

Seventh Session. Sunday, 1st February 1970. 9.30 a.m. to 11.30 a.m.

Opening the Seventh Session, Mr. Heath said he understood Mr. Macleod would like to say a word about the East of Suez policy (SP/70/3).

Mr. Macleod said he wished to raise the question of the desirability of putting a price-tag to our policy. Nothing would stop Mr. Healey from saying that our policy would cost £300 million, and so far all that was being suggested was that we should say that it was a good deal less. He felt that purely from a presentational point of view it was desirable to embed in people's minds a counter-figure. We had found that the best way of countering the allegation that the Conservative Government in 1964 had left an £800 million deficit on the balance of payments was to produce a counter-figure of around £2,000 million for the overseas debt built up by the Labour Government. Both figures were arguable, but the electorate were not interested in the details of the argument; and the best and most effective way of countering one figure was to produce another. He did not suggest that Mr. Heath himself should take up the challenge on the figures, but that Mr. Rippon, on some appropriate occasion, should say something not too precise to the effect that one could not be exact in these matters but that Mr. Healey's figure was a gross over-estimate, and that the true figure would probably be about a quarter of Mr. Healey's estimate, although the precise cost could not be stated until discussions with the other governments concerned had taken place.

Mr. Heath said that the reason why the Party had been reluctant to be too specific about costs was that one was then

in danger of getting involved in an argument about whether we should have two battalions and two squadrons, or that sort of thing. Mr. Healey's estimate was obviously ridiculous. Forces out there at the moment were costing about £240 million, and it was farcical to suggest that we would spend more on a five-power/^{force} than we were spending now on the whole of the British force.

Mr. Rippon said that he thought the Defence Debate was probably the best opportunity to say something, and one could build up to a figure of about £100 million by attacking Mr. Healey's figures. Mr. Healey was saying that the cost of keeping an aircraft carrier in the Far East was £170 million, but this was on the assumption that it and all the ancillary services would not exist if it was not there.

Mr. Campbell agreed that there was a danger of the £300 million figure being built up as a myth. The figure had been produced two or three years ago at the height of confrontation, and if one looked back through the Defence Debates Mr. Healey's position looked ridiculous.

Mr. Macleod was sure that one could win the argument in the House: the difficulty was that Candidates did not follow the debates all that closely, and it would be of use to them to have a counter-figure.

Lord Jellicoe said there was another point, which was that the figure of £300 million was thought by many people to be the balance of payments cost.

Mr. Walker warned that even a lower figure would be unpopular among younger voters as they wanted to get rid of our military past. He was certainly in favour of getting a figure over to the electorate, but thought that this should be done in a positive

form as a necessary investment in the stability of an area from which Britain derived considerable economic benefits rather than simply as the cost of a military presence.

Sir Alec Douglas-Home thought it was dangerous to be too precise about the figure of £100 million. He agreed that one could attack Mr. Healey's figure and bring it down to something which would not look too alarming, but he would like to see more work done on the costs before we committed ourselves. He had asked Professor *Erikson* of Edinburgh University to help. The thing that worried him about the East of Suez policy was the difficulty of defining the extent of our commitment. How far could one go without depressing one's allies in excluding the possibility of an escalation such as occurred with the Americans in Vietnam? Mr. Powell and the Labour Party were already on to this point. Under the Malaya Treaty in its present form, Britain was pledged to defend them; and it would be unfair to the Malaysians to let them think that there could be unlimited reinforcement.

Mr. Rippon thought that they felt that a visible British presence would be more helpful than a general commitment to fly out forces in an emergency. Mr. Maudling thought, however, that the Commonwealth welcomed a visible presence largely because they felt that it would be reinforced if necessary.

Mr. Barber made two points. First, there was some evidence that the Labour Party are encouraging speakers to make the point that the young with votes at eighteen had better watch out with the Tories, or they will get into a Vietnam situation in the Far East. Second, what worried him about the £300 million figure was that it made the whole of our policy about controlling expenditure less credible.

