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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on

WEDNESDAY 12 JULY 1989

at 9.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

The Rt Hon Lord Mackay of Clashfern
Lord Chancellor

The Rt Hon Douglas Hurd MP
Secretary of State for the Home
Department

The Rt Hon Peter Walker MP
Secretary of State for Wales

The Rt Hon Norman Fowler MP
Secretary of State for Employment

The Rt Hon Tom King MP
Secretary of State for Northern Ireland

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment

The Rt Hon Lord Young of Graffham
Secretary of State for Trade and
Industry

The Rt Hon Kenneth Baker MP
Secretary of State for Education
and Science

The Rt Hon Kenneth Clarke QC MP
Secretary of State for Health

Mr Rt Hon John MacGregor MP
Minister of Agriculture, Fisheries and
Food

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland

The Rt Hon Paul Channon MP
Secretary of State for Transport

The Rt Hon John Moore MP
Secretary of State for Social Security

The Rt Hon John Wakeham MP
Lord President of the Council

The Rt Hon The Lord Belstead
Lord Privy Seal

The Rt Hon Cecil Parkinson MP
Secretary of State for Energy

The Rt Hon John Major MP
Chief Secretary, Treasury

The Rt Hon Antony Newton MP
Chancellor of the Duchy of Lancaster

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THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Patrick Mayhew QC MP
Attorney General (Item 5)

Sir Nicholas Lyell QC MP
Solicitor General (Item 5)

The Rt Hon David Waddington QC MP
Parliamentary Secretary, Treasury

The Rt Hon Peter Brooke MP
Paymaster General

SECRETARIAT

Sir Robin Butler	
Mr R T J Wilson	(Items 5 and 6)
Mr R G Lavelle	(Items 3 and 4)
Mr P J Weston	(Item 3 and 4)
Mr P J C Mawer	(Items 1 and 2)
Mr G Monger	(Items 5 and 6)
Mr J Fuller	(Items 1 and 2)

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PARLIAMENTARY
AFFAIRS

1. The Cabinet were informed of the business to be taken in the House of Commons in the following week, and of the proposal that, subject to the progress of business, the House should rise for the summer adjournment on Friday 28 July until Tuesday 17 October.

THE SECRETARY OF STATE FOR SOCIAL SECURITY said that in the coming week it would be necessary to seek to reverse in the House of Commons an amendment passed in the House of Lords to the Social Security Bill which linked increases in Child Benefit to increases in Family Credit. The amendment would result in significant additional expenditure on Child Benefit - the cost of this year's uprating of benefit would have been £675 million higher if the provision had been in force at the time of the uprating - but reversing it was likely to prove difficult. He was grateful for the help of the Lords Business Managers in handling the Bill, but the difficulties encountered in the House of Lords had meant that concessions had had to be made in relation to other amendments which were undesirable on policy grounds. Similar problems had arisen in the Lords in relation to some other Government Bills, which made the satisfactory planning of Government policy very difficult.

THE PRIME MINISTER, summing up a short discussion, said that such events, which had become much too frequent, were bound to revive questions about the powers of the House of the Lords in relation to financial matters.

The Cabinet -

Took note.

HOME AFFAIRS

abolition of the
dock Labour Scheme

previous
reference:
C(89) 24.2

2. THE SECRETARY OF STATE FOR EMPLOYMENT said that strike action had started the previous Monday in former Scheme ports. Although the action had been strongly supported in the older, larger former Scheme ports such as Tilbury, Liverpool, Hull and Southampton, nationally about 1,000 former registered dock workers had reported for work and their efforts together with the efforts of management had allowed 18 ports, not all of small size, to continue operating. This represented a less comprehensive response to the strike call than the Transport and General Workers Union (TGWU) had hoped for and than the Government had predicted, and it remained to be seen what effect this would have on the development of the strike. One crucial factor would be the extent to which flying pickets were able to operate and this needed to be watched very closely, although there had been no sign of such activity so far. Developments in the ports of Southampton and the Grimsby-Immingham complex were likely to be an important indicator as to the likely outcome of

the strike nationally. So far there were no reports of industrial difficulties caused by the strike. Some 1500 dock workers had taken voluntary redundancy under the compensation scheme, which appeared to be working well. On the whole the port employers had been successful in putting across the case for abolition of the Dock Labour Scheme and they continued to stand ready to negotiate new terms of employment on a local level.

