

LEADER'S STEERING COMMITTEE58TH MEETING

Minutes of the 58th Meeting held at 5.00 p.m.
on Monday, 26th June 1978, 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, Sir Ian Gilmour,
Mr. Peyton, Mr. Maude.

Mr. Atkins.

In attendance: Mr. Heseltine, Mr. Alison,
Mr. Luce, Mr. Butler, Mr. Patten,
Mr. Wolfson, Mr. Ridley,
Mr. Nicholson, Mr. Hutt.

Apologies: Mr. Davies.

1. Rhodesia and South Africa

Mr. Luce reported on the Foreign Secretary's statement on the latest massacre in Rhodesia that afternoon in the House. There was a short discussion. It was noted that the Government had not changed their position at all. It was agreed that BBC reports on this and other controversial issues would be carefully monitored, as there appeared to be a certain lack of balance, to our disadvantage.

Mr. Luce then introduced the paper by the Research Department (LSC(78)69). There was a discussion, and the following points were agreed:

(i) On Rhodesia, we should continue to blame the Government for their failure to give more encouragement to the attempt to obtain an internal settlement. We should not commit ourselves in any way at present on the Rhodesia sanctions question as the situation there was likely to change quite rapidly.

(ii) Candidates in the General Election would need clear guidance as to what they should say about voting on the renewal of the sanctions order in November.

(iii) We should discreetly enquire what contingency planning was taking place to deal with the problem of a mass exodus of refugees from Rhodesia. It was noted that we were continuing to seek to clarify and check the figures of those with a right to enter Britain. It was also noted that numbers of black Rhodesians, such as those who had served the Smith government in the armed forces, police and elsewhere, might wish to come to Britain.

(iv) On South Africa we could reiterate the arguments against existing sanctions. Mr. Harry Oppenheimer's speech in Mexico City on 22nd May was thought to be particularly helpful in this request.

(v) We should support the code of conduct for companies investing in South Africa adopted by the European Community.

2. Rates

Mr. Heseltine introduced the paper, "Rates", LSC(78)70, and there was a discussion on this and the annex by Mr. Alison advocating a tax allowance against rates. The following points were agreed:

(i) We should pledge that in government we should reduce duplication in local government and seek to eliminate much central government interference in, and supervision of, local services. It was noted that Mr. Richard Brew of the GLC had collected valuable material showing how much it was possible to do in this respect, and reference was also made to our successes in Leeds and elsewhere and the measures taken in Lincoln. It was also noted, however, that we could not make any specific predictions about the savings which might result from initiatives along these lines, and that, if we decided to increase progressively the Exchequer grants and reduce locally raised revenue, on the lines suggested in Mr. Heseltine's paper, we should need to explain how we reconciled this with reducing central government interference.

(ii) If we were to indicate that we favoured establishing a tax allowance against rates as proposed in Mr. Alison's paper we should need to overcome the fear that Labour-held local authorities might increase their spending and their rates against income tax. We should also need to explain clearly what the advantages were of such a proposal, when, in other respects, we wished to reduce the complexity of the tax system.

(iii) Similarly, if we were to advocate a local VAT or sales tax, we should need to overcome the considerable unpopularity that would be aroused among shopkeepers and small businesses, and the problem that the electorate would not readily identify this as a local government tax.

(iv) There appeared to be no overriding argument for local poll taxes or local income taxes in place of rates.

(v) We needed to decide whether it was desirable to freeze rate increases after the election, and if so, what we were prepared to spend on this. We should also decide whether teachers' salaries and those of the police and fire services should be transferred direct to the Exchequer, as the first step in a programme of increasing the Exchequer grant.

(vi) Whichever way we decided on (iv) and (v), we should do our best to carry the support of the local authority associations, which we now controlled.

(vii) The discussion would be continued at the meeting of the Leader's Consultative Committee on Wednesday.

The meeting closed at 6.50 p.m.