/ Mr. Maudling

Mr. Heudling said that the danger of putting too close a limit on the commitment was that by doing so one seemed to be admitting that one would not reinforce one's troops if one had to.

Mr. Heath said the important thing was to deny the analogy between our policy and Vietnam. The real purpose of a British presence in the Far East was to prevent subversive forces in South Thailand disrupting Malaysia. This was a quite different position to that in Vietnam. He had found in talks with leaders in Malaysia and Singapore that they accepted that we would not be there to carry out a war but to help them to deal with subversion.

Mr. Rippon said that the Labour Party claimed to have halved Britain's commitment - what in fact they had done was to halve Britain's capability of fulfilling it.

Sir Keith Joseph asked whether there was any chance of bringing the United Nations into the policy, as this would help from the point of view of presentation. Mr. Rippon, however, thought there was no point in relying on the United Nations, and Mr. Macleod felt that, quite simply, there was here a British interest and the Tory Party had always been prepared to pay a certain amount to defend its interests.

Sir Alec Douglas-Home thought the distinction with Vietnam was not as clear-cut as Mr. Heath had suggested. Thailand might collapse: Malaysia would then be facing quite different pressures and, unless they understood the real limits of what Britain could do, we might be drawn in.

Mr. Hogg pointed out that we were only discussing the Election pledge. If Thailand collapsed, it would be a new situation, and a new policy would be necessary. Contingency planning was necessary for military purposes: it was not necessary for Election / purposes.

purposes. We only needed to define what our policy was as of now. One could imagine thousands of things which could happen which would double our defence budget overnight, but one did not put them in the Election programme. Mr. Maudling thought that the collapse of Thailand was not a contingency that could be ignored.

Mr. Heath suggested the Committee might return to discussion of the Draft Manifesto (SP/70/1). They had dealt with economic policy and industrial relations at the Third and Fourth Sessions. This took us to page 7, which dealt with manpower and retraining, and industry and trade.

He himself had come out with a fairly detailed programme for retraining, and had mentioned the need for a total training programme of about 100,000 a year. He understood that there were now some doubts about the wisdom of mentioning a figure, but he felt that retraining was a very major problem facing the country. Even at the present moment, with 600,000 people unemployed, some industries were still short of labour. He thought that Mr. Hayhoe and Mr. Reading should look again at the wording of the Draft, and tie the passage in more closely with the educational side and with the training boards: how were we going to achieve the training that would be required, whether there were sufficient resources in training centres and training boards within the present educational system, and so on, and how to get a crash programme started with available resources. In the long term, ~~whether~~ the increases in productivity that would result would be more than enough to pay for the cost.

Mr. Carr said he had received a report on this subject from the Economists' Advisory Group, through the Party's Public Sector

Research Unit. Their analysis as to what needed to be done was encouraging. Subject to the views of Sir Keith Joseph and Mrs. Thatcher, he did not think there was a large amount of public expenditure involved. There was no proposal for an enormous expansion of government training centres, and whatever one might say about the present training board system, it involved no heavy calls on the Exchequer because it was an industrial operation.

Sir Keith Joseph agreed: there would be some cost to the Exchequer but this would not be very great.

Mr. Heath mentioned another aspect: he thought there was considerable political kudos to be gained from knocking some of the nonsense out of the industrial training boards. Sir Keith Joseph agreed, and said that grant-hunting was going on on a large scale in industry.

Mr. Godber said that he was always telling people in industry who were anxious to reform the industrial training boards that they had the means within their own power to tackle the problems by their representatives on the boards. He felt the problem was not one in which a Conservative Government should get involved, and he would prefer to say that we aimed to stimulate a massive retraining programme rather than introduce a massive retraining programme.

Mr. Barber said he did not see any significant advantage in giving a figure. Mr. Carr said he thought the figure was necessary originally to focus attention on the problem, but it had served its purpose in getting the general commitment launched and could now be dropped.