Industrial Action
in the Local
Government Sector

Previous
reference
CC(89) 24.2

THE SECRETARY OF STATE FOR EMPLOYMENT said that the situation caused by strike action by members of the National Association of Local Government Officers (NALGO) was less damaging than might have been expected. Strike action in the Midlands and the South East was less than it had been the previous week. No major problems had been reported with essential services and, contrary to claims by NALGO, it appeared that only about half of NALGO members were taking strike action and that this proportion was falling.

Industrial Action
in the Transport
Sector

Previous
reference:
CC(89) 24.2

THE SECRETARY OF STATE FOR TRANSPORT said that British Rail (BR) management had met all three railway unions on the previous day for talks in their dispute about pay and pay negotiating machinery under the auspices of the Advisory Conciliation and Arbitration Service (ACAS). Good progress had been made in the talks about pay bargaining machinery, and it had been agreed that further talks on that issue would take place that day. However, subsequent discussions on pay within the Railway Staff National Council had broken down. British Rail management had offered all three rail unions an increase of 8.8 per cent on pay, the increase recommended by the Railway Staff National Tribunal (RSNT) in relation to members of the Transport Salaried Staffs Association (TSSA) only. This increase would only be payable, however, from the date when members of the National Union of Railwaymen (NUR) and Amalgamated Society of Locomotive Engineers and Firemen (ASLEF) ceased their present industrial action. The offer was also subject to the introduction of cashless pay and the scaling down of pay supplements for staff in the South East previously offered by BR. The NUR and ASLEF representatives had walked out of the talks on hearing of these conditions. BR had subsequently offered TSSA representatives payment of the 8.8 per cent pay increase from 10 April in recognition of the fact that TSSA members had not so far taken industrial action. But their offer was otherwise subject to similar conditions on cashless pay and the scaling down of South East supplements. TSSA representatives had asked

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for a written statement of the offer made to them, but had subsequently commented publicly that BR had dishonoured the RSNT award by attaching conditions to the offer. BR would be writing to all three unions later that day confirming its various offers and demanding further talks. The situation could therefore develop rapidly.

In discussion, the following points were made:

The increase in the BR pay offer from 7 per cent to 8.8 per cent was a sizeable one. No additional subsidy would be available from public funds to meet the extra cost of this increase which would have to be found from offsetting savings, hence the conditions attached to the revised offer. The supplement for staff in the South East would fall on top of the increased national pay rate.

b. It was arguable that BR management had handled the substance of the negotiations badly. The conditions which they had attached to their revised offer appeared, for example, to involve taking back some offers already made.

c. More seriously, BR management had not so far succeeded in getting its case across to the public on the issues in dispute. This was partly because of a failure to put forward a single, convincing management spokesman, partly because there had been a failure to marshal the arguments successfully in support of management's case. For example, the point had not been made satisfactorily that it was reasonable for BR's revised offer to treat more generously those union members, belonging to the TSSA, who had not taken industrial action, and that the increase in the offer to 8.8% would have to be met by offsetting savings or higher fare increases.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet were agreed that management's side of the rail dispute needed to be presented far more skilfully. There was a need to identify one, or at most two, credible spokesmen who could present the management view consistently and effectively, and to ensure that the Board arranged for those spokesmen to be systematically coached in the arguments to be used and the ways of conveying them. The Secretary of State for Transport should continue his efforts to ensure that BR recognised and took urgent action to meet these needs.

The Cabinet -

Noted with approval the Prime Minister's summing up of the discussion and invited the Secretary of State for Transport to proceed accordingly.

