

- 1) opened with the ritual don't speak to anyone.
- 2) Chandler - US r - B/D - France - Reverse
Germany - reducing spending/rising NIC etc
- 3) Recovery - moving forward 2 1/2% w/c in ind prod -
- forecasts of growth - hesitant etc
- World growth of 1%
Inflation - 8% by end of year
- 4) Decoupled (Germany at U.K.) - 2% above US
2% below US
- done it by budget surplus
Effective rate same as 1979.
PSBR this year on track
[- Sam Britton - exaggerated - £5 B -
- Cash rather than interest rates]
- 5) U rising less quickly than anywhere else.

Maintain - some changes on fiscal side
- NIC - raised on individuals " to shield
industry " - actuarial
- NIS - 1 1/2% to 1% - hold it

B) Budget - capacity to cut taxes, depends on expenditure

Note from Crane on Home Quills

mean
Basis of plans of last Nov been confirmed (injection pay)
Reduce interest rates & taxes, better the increase in expenditure
Taxes - reduce industry costs
We spent higher proportion 41 - 44 1/2% public exp
Ratchet effect - understandable reason - recession

Industry
Letter must be written of MIFS - lower interest rates not valuable
Budget forecast - looks optimistic - but timing only small beer
- mood of pessimism - but low or central
Small exp, must shut scheme - one out of cash
NIS - very popular cut
Civil engineering - sewer, by-passes

Butto - minus - public spending should be held - balance accounts only
High U - but not politically, savage consequences
- high try etc -
Patience - do not try to dress it up.

Walker

increase expenditure - requires some other reductions
where are cut to come from - adverse effects

stimulate production

3 in U - £15 Bn

Supports Targan

(PM - whether referrer will damage U)

Fowler

- stick to broad strategy.
- industrial recovery - inflation, interest rates
- private capital in some projects - roads?

Edwards

- doesn't support package in Autumn
- best not to fiddle between budgets
- central objective of lowering interest rates
- Autumn - ambulance NHS. OK →
- Infrastructure - too long term

KJ

- agree with C/Sec
- improvement of competitive - CBI silly
- JP strikes similar with EGNP - will mean inflation
- C/E very sensitive to industry -

Corfield

- 2% growth in 1983 - not bad
- better if businessmen merged business instead of poling
- competitiveness by increased wages
- C/Sec minimum - enticement support
- Reduction in interest - most important factor
- Best if [CBI conceding 25% wages increases
when they're complaining for 1% red in MS]
- Best if we reduce income tax - politically
- fight with imports

Janet Young

- need good value for money (R+D)
- cut down civil service by
scrutinising support services. 1 in U out
- program area should be examined
- saving - politically popular - value for money
- political commitment

N. Lawson

- Excellent

Pym

- worried about world
- industry - strategy - deviation small OK
- feasible strategy

Not

- Why economic summit in July
when reality is in October

Prior

- CE wrong on employment - U rising considerably
 - 30,000 a month
 - 10,000 a month to infinity
- No growth, because no demand, imports
- Constantly holding demand - such as imports
- Industry - no investment because no demand
- Interest rates not enough - Outside a control
- Slight stimulation of economy - comparatively
- advantages elsewhere - lower U, more revenue
- worse than other nations - 25% of male U in NI
- No witness in PE/C/NP - take risks

Heasletti - cannot achieve Leon's figures

Industry not recovering - economy not recovering! (PM 40%!) (NIS no effect)

(M. Heasletti) Selective public exp programs - not tax reductions

U - dominates election

Adjust to higher PSBR

More privatization - Treasury stops loan - take risks

blur the lines of finance.

Balance wrong.

Exports 1% higher Imports 11% - same effect.

George Younger - + Howell

- very transitory downward - CBI figures in jitters

- [at the cost of investment] - achieve goal.

~~then~~ get industry back on more bullish

- small shifts of emphasis - help industry

- stick to totals - but defence, realistic about what has actually happened - no rigidity

- Patience - no large alterations - towards industry

PSBR? - PM says very pleased about our position of 1 1/2 bn and we fought Falklands with that

N. T. Abbott

- final demand is not depressed - imports (examples quoted)

- recovery improved competitiveness - industry (NIS)

- interest rates - USA PSBR why not here?

- don't let them run away

- wage levels - taxation affects settlements

- construction industry - wants to subsidize rents so that they have more money for capital

314 million in Sept

special measure 1/3 in

1/2 in a house

- should NOT reverse course - could not buy fall in U before election

- see France - wages price policy

Pinkinson - why now - controversy
- Autumn budget, very damaging
- start later

- ① not confident about U (as Pym implied)
- ② interest rates.
- ③ reduce personal tax - ignore CBI - when cuts were made, confidence evaporated
- a

WW - self delusion - not exact science
- CBI always want to trikes
- detests Autumn Budgets - v. damaging to everyone
- C/E is right - strategy - sit still
- detached from US interest rates
- Potential preparation for high U
- Can't win 'em all

Hailsham - for last 18 months he is convinced
we have been going right
(2-3 years ago he thought not)