Mr. Heath thought the discussion had established the general lines: what now needed to be done was to look at the means more closely, and he asked Sir Michael Fraser to organise this.

/ Mr. Carr

Mr. Carr mentioned that he had a group working on this.

The Committee then turned to the question of controlling prices, and the paper SP/70/4.

Mr. Maudling thought the paper was sound and pointed out good lines for us to follow. He was, however, concerned that this was one of the gaps in our policy at the moment. Wage inflation was one of the biggest problems, both for us and for other countries. The rise in wages was equivalent to an increase of £2-3,000 million in purchasing power, and the Party would be pressed as to how they were going to handle this. Demand management and competition alone were not the answer. The building industry was already heavily squeezed and competitive, and yet handing out big wage increases. Tackling the problem by demand management alone would mean getting the credit squeeze tighter and tighter. On the other hand, statutory control of incomes was no solution either, and we were left with little that one could say about what we would do. There was no simple answer: the paper probably went as far as one could at the moment, but the subject was going to be a very big gap to fill in our policy.

Mr. Heath, though agreeing that there was no one simple answer, thought the answer was the result of a composite of policies. The Committee had, for example, been talking about training, and if trained men were available in the right places there would not be the same problem. Again, though he had never talked about this in public, the industrial relations policy would redress the balance between employer and employee. Up to 1939 the balance of power was heavily on the side of the employer; after 1945 it had shifted to the side of the unions, and it was still on the side

of the unions. He was coming more and more to the conclusion that what we should say was that we would look after the Government sector, which was our responsibility, but that it was the responsibility of the private sector to deal with their own wage negotiations, and that it was no good their coming to us to say "Why doesn't the Government do something?". If they do not like wages going up, they should not put them up.

Mr. Barber agreed, but pointed out that there were difficulties in using the Government's control over the public sector, as had been shown at the time of Mr. Selwyn Lloyd, with nurses and now with teachers.

Mr. Rippon said the public did not believe there was any really clear distinction between Conservative and Socialist economic philosophy. Unless we made it clear that in our view there were certain things a Government should do and that it was industry's job to manage the rest, we would never avoid this.

Sir Keith Joseph said he was sure that Mr. Heath was absolutely right in saying that the problem could only be solved by a composite of policies. In the building industry, the Agreement had twenty-seven months to run but employers had given way because the big contractors could pass on the increase in costs. The present wage explosion stemmed from the quarrel with Mrs. Castle. It would be necessary to reform the way in which cost increases are passed on in prices.

The principal component of rising wages is the expectation of price increases, and the biggest contributor to the price increases is the Government. The Labour Government had done this by levying indirect taxes and giving the public the impression that prices would go on going up. Decimalisation was having the same effect.

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There was a danger that the Conservative Party would fall into the same pitfall with VAT. We had to find a counter-expectation.

Mrs. Thatcher agreed that competition alone was not the solution. There was competition in the car industry but this did not prevent them putting wages up, and these were still going up.

Mr. Mandling said that in some cases competition actually increased the scope. Unions could pick on one firm which a strike would break unless it gave in.

Mr. Carr said that one problem at the moment was that the cars coming in from overseas were no cheaper. He did not think that, in general, wages in this country were uncompetitively high; in some respects they were uncompetitively low. We would never keep prices down by sitting on wage demands. It was better to employ fewer people paid more highly than more more lowly paid.

Mr. Heath said the other side of this coin was that employers had to be free to introduce new plant and to get rid of surplus labour. The trouble at the moment was that increased wages did not make companies more efficient because they could not get rid of the surplus labour. This was the trouble with the steel industry in Wales, and so on.

Mr. Carr said that this was where the retraining policy came in. He thought the emphasis should be put on training centres perhaps rather more than on training boards, which were organised on the basis of industries; and he also thought that one would have to replace the redundancy scheme with something rather different. People would have to be moved both from one region to another and from one industry to another.

