of the country through Neddy and other machinery, as had been done in 1972-73. Our aim should be to convert the unions as a whole to our way of looking at things, rather than to divide them. Thirdly, we should give much more attention to the concept of "value added" which was likely to replace both the concept of profit and the concept of participation in earnings.

Sir Ian Gilmour thought that the paper was rather over-ambitious that it was more like a war-game than war, and that it should quite definitely not be our sole strategy. Sir Keith Joseph agreed with this latter point. Lord Thorneycroft agreed with much of what Mr. Davies had said. It would be a disaster to try and run two separate strategies and there was a danger of this happening if two separate teams were involved. He quoted from his recollection of an earlier draft of "Stepping Stones" which had suggested a note of extreme antagonism to the unions. While criticism of the unions was generally well founded, we should be careful about our tactics. The earlier draft had also emphasised proportional representation and Bullock-type policies. Sir Geoffrey Howe was pessimistic about the economic prospects for Britain. We should ask union leaders questions on the areas on which they were being criticised, such as how they justified closed shop agreements. We should emphasise that the re-election of Labour would mean a further increase in the power of the union leaders and their interference with pension funds, nationalisation, control of industry and directed investment. Mrs. Thatcher also disagreed with Mr. Davies's economic analysis. If we were not able, in some way, to appeal to union members over the heads of their leaders, then the democratic, two-party system would be greatly jeopardised. Mr. Davies replied that a major company with which he was connected had suggested that the three most promising areas for investment were the USA, Canada and the UK, in that order.

Mr. Maude said that the "Stepping Stones" approach was not the only strategy but it could be fitted in with what we thought was desirable. Even if Britain's economic prospects were better than we thought, a Labour Government with a working majority would be unable to make fundamental and necessary changes. We had to win over the union rank and file and public opinion in order to make it more difficult for a union to confront a Conservative Government.

Mr. Pym said the union problem had to be grasped. He was fascinated by the paper because it suggested ways of tackling it. But he feared such proposals would require a substantial and expensive back-up team and he doubted whether this was possible. We should open discussion on these matters before the election without being too insensitive or controversial. It was better to attempt to tackle the union problem with the country facing the prospect for expansion and the opportunity for economic success.

Mr. Peyton agreed with Mr. Pym. We were against appeasement and against confrontation but there had to be a third way. The country was suffering from a mixture of authority and incompetence. Some of those most incompetent in their working lives expected MPs to show massive competence in dealing with their problems. We could not say the problem was too formidable, the only alternative to failure was success and we must instil a sense of hope instead of a sense of despair.

Mr. Whitelaw said his reaction to the "Stepping Stones" paper was rather different to that of Lord Thorneycroft. It was a challenging paper from people who were thinking about problems from outside politics and were not able to express their conclusions in the diplomatic terms that politicians would use; but we could not ignore this challenge. His experience of the top trade union leaders indicated clearly that they were first and foremost party politicians and only secondly union leaders. We had to deal with them in those terms and meet this particular challenge in the context of the more extensive proposals in Mr. Patten's paper.

Lord Thorneycroft agreed with Mr. Whitelaw: the "Stepping Stones" paper provided a valuable analysis, and we had to seek to combine the two proposed strategies.

Mrs. Thatcher said there was, perhaps, too much detail in the "Stepping Stones" paper, too much bureaucracy, and, as Sir Geoffrey Howe suggested, too precise an ordering of events. It was generally desirable for members to exercise self-discipline on the problem of the unions. Mrs. Thatcher stressed that Mr. Prior would lead the campaign and would speak where appropriate.

Sir Keith Joseph argued that a Labour Government could never encourage the unions to put their house in order, encourage enterprise and otherwise do what was necessary because of the power structure and ideology of the Labour Party.

Mr. Whitelaw noted that "horses for courses" was the best approach; it was extraordinary how different people could obtain totally different headlines for the same speech. Lord Thorneycroft emphasised that once an agreed line had been enunciated, the whole Party had to say it. Mrs. Thatcher said we had to work out all the arguments we should be faced with and what the answers should be.

When Mr. Davies argued that if we told the truth about the unions we should certainly lose the election, Mrs. Thatcher acknowledged that this could not be the centre-piece of our election strategy. Mr. Maude added that people knew the truth about unions and knew that the Labour Party would not tell the truth. Sir Geoffrey Howe said that it was important to establish our right to talk on this subject and cited Mr. Hugo Young's favourable article in the Sunday Times about his recent speech, after all the criticism that had been directed at it.