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FOREIGN AFFAIRS
Pakistan

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the current visit to the United Kingdom of the Prime Minister of Pakistan, Miss Benazir Bhutto, had been going well and it was to be hoped that it would be helpful to her in domestic political terms since democracy in Pakistan was still fragile. During Miss Bhutto's meetings with British Ministers the discussions on aid for Pakistan had been satisfactory and there were no major bilateral problems. The main subject had however been the situation in Afghanistan. Miss Bhutto was firm in support of the Afghan resistance although impatient over their political incompetence and failure to get rid of the Najibullah regime in Kabul. The main problem remained the continuing lack of cohesiveness of the interim government and their failures of communication with the Resistance leaders in the field. Meanwhile on the wider international stage the political scene was shifting and Pakistan was likely to come under increased pressure at the Summit of the Non-Aligned Countries and at the United Nations General Assembly in favour of a ceasefire between the Afghan resistance and the Najibullah regime. Miss Bhutto's message was that better co-ordination on the part of the interim government was essential. It remained to be seen whether Pakistan would be able to devise some kind of political initiative to regain the diplomatic high ground before the autumn. As for Pakistan's relations with India, Miss Bhutto had contributed to bringing about a much improved climate. She had also repeated assurances that Pakistan would not cross the threshold of acquiring a nuclear weapons capability. The proposal for Pakistan's entry to the Commonwealth was now safely on the agenda for the Commonwealth Heads of Government Meeting at Kuala Lumpur in October.

Argentina
Previous
Reference:
CC(89) 18.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that during his election campaign, the new Argentine President, Mr Carlos Menem, had made a number of violent statements about Argentine intentions toward the Falkland Islands. Following his inauguration, both he and his Foreign Minister had now made clear public statements suggesting that the issue of sovereignty over the Falkland Islands could be set on one side, thus providing the opportunity for Argentina and the United Kingdom to address a more practical agenda for an improved relationship over the Falkland Islands. These latest statements deserved to be treated with very great caution. But if they did mark a genuine change of attitude there could be scope for progress on trade, transport, fisheries and other practical matters. Argentina faced an enormous economic crisis. The tough measures just announced by the Argentine Government now needed to be put into effect.

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United States President's Visit to Eastern Europe

THE FOREIGN AND COMMONWEALTH SECRETARY said that the United States President, Mr George Bush, had completed his visit to Poland and was now in Hungary. His presence had given great encouragement to democracy. The United States position on economic assistance was generally close to that of the United Kingdom. The help he had publicly announced for Poland was fairly modest - rescheduling of debt due for repayment this year and a sum of \$115 million for specific assistance, subject to congressional approval. On the question of Polish debt it was important to maintain pressure for an agreement with the International Monetary Fund and for economic reform, and this would need to be considered further at the forthcoming Summit of the Heads of State and Government of the seven industrialised countries in Paris. Recent attempts by the Federal German Republic to put together a major economic package for Poland appeared to have failed. President Bush would no doubt also announce more aid for Hungary during his visit to Budapest though details were not yet available and the position of the Hungarian economy was less serious.

Republic of South Africa

Previous Reference: CC(89) 15.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the recent meeting between the South African President, Mr P W Botha, and the imprisoned leader of the African National Congress (ANC), Mr Nelson Mandela, did not herald any specific new initiative. But their joint endorsement of the case for peaceful development in South Africa was being interpreted as a move towards the repeated demands that the ANC should repudiate violence in pursuit of its ends. THE PRIME MINISTER said that the fact that this meeting had taken place at all should be welcomed.

The Cabinet -

Took note.

COMMUNITY AFFAIRS

Economic and Finance Council
10 July

4. THE CHANCELLOR OF THE EXCHEQUER said that the first meeting of the Economic and Finance Council of the French Presidency had been held on 10 July. A useful innovation had been the holding of a surveillance discussion, in highly restricted session, of the economic policies of member countries. The main point of interest in the discussion had been the pressure put on Germany to do away with subsidies to industry including those to coal and shipbuilding as well as agriculture. This issue had been raised initially by Belgium but the Netherlands and France had taken it up in addition to the United Kingdom. The German Finance Ministry representative had privately welcomed these

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representations. There had been no discussion of taxation of savings and Madame Scrivener had not attended the meeting. However the effective withdrawal of earlier proposals in this area had been implicitly conceded by the circulation by the Commission of a note now headed Fiscal Cooperation. The question how far member countries might be prepared to go to increase measures of cooperation in relation to tax evasion remained to be seen. It seemed likely that discussion would be resumed on this subject in October. At lunch the Commission and the French Presidency had set out the timetable of work which they envisaged over the next months on Economic and Monetary Union (EMU) to follow up the conclusions of the Madrid European Council. He had made clear the United Kingdom's intention to develop ideas for alternative models of EMU to those contained in the Delors Report. There was expected to be a stocktaking discussion in this area at an informal meeting to be held in Cap d'Antibes in September.