Mr. Heath said he could not see regional policy producing the answer in foreseeable time. In West Cumberland, for example, the Government was both paying unemployment benefit and paying industry to go there. Recently, Thames Board had established one of the largest mills in Europe there, but this employed only 207 men - which was only a tenth of the people going out of a single mine. Many of the people were living in houses which they were buying on mortgage. Would not it be more sensible to tell them that jobs were available in Yorkshire, that the Government would buy their houses when they moved out, put up new houses for them in the recipient area, and retrain them? This seemed to him to be positive constructive intervention.

Mr. Carr agreed that this is where public money needed to be spent. Housing was an even more serious obstacle than retraining. He had been very impressed by the Scottish Special Housing Association. He felt there was no point in giving money to local authorities to build houses because this put them in an impossible situation as they were under every pressure to give housing to people who are already in their area.

Mr. Macleod said that he agreed with Mr. Maudling's analysis of the general problem. None of the methods once thought to be certain cures - unemployment, control of incomes, etc. - worked. The difficulty was that the real answers were not politics. They would take time. In the meantime, one could only rely on arm-twisting and standing firm in the public sector. What mattered was that we should be able to do one or two per cent better than our competitors. He thought that this was as far as one could go.

Mr. Maudling agreed, but said this left open the question of what one could say during an Election. One could not talk about picking the right moment to stand fast.

Mr. Carr said that there could be politically disastrous effects in standing firm in the public sector with people like nurses and teachers. 25 per cent of the employed in this country were in the public sector. The difficulty was that the public sector employed people in a grossly extravagant way, and showed an appalling example. Nurses and teachers did not have a proper salary structure, but there was appalling over-employment.

Mrs. Thatcher hoped that if we did stand firm in the public sector, we would do this with the unskilled, not the skilled. There was little scope for increasing teachers' productivity.

Mr. Heath asked whether the Committee felt it would be useful to have a Competition Commission as suggested in the paper.

Sir Keith Joseph said that it did not have to have that name, but he hoped that colleagues would feel that something like this would be useful. It would be like the Commission on Industry and Manpower suggested by Mrs. Castle, but would identify obstacles to competition and try to remove them.

Mr. Godber wondered whether we could not return to a more coherent version of the National Economic Development Council. He felt it had been of some use in giving a line to resist trade union demands. Mr. Rippon, on the other hand, felt the Party should get rid of all these types of bodies, and thought that to announce a Competition Commission would be the height of lunacy.

Mr. Barber saw the advantages in terms of presentation of Mr. Rippon's suggestion, but said that some body to operate against restrictive trade practices was clearly necessary: the problem

was whether to leave the existing bodies or to try to improve on them.

Sir Keith Joseph said the Competition Commission was our version of a reformed Monopolies Commission. The Government were rolling the Prices and Incomes Board and the Monopolies Commission into the Commission on Industry and Manpower. A Competition Commission was our version of a single body to enquire into monopoly practices, including the practices of labour and of the nationalised industries. He had only recently received the paper on a Competition Commission, and there were important points with which he would take issue; but he was strongly in support of the principle of it.

Mr. Carr said that in spite of the present lack of industrial relations law, and in spite of taxation and everything else, there were examples of determined managements. The only way to encourage them was to encourage competition.

Mr. Maudling said that people were inclined to say, "Look what happened to Rootes when they stood up to wage demands".

Mr. Hogg said that one could not expect management to sack its surplus labour unless it could do so without a ruinous strike.

Mr. Heath asked Mr. Maudling to look into this problem as a whole. He was sure that, so far as monopolies were concerned, one had to have a Commission of some sort. But the problem was wider, and he suggested that it might be looked at by Mr. Maudling, Mr. Macleod, Mr. Carr and Sir Keith Joseph.

