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NOTE OF LIAISON COMMITTEE MEETING, WEDNESDAY 10 NOVEMBER 1982

Present:

- Prime Minister
- Lord President of the Council
- Secretary of State for Scotland
- Secretary of State for Employment
- Chairman of the Party
- Secretary of State for Industry
- Chief Secretary, Treasury
- Minister of State, Treasury
- Parliamentary Under Secretary of State for Industry  
(Mr MacGregor)
- Mr Ingham, Prime Minister's Chief Press Secretary
- Mr Lawson, Marketing Director, Conservative Central Office
- Mr Cropper, Conservative Research Department
- Dr Rouse, Conservative Research Department
- Mr Ward, Lord President of the Council's office

1. Presentation of Policies towards Industry

The Secretary of State for Industry said that his paper laid considerable emphasis on privatisation and on the importance of small businesses. The paper incorporated a list of measures the Government had taken to assist the growth of small businesses; which were in themselves a substantial achievement. The paper also covered the support the Government was giving to industrial research and development, the new technologies and the so-called "sunrise" industries. It was important to note in the latter context that the Government was as much concerned to promote improved product design and processes in existing industries as it was to support the new industries. It was,

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however, the case that in his judgement the demands of traditional manufacturing industry meant that too little of his departmental budget could be deployed in assistance of the new industries. In discussion, the following points were made:

(a) The opening paragraphs of the paper very rightly discussed public attitudes towards industry. Indeed, the Government's expressed intention of creating a climate in which industry could prosper had as much to do with public attitudes as it had with, for example, direct financial assistance. Undoubtedly, the needs and importance of industry were insufficiently recognised by the general public; the attitudes inculcated in the schools were all too often dismissive of an industrial career. Even so, the opening sentence perhaps put the point too strongly and should be amended.

(b) The paper was an admirable statement of the Government's policy backed by a wealth of material on the measures actually taken. In presentational terms, however, there would be advantage if the paper was retitled to indicate that it contained an expression of the Government's industrial strategy. In this connection, the opening statement on page 12 could usefully be expanded and strengthened.

(c) It would be helpful if the paper were to include an annex giving details of the assistance given to the new technologies. It would also be helpful to include the relevant figures on the costs to the country of the nationalised industries, where the size of the post-war burden was insufficiently recognised.

(d) Possibly, the paper did not contain a sufficiently comprehensive explanation of the problem of competitiveness. There was much to be said for including a reference to some of the important factors eg pay restraint. But this touched on broader policy questions which might better be dealt with in a separate guidance note.

The Committee agreed that subject to revision in the light of their discussion, the paper should be amended and circulated to Ministers. The Committee further agreed that it would be helpful to commission a separate paper from the Secretary of State for Trade which would set out the Government's policy on trade, competition, and include EC trade aspects.

2. Small Business Marketing Campaign

Mr MacGregor said that the purpose of this paper was to inform the Committee of the steps being taken to advertise the assistance available to small businesses. This was an area in which the Government had made significant strides but there needed to be a continuous effort to increase the level of awareness of what had been done. For this reason he and his colleagues had decided to mount a major new promotion campaign. Primarily this was an exercise designed to disseminate information more widely, although there would naturally be political benefits to the Government. There was an inevitable risk that the campaign would be misrepresented by the Government's opponents by constituting an improper use of taxpayers' money; but such criticism would be wholly unjustified and must not be allowed to deflect the Government from its course. In discussion, the

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Committee strongly endorsed the campaign described by the Parliamentary Under Secretary of State for Industry. It was noted that many of the regulations affecting in particular the Business Start Up Scheme were complex, and had aroused criticism on that score, and that it was therefore of great importance to keep the arrangements as simple as possible and to promote them vigorously.

3. Diary of Events

In discussion of the Chief Press Secretary's notes, the point was made that in addition to the issues therein identified controversy could be expected on account of changes in the immigration rules, heavy lorry weight regulations, and the CRE code of practice. The latter in particular could give the Government problems with its supporters in Parliament. The Secretary of State for Employment commented that he would wish to discuss with the Lord President of the Council, and others involved, a possible statement on the effect of the new arrangements for collating unemployment statistics which were likely to be very controversial. It was noted that the consultative document on trade union legislation, although envisaged for publication before Christmas, could if necessary be delayed. The forthcoming Conservative Central office briefing note would deal with the Chancellor of the Exchequer's statement on public expenditure.

4. Any other Business

The Lord President of the Council reported that he had held a meeting of the group concerned with presentation of defence nuclear policies; and hoped that it would be possible to put a paper to Liaison Committee in about a fortnight.

ANDREW WARD  
Lord President of the Council's office

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10 DOWNING STREET

From the Principal Private Secretary

10 November 1982

At a meeting of the Liaison Committee this morning, at which Mr. Wakeham and Mr. John MacGregor were present, there was reference to the action under consideration by the Inland Revenue on the taxation of international business, the tax arrangements attached to the Small Business Scheme and the taxation of the self-employed.

Mr. Wakeham said that he had been doing a considerable amount of work on the taxation of international business, and offered the Prime Minister a note on this in the near future, which the Prime Minister will wish to discuss with the Chancellor and Mr. Wakeham.

Separately, the Prime Minister asked for a note on the tax treatment of the Small Business Scheme and taxation of the self-employed, as a basis for a meeting. The Prime Minister's interest is in removing unnecessary obstacles in the way of the promotion of small businesses or the encouragement of self-employed people. Could you please arrange for such a note on the tax treatment of the Small Business Scheme and of the self-employed to be prepared.

I am copying this letter to Jonathan Spencer (Department of Industry), Andrew Hudson (Mr. Wakeham's Office) and Anthony Willis (Mr. MacGregor's Office).

E. E. R. BUTLER

John Kerr, Esq.,  
HM Treasury.

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