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Informal
Meeting of
Social
Affairs
Ministers
10 July

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THE SECRETARY OF STATE FOR EMPLOYMENT said that the Minister of State for Employment, Mr Cope, had attended an informal meeting of Social Affairs Ministers on 10 July. A Working Group of officials had been set up to give further consideration to a possible Social Charter. The United Kingdom had agreed to participate on the basis that its position was fully reserved. The meetings of the Group might offer opportunities to expose differences among other member countries.

The Cabinet -

Took note.

THE FUTURE
OF THE LEGAL
PROFESSION

5. The Cabinet considered a memorandum by the Lord Chancellor, (C(89)10), to which was attached a draft White Paper on the future of the legal profession.

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THE LORD CHANCELLOR said that the broad proposals in the Green Papers published in January had been justified by the public response. Taking the main proposals in turn, there had, on rights of audience, been some criticism that the Green Paper proposals would have given the Executive too much power in that area. He believed that this criticism could be met. He proposed that barristers qualified by the Bar's rules on education and training should have rights of audience before all courts and tribunals and that the Law Society should also be empowered on the face of the statute to declare solicitors qualified to plead in all courts. This explicit power for the

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Law Society would meet the Society's own representations and demonstrate that the Government had not weakened in its determination to make reforms where they were needed. The rules of the Law Society under which they determined qualification for advocacy would require the concurrence of the Lord Chancellor and the four Heads of Divisions in the light of advice from the Independent Advisory Committee on Education and Conduct. This followed the existing model for judicial approval of the Society's rules on advocacy and conduct. The Sub-Committee on Competition Policy of the Ministerial Steering Committee on Economic Strategy (E(CP)) had broadly endorsed these proposals, but had also been concerned that the intention to extend rights of audience should be stated on the face of the statute. The redraft of the White Paper attached to C(89)10 accordingly said, in paragraph 2.4, that the statute would contain such a provision. He believed however that the main emphasis should be put on the new explicit power to be given to the Law Society as soon as the Bill was passed and it might be that a statement like that in paragraph 2.4 would weaken the effect of that proposal by suggesting that the extension of rights of audience lay further in the future.

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The proposal in the White Paper which would have the greatest general effect was that Building Societies and banks could be empowered to offer conveyancing services to their borrowers. The White Paper contained a range of proposals designed to ensure that the services were of a high standard and that conflicts of interest were avoided, including the proposal that in all cases clients should be offered a personal interview with the solicitor or licensed conveyancer conducting the transaction. On contingency fees the White Paper proposed to allow speculative actions, as in Scotland, with a right for the lawyer and client to agree a small percentage uplift in fees related to the costs otherwise payable. It rejected the more extreme alternative of contingency fees linked to a proportion of the damages received. Finally, on multi-disciplinary partnerships the White Paper proposed to abolish the statutory bar on the formation of such partnerships by solicitors. In future the professions would be able to make their own rules on the matter, but they would be subject to review under the new restrictive trade practices legislation except insofar as they related to advocacy and the conduct of litigation and so required the approval of the Lord Chancellor.

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If Cabinet agreed the White Paper, he would publish it and make an oral statement, on 19 July. Since it referred to the proposed White Paper on restrictive trade practices it would be desirable for that White Paper also to be published on or before that day.

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In discussion, the following were the main points raised:

a. Paragraph 2.4 of the draft White Paper not only risked weakening the impact of the decision to give the Law Society the immediate power to confer rights of advocacy, but was unnecessary. The objectives in paragraph 2.2 were already sufficient to make the Government's intentions clear and would be put in the statute. Moreover, the Heads of Division would be bound to take account of the Advisory Committee's advice and would be subject to judicial review if they did not. Adding the statement in paragraph 2.4 would reduce the judges' discretion and might reopen the argument with them.

