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CABINET
MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

NATIONAL ECONOMIC FORUM

Memorandum by the Chancellor of the Exchequer

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 the 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 to report back to E Committee. This note reports the reactions from the CBI and TUC and sets out my own thoughts, in the light of these reactions on how we might proceed.

TUC/CBI REACTIONS

2. Sir John Methven and Mr. Murray have both been consulted 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:

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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 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. Sir 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 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 Mr. 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. He was having difficulty enough in getting authority to keep the existing dialogue with the Government going and he would be criticised at the Conference for persevering. - 2 -

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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 too early (and too near the Conference season).

6. However, Mr. Murray said that 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, would create no problems. There would be no need to consult the General Council since this would be ongoing NEDC business.

OPTIONS

7. I have concluded that there are broadly two options for us to consider:

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

b. To put the idea of a new and separate forum 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. Indeed, perhaps the most important advantage of the second option is that, by building on existing machinery, the continued participation of the TUC will be easier than otherwise. Moreover, neither the CBI nor the 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 the course of action most likely to gain acceptance.

9. We had hoped to hold the first meeting in October, partly in order to influence the tone of this pay round. However, Mr. Murray's reaction to October, and the need to prepare carefully for the meeting if it is not to be counter-productive, persuade me that it would be better to hold it a little later, probably in December.

10. We would need to table a government paper as a basis for the meeting and it would need careful preparation. We might be able, if we thought it right, to persuade the CBI and TUC to submit papers as well. We would have to consider further, in consultation with the other parties, whether the meeting should last a whole day. If the meeting were to be held in private, as I think right, the arrangements for publicising the proceedings afterwards would require great care.

THE PARLIAMENTARY CONNECTION

11. We also discussed at our last meeting the part that Parliament in general and the Select Committees in particular could play in the educational process, and I was asked to consider how the Select Committee on the Treasury might be associated with the Council.

12. It has not been possible to take this much further forward because the Select Committee will not be appointed until the beginning of the new Session. Until the identity of the Chairman and the composition of the Committee is known and we have seen something of their performance, it is difficult to judge what role they might play in the educative process we envisage. We would consider nearer the time the possibility of inviting the Chairman to attend the special meeting of the NEDC.

CONCLUSION

13. If the Committee agree that we should proceed on the basis outlined in paragraph 8 above, I will set in hand further consultations with the CBI and TUC and the arrangements discussed in paragraph 10 above. I recommend against any immediate announcement of our intentions but, in view of the level of interest in the national forum concept, we shall need to make some sort of statement once arrangements and consultations are a little more advanced. In view of the TUC's likely attitude, this would have to stress that we shall be building on the NEDC rather than taking a major new initiative.

(G.H.)

HM Treasury

7 September 1979

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