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10 DOWNING STREET

From the Private Secretary

12 July 1979

The Chancellor of the Exchequer discussed with the Prime Minister this morning the draft papers which he had sent earlier on the National Forum and the proposal for an Economic Advisers' Council.

The Prime Minister agreed that the Chancellor should circulate a paper on the Forum to E Committee. However, she asked that the present draft be polished up to clarify certain issues;

- (i) Whether or not meetings of the Forum should be public. The Prime Minister said that in her view it would only be of educational value if meetings were public; the Chancellor said that he was less sure - a meeting in private might result in a better discussion.
- (ii) Membership of the Forum. The Prime Minister said that it must go wider than the present membership of NEDC - in particular, small firms must be represented, as must non-TUC affiliated trade unions and also consumer interests perhaps ought to have greater representation than at present.
- (iii) The timetable for the first meeting of the Forum, and the frequency of subsequent meetings. The Chancellor and the Prime Minister agreed that there would in principle be advantage in having a first meeting before the winter pay round got under way - for example in the latter part of October; on the other hand, this would mean a very tight timetable for agreeing membership etc.
- (iv) What will be the procedure, and who will be responsible for presenting papers to the Forum.

Commenting on paragraph 3 of the present draft, the Prime Minister said that she did not think that the Forum should be aiming to achieve "broad agreement on the main objectives and limitations of future economic policy". Its functions should be "general dissemination".

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- 2 -

Turning to the draft paper on the Economic Advisers' Council, the Prime Minister said that she now felt that setting up a Council was not a top priority. It would be better to concentrate on establishing the Forum. Unlike the Forum, which would probably be based around the NEDC, the idea of a Council would mean establishing a new Quango; and this would be inconsistent with the Government's present efforts to get rid of Quangos. Also, the Government should not be side-tracked for the time being from its efforts to improve the quality of economic advice within Whitehall. The Prime Minister therefore suggested that it would be better for the Chancellor not to circulate his paper on the Council. The Chancellor agreed.

I am sending a copy of this letter to Martin Vile (Cabinet Office).

T. P. LANKESTER

Tony Battishill, Esq.,
HM Treasury.

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