b. On the other hand, paragraph 2.4, and especially its last sentence, was necessary to ensure that intentions stated in principle were not frustrated in practice. It was not sufficient to rely on the objectives in paragraph 2.3 since some would argue that they could be met by no or minimal change from the present system. The statement in paragraph 2.4 was also crucially important to the presentation of the Government's proposals, and in particular to rebutting the likely criticism that they represented a surrender to a powerful pressure group.

c. There was a risk that the Advisory Committee and the judges, by delay in making or approving proposals, would slow down the pace of reform. The imposition of a timetable on them should be considered.

d. Paragraph 5.15 of the White Paper would place a requirement on the new authorized practitioners to disclose their financial benefits from conveyancing and linked services. It was not clear that the requirement need go as far as that. In its present form, it went beyond the requirements in the general legislation on financial services and if it were retained would lead to pressure for that legislation to make similar provision. The intention was however that practitioners should disclose commission rather than profit, and paragraph 5.15 should be redrafted to make this clearer.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet endorsed the Lord Chancellor's proposals subject to three points. First, as to paragraph 2.4 of the draft White Paper, they believed that it was right to put on the face of the statute a clear statement of the intention to extend rights of audience. The Lord Chancellor should, however, in consultation with the Chancellor of the Exchequer and, as necessary, with other Ministers concerned, reconsider the drafting of that paragraph in the light of the points made in discussion.

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Secondly, he should consider the case for putting a timetable on consideration by the Advisory Committee and Heads of Division of proposals to extend rights of audience. Thirdly, he should reconsider with other interested Ministers the drafting of paragraph 5.15 of the White Paper in the light of the discussion. The Cabinet agreed that he should then publish the White Paper, with an oral statement, on 19 July. It was highly desirable that there should be a favourable response to the statement in both Houses of Parliament. The Secretary of State for Trade and Industry should arrange for the White Paper on restrictive trade practices to be published no later than 19 July.

The Cabinet -

Took note, with approval of the Prime Minister's summing up of their discussion and invited the Lord Chancellor and the Secretary of State for Trade and Industry to proceed accordingly.

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6. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C(89)9) on economic prospects and a memorandum by the Chief Secretary, Treasury, (C(89)8) on the 1989 Public Expenditure Survey.

THE CHANCELLOR OF THE EXCHEQUER said that economic prospects had not changed fundamentally since the Budget, when the Cabinet had concluded that the defeat of inflation must be the Government's top priority. Such change as there had been served to reinforce that conclusion. Demand was now expected to be a little stronger than forecast at Budget time, although the increase was not in consumption but in investment, where it had led to pressure in the construction sector in particular. As a result of the higher demand, inflation was also slightly higher than forecast at the time of the Budget, with the Retail Price Index (RPI) now at 8.3 per cent or 6 per cent if the effect of increases in mortgage interest rates was removed from the calculation. The growth in demand and inflation also meant that import growth and interest rates were rather higher than forecast at Budget time. The present level of inflation was however at or very near the peak, and he expected it to decline gradually in the second half of the year. The decline would be gradual: by the end of the year the RPI might still be at 6 3/4 per cent, compared with the 5 1/2 per cent forecast at the time of the Budget.

Against this background, it was essential for political and economic reasons to retain tight control of public expenditure. Higher spending would increase the pressure of demand still further, especially in the construction sector, and might force a rise in taxation. Above all, the Government must maintain its reputation for good economic management, and especially for keeping inflation under control. It was wrong to think that the current Budget surplus provided an easy source of finance for higher spending. Part of it was purely cyclical and it was likely to be rather lower in 1989-90 than he had forecast in the Budget. The surplus had also reduced debt interest payments, and the growth of programme expenditure in existing plans was already faster than the projected growth of the economy. It was therefore essential to accept the recommendations in the Chief Secretary's paper.

THE CHIEF SECRETARY, TREASURY said that the 1989 Survey was likely to be exceptionally difficult. Decisions already made had committed an extra £4 billion of spending next year, and had more than exhausted the scope for drawing down the Reserve. The substantial savings on demand-led programmes which had helped the outcome of last year's Survey would not be available on anything like the same scale this year. The use of a new planning total would make presentation more difficult and would make it all the more important to keep a close eye on general Government expenditure. The more general background also was

difficult. It was essential to convince the markets that the Government would continue to follow a prudent policy and give top priority to the defeat of inflation. And the tax burden was still higher than it had been when the Government came into office ten years ago.