Turning to page 8 of the Draft Manifesto, Sir Keith Joseph asked whether it would be possible to put in a sentence to the effect that we should be moving towards removing the obstacles to overseas investment. The Labour Party grossly underestimated

the importance of invisibles. Mr. Heath asked Sir Keith to suggest a suitable form of words.

Mr. Rippon asked whether we could go further than say we would renew and where necessary modify the Industrial Reorganisation Act, and pledge ourselves to repeal it. Sir Keith Joseph said he thought it would be dangerous to repeal it completely until a new economic climate was established, though he was in favour of clipping the IRC's wings.

Lord Belniel thought the Party had opposed the Bill and logically ought to say it would repeal it.

Mr. Carr agreed that the IRC had done some useful work. One occasionally found log-jams which had to be broken, but it was the fact that the IRC could use high-powered public money that was dangerous.

Mr. Maudling said that while Mr. Ronald Grierson was running the IRC, it was doing a useful job, and the money put in came back again within a few years. He thought we should clip its wings, but he could think of plenty of examples in practice where useful mergers could not be carried out by merchant banks and had been speeded up by the IRC.

Mr. Barber enquired whether one could not take away all the finance except that required for administration, and retain only the advisory functions of the IRC. Mr. Walker said he thought one of the reasons why the IRC was used by industry was that if a merger was backed by the IRC, such a merger was automatically cleared from the monopoly point of view. Mr. Hogg said that for many years the monopoly legislation had been operated as if all mergers were contrary to the public interest. This was entirely contrary to the facts of life.

Mr. Heath said the Party knew where it stood as far as monopoly was concerned, but very often mergers did not affect the degree of monopoly. He quoted the instance of the IFC/Reed merger. This did not increase either party's share either of the paper market or of the newspaper market. In these cases it was a matter solely for the shareholders and of no concern to the Government.

Mr. Macleod suggested that the drafting of the sentence in the Draft Manifesto could be strengthened, as, for example, "We will review and drastically modify the Industrial Reorganisation Corporation".

Mr. Heath suggested that the section on Agriculture might be agreed. Mr. Godber said that he would like references included to horticulture, fisheries and forestry. Mr. Heath asked Mr. Godber to draft a suitable form of words that would involve no expensive commitments.

Mr. Campbell said that on page 9 the phrasing of the sentence about fewer jobs was unfortunate. Mr. Heath agreed, and said that the correct formula was "Scotland, Wales and the regions".

Mr. Heath suggested that the Committee now turn to the section on Housing, particularly the question of rents.

Mr. Macleod asked whether it was possible to calculate how the Exchequer would emerge from our housing proposals. There were big politics in this. Housing was an area to which we were looking for a decrease in public expenditure. Allowing for the continuation of slum clearance, it seemed as if one might save £100 million out of it. On the other hand, other proposals in

the paper (SP/70/..) seemed to be increasing public expenditure; was it possible to strike a net balance? Mr. Walker said that most of the proposals involving increased expenditure were relatively minor.

He wanted to shift from council housing to owner-occupation, but to do this one must have mortgage facilities either through building societies or through local authorities. So one of the major shifts he wanted was to take about £200 million away from the building of council houses to be available to the local authorities for mortgages.

So far as subsidies were concerned, the major element of subsidy was that built in to the way the housing accounts of local authorities were prepared. The reason why people paid only 35s.0d. a week rent was to a small extent the result of the subsidy from central government and from the ratepayer, but to a large extent because ~~money~~ many of the houses owned by the local authority were in the books at £500, or whatever was the figure for which they had originally been built. His objective was to get a much better balance between the public and private sectors of housing.

One way of doing this was to shift council rents on to the fair rents basis; but once this was done, the local authority housing accounts would begin to show a substantial profit because although rents would go up houses would still be on the books at the original cost. This would do a great deal to bring down the total Exchequer cost, and what he wanted to do was to re-channel the finance. It was almost impossible to do calculations on this since it would involve major negotiations with local authorities. Such a policy would take five or six years to complete, but it would

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result in a sensible rent structure. Given the choice, the public will choose owner-occupation, but so long as council rents were subsidised people will always choose the subsidised form of accommodation.