Mrs. Thatcher reported the views of Mr. Biffen who had argued against our making trade union intransigence the centre-piece of our strategy. He had added that it was not as bad as it used to be. Union leaders had made some progress in dealing with it themselves. The next election would be a watershed election and would be about which party could best use the revenue from North Sea oil.

Mrs. Thatcher said that the "Stepping Stones" report should be discussed further by the committee that Mr. Whitelaw chaired. No decision had been taken about going ahead with these proposals until this group had produced its further report. Mr. Prior, Sir Keith Joseph and Mr. Maude would need to be involved and would need to relate the "Stepping Stones" proposals with the strategy outlined in Mr. Patten's paper. This exercise would also need to be related to two separate exercises: first, Mrs. Thatcher's request to members of the Shadow Cabinet to provide ideas for the Manifesto and for the election press conferences, and secondly, to the work of the committee on election themes whose report was expected within two weeks. Mr. Maude would be in charge of co-ordinating all this work.

Mr. Prior, who had not been able to attend the discussion until this point because of his involvement in the unemployment debate, said that he agreed with most of Mr. Patten's paper and wished that the "Stepping Stones" proposals could be related to this framework.

The following points were agreed at the end of the meeting:

(i) Only Mr. Prior should deliver major speeches on the trade unions.

(ii) It was important to prevent the content of the "Stepping Stones" paper leaking and while it would be desirable to involve journalists and other press in the exercise at an appropriate stage, we would not do so yet.

(iii) It was desirable for Mr. Prior to obtain the assistance of someone with experience in such campaigns, not necessarily a public relations man but someone whom he could trust. It was understood that he had one or two names in mind.

(iv) Mr. Patten, in consultation with Mr. Whitelaw, Mr. Maude, Sir Keith Joseph and Mr. Prior, as appropriate, would produce a paper, for consideration in two to three weeks time, relating the "Stepping Stones" exercise to the proposals in his own paper.

The meeting closed at 6.25 p.m.

LEADER'S STEERING COMMITTEE51ST MEETING

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on Monday, 30th January 1978, in the Leader's
Room at the House of Commons.

Present: Mrs. Thatcher (in the Chair)

Mr. Whitelaw, Sir Keith Joseph,
Lord Thorneycroft, Sir Geoffrey Howe,
Mr. Prior (for the end of the discussion),
Mr. Pym, Sir Ian Gilmour, Mr. Peyton,
Mr. Davies, Mr. Maude.

Mr. Atkins.

In attendance: Mr. Butler, Mr. Stanley, Mr. Patten,
Mr. Ridley, Mr. Nicholson.

Apologies: Lord Carrington.

Discussion of Strategy and Tactics

Mrs. Thatcher introduced the two papers, "Stepping Stones", LSC(78)61 and "Implementing our Strategy", LSC(78)62. It was noted that these two sets of proposals were not mutually exclusive and that Sir Geoffrey Howe and Mr. Prior had been closely involved in the "Stepping Stones" paper. There was a discussion and the following points were agreed:

(i) It was important that we should campaign to win the support of union members and criticise, in an appropriate tone, some of the actions, speeches and policies of trade union leaders. But this should not be the centre-piece of our election strategy.

(ii) Mr. Prior should lead any such campaign and only he should delivery major speeches on the trade unions.

(iii) We should not involve journalists in the "Stepping Stones" exercise at this stage.

(iv) It was desirable for Mr. Prior to obtain the assistance of someone with experience in such campaigns, not necessarily a public relations man but someone whom he could trust. It was understood that he had one or two names in mind.

(v) The "Stepping Stones" report should be discussed further by the Committee that Mr. Whitelaw chaired. No decision should be taken about proceeding further with the proposals in this paper until they had been reconsidered, and had been related to the strategy outlined in Mr. Patten's paper, and to the work of the Committee on election themes whose report was expected within two weeks.

(vi) Mr. Patten, in consultation with Mr. Whitelaw, Mr. Maude, Sir Keith Joseph and Mr. Prior, as appropriate, would produce a paper covering the points in (v) above for consideration in two or three weeks' time.

The meeting closed at 6.25 p.m.