Against this background, there had to be very substantial cuts in the bids which had been made. In total, they would lead to an increase in expenditure which would be quite inconsistent with the Government's objectives and would build up commitments which would pre-empt the scope for desirable increases in spending later in the Parliament. Some aspects of the bids would cause special difficulty. Policy savings would not be easy to identify and would have to be pursued vigorously where available. There had to be an assault on the problem of surplus land and dwellings in central Government. The system of cash planning rested on the assumption that higher inflation would not be automatically accommodated. He was concerned too about the size of the bids for higher capital expenditure and their effect on the already overstretched construction industry: the bids amounted to an increase in total public sector demand on the industry of some 25 per cent. The running cost bids would increase spending on the Civil Service by 10 per cent in 1990-91 over this year. The bids for the nationalised industries would, if accepted, lead to very ambitious increases in their investment programmes, again with damaging effects on the construction industry. It would also be necessary to look for offsetting savings on all expenditure, by way of raising efficiency. He would want to scrutinise territorial expenditure for evidence of overprovision relative to other parts of the United Kingdom. He would now follow up these and other points in bilaterals with colleagues, and he hoped Cabinet would agree that these should take place against the objectives set out in C(89)8.

In discussion the following were the main points raised:

- a. The overriding need was to get inflation down. This was essential both for economic reasons and so that the Government retained its greatest political asset, its reputation for sound economic management.
- b. It was better to take the difficult decisions required on public expenditure now rather than later. This year's Survey might indeed prove to be the decisive point in this Parliament.
- c. The pay consequences of inflation were important. If it were not kept under control it would increase still further the already substantial difficulties posed by the next pay round. Pay pressures in the private sector, with their repercussions on public sector rates, were one of the

main influences pushing up running costs. More decentralisation and flexibility in public sector pay determination were highly desirable.

d. High interest rates were necessary at present for the reason given in the Chancellor of the Exchequer's memorandum. But they were damaging both economically and politically, and the decisions on expenditure should do nothing to prolong the period for which they were necessary.

e. A tight fiscal policy was needed to support monetary policy. Tax reductions next year might not prove to be desirable especially since they would coincide with the introduction of the community charge in England and Wales. Going further, it could be argued that high interest rates alone were unlikely to be sufficient to end the overheating in the economy. Retail demand had proved to be comparatively insensitive to them and lenders, with the help of foreign funds deposited in the United Kingdom in response to high interest rates, had been successful in their efforts to persuade consumers to borrow more. Other means of restraining demand, including curbs on liquidity and higher taxation, would have to be considered, particularly since some areas of public expenditure, such as health and education, had a high political priority following the Government's reforms. On the other hand, the evidence was that the present policy was working and that the recent increase in demand has reflected spending on investment rather than consumption: moreover, tax increases would be very damaging to the government.

f. At present many of the Government's supporters remained to be convinced that the Budget surplus was not available to finance extra spending. A major and early effort of persuasion was required. The Chancellor of the Exchequer would deal with the point in his usual letter to backbenchers before the recess.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet had agreed that the top priority was to get inflation down and that continued tight control of public expenditure was essential. They endorsed all the recommendations by the Chief Secretary, Treasury. He should now, as proposed, conduct bilateral discussions with spending Ministers against the objectives which had been agreed. She hoped that the bilaterals would result in agreement. If they did not, she would at the appropriate time establish a small group to consider outstanding issues and make recommendations to Cabinet. Meanwhile, the public line should be that the Cabinet had held its usual July discussion of public expenditure. It had agreed that the objective should be to maintain the downward trend in the ratio of public spending (excluding privatisation proceeds) to Gross

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Domestic Product, and hold as close as possible to existing plans, that with this objective the Chief Secretary would hold bilateral discussions in the autumn and that in the light of these the Government would take decisions on individual programmes and the planning totals, which would be announced, as usual, in the Autumn Statement in November. The bilateral discussions should be carried on in confidence and the press should be given no ground on which to base speculative stories of Ministerial disagreement.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of their discussion.

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Cabinet Office

12 July 1989

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