Lord Balniel said he had a question about fair rents. He had reservations about this policy, but he thought Mr. Walker's approach was interesting. He would like to know, however, whether Mr. Walker was thinking of setting up a draft rent rebate system which all local authorities would have to follow, or would each local authority be free to adopt its own individual rent rebate system? Mr. Walker said that if one was tackling this sensibly, one had to have a national policy, and he quoted the example of Glasgow.

Mr. Barber asked whether the local authorities would run the rebate system or the Government. Mr. Walker said he would like to leave it to local authorities.

Mr. Maudling said that a big problem in moving towards a wider adoption of the fair rents system in the private sector was timing. Fair rents might be beyond the capacity to pay of many families in the private sector at present in rent-controlled property.

Mr. Walker said that one could deal with this problem by enabling local authorities to take a lease on private houses and thus bring them within the ambit of their rebate system. Mr. Maudling said he did not like this idea at all, which in practice would be very liable merely to spread the area of municipalisation of housing.

Sir Keith Joseph said that the problem was a very major one in big cities, though probably confined to the large cities. Mr. Barber agreed: he understood, for example, that in the London Borough of Camden an income of £47 a week would be necessary to meet the economic rent.

Lord Jellicoe asked whether Mr. Walker was thinking of moving towards a system of subsidising the tenant rather than the house. Mrs. Thatcher hoped not. Mr. Heath agreed, and thought there were real dangers in extending subsidies outside the public sector of housing.

Mr. Campbell asked what method would be used in re-negotiating subsidies. The system of local government was changing. Mr. Walker said that the crucial element was the difference between what the local authorities were collecting in fair rents and the total payments out of their housing account for the rent rebate system. Many local authorities would have a surplus. The authorities with a large stock of older houses would be in surplus; those whose stock of houses was mostly new, on the other hand, would be in deficit.

Mr. Maudling thought the private sector was enormously important, particularly in the big cities. He wanted to go over to the fair rents system but did not want to go over to subsidies for private tenants.

Mr. Heath said that apart from problems of means-testing private tenants for subsidy, it would mean setting up an inspectorate to see that property was in proper condition. In practice, local authorities would say that "if we have to do all this and pay for it, why not take over the house?"

Mrs. Thatcher said that if 30 per cent of council houses could be earmarked for people unable to afford accommodation at fair rents, this should be sufficient. Priority should be given in new housing to those who cannot afford it. Mr. Walker said that in a case like this it would clearly be to the advantage of the local authority to keep the tenant in the house he was already in rather than build him a new one, and to their advantage to sell

off council houses to their existing tenants. Powers to lease houses in such conditions already existed, and the GLC and Birmingham were using them.

Mr. Macleod said that in effect this meant subsidising the landlords. He thought that a policy of removing subsidies from council tenants and giving subsidies to landlords would not sweep the country.

Mr. Walker said that if one kept to the principle of putting one-third of the population in council houses because that was the only way of subsidising them, one would end up with about 40 per cent of the total population in council houses, and Election after Election would be fought on council house rents, and lost.

Mr. Rippon said that a problem of the poorer tenant in private rented accommodation should be dealt with by the Ministry of Social Security and not by the Ministry of Housing. The solution was for the tenants to get the social security benefits to which they were entitled. Mr. Carr said that the problem was that social security benefits were not available to those in employment. In the long run, the problem would be solved by wages rising, but a rapid shift of this sort in rent policy would jack up the whole wages system in an alarming way. Sir Keith Joseph said it was because a shift of this sort could not be done overnight that one needed some transitional arrangement. Mr. Heath said that the danger with all transitional arrangements was that they tended to become permanent.

Sir Keith Joseph said that the Party had to find an answer to Mr. Maudling's point about the low-wage tenant in the private sector. Mr. Campbell said that shifting the low-wage private tenant into council housing was a procedure that would take time, and ultimately be more expensive. In Glasgow, almost all housing

in the private sector was falling into dis-repair. There was a rent rebate scheme in the public sector but no equivalent one in the private sector if the tenant was in employment. In fifteen years or so, all the housing in the private sector will have become slums, and that stock of housing lost to the country. In the end, building council housing to accommodate the low-wage private tenant would cost more money.

Sir Gilmour Menzies Anderson said that Glasgow was somewhat of a special case. Mortgages were very important for owner-occupation, and building societies were not keen on lending on flats below £2,000 in value, which was the situation in much of Glasgow. The only way was for the local authorities to have money with which to provide mortgages, and he thought Mr. Walker had covered this point.

Mr. Heath said that most of the points on this subject seemed to have been made, and he asked that a paper should be prepared for subsequent discussion by the Shadow Cabinet.

Mr. Macleod asked whether it would not be possible to drop the proposal for housing advisory centres. Mr. Walker said he thought it was a most important aspect of the policy, and he had been advised by the public relations people at Central Office that it was one of the most appealing parts of the housing policy.

Lord Balniel said he entirely agreed with Mr. Walker, and Mr. Macleod asked whether in that case we should also have health advisory centres. Lord Balniel said this was exactly what the Seebohm Committee recommended - a single centre to which citizens could go to be directed for specialised advice.

Mr. Macleod asked whether they could not get such advice from their local councillors and Members of Parliament. Mr. Walker

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said that very large numbers of people were ignorant about formalities and the facilities available, about costs and mortgages, and the innumerable technicalities involved in housing. Moreover, the costs would be negligible, as much of the work could be done voluntarily. Lord Jellicoe added that he was looking into this in connection with voluntary social services.

Mr. Heath said that if it was essential it could be added in with our policy, but he would like to look into the details of costs and the sort of offices required, etc.

Mr. Hogg said that before leaving the section on housing, he would like something in the Manifesto about methods of releasing land for housing.

Mr. Heath then passed on to the section on Education. This he thought was agreed. The only exception was the sentence about an independent university, which he thought should be deleted. If people wanted to set up an independent university, they could do so. But if the Conservative Party included it in its Manifesto, you would sooner or later be landed with subsidising it.

Mrs. Thatcher said that the proposal would cost nothing, and it was not strictly true that those who wanted to establish an independent university could do so without support from the Government, as they would need a charter from the Privy Council. Mr. Heath said that if Professor Max Beloff wanted to set up an independent university, he could apply to the Privy Council, and the Privy Council would decide whether or not to grant a charter; but he did not think it should be included in a Party Manifesto.

Sir Keith Joseph and Mr. Barber both said that they were attracted by the idea of the independent university. Mr. Hogg doubted whether the sponsors of this idea realised how much money

would be required, and wondered where they would raise it.

Mrs. Thatcher said their intention was to raise the money from business firms. She asked whether, even if it was not in the Manifesto, she could make some statement in a speech to the effect that a Conservative Government would give the idea a fair wind provided no public money was involved.

Mr. Heath said that his own line was that there was nothing to stop them doing it so long as they put their own money into it and kept educational standards; but as soon as one said that one would welcome something, people would say "What practical form does your welcome take?"

Sir Keith Joseph and Mrs. Thatcher said that the only practical form of help they wanted was a Royal Charter; the difficulty was that they could not raise the finance until they were sure they would get a Royal Charter.

Mr. Heath said he would not be prepared to commit himself on the granting of a Royal Charter. There was no objection to Mrs. Thatcher stating what was the technical position, which was that they had a right to set up an independent university, and if they reached the required standard and could finance it, the Privy Council would approve.

The Session ended at 11.30 a.m.

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