

# Conservative Research Department

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## SMALL BUSINESSES CONSULTATIVE DOCUMENT - SHADOW ON AUGUST 24TH

You may find the following brief comments of some interest though I am afraid I have not had the opportunity to gather my thoughts as fully as I would have wished.

First I should make it clear, as decided at the last Shadow, this is basically David Mitchell's draft. He consulted David Howell before completing it, but, as I will mention in a moment, did not fully resolve certain differences of view with him. We have substantially polished the tone and the form of words used, partly in the light of our own views and partly in the light of comments received from colleagues. Some colleagues have been unable to comment for a variety of reasons despite the considerable lengths to which we went to ensure that they would receive copies in time to do so. To my knowledge the most notable non-recipient to date is Geoffrey Howe, who has been unobtainable since he is fishing somewhere in Scotland. He may well be in touch with Miss Bulloch on Monday or Tuesday and she will no doubt let you know what, if anything, he says in the general briefing she will be giving you then.

The David Howell problem is as follows. He believes that a much "greener" document can be produced and indeed should be produced. I think he would argue, contrary to popular belief, that this would enable us to cover more ground and in a more definite way - in as much as it is possible for the SBB (if it is their document) to express total determination or resolution to persuade the Party to do something while, if it is a Party document we have to express ourselves with greater caution in areas of uncertainty.

There is then the question of how good or suitable the document appears to be. Having re-read it after the multiple stages of drafting and compared it with the earlier paper submitted to Shadow, I am afraid that I now have considerable doubts as to whether it is suitable for the purposes intended.

.... / My own

My own instinct is that it would have been better to have strengthened the other document in various ways and, in order to meet the demand of something punchy and popular, stuck to the original plan of producing a somewhat shorter and punchier condensed version with a very widespread and probably free distribution. I know that John Nott has grave reservations about the new version, and is particularly anxious, since his mind has been focussed on its vices and virtues by the fact that he has to wind up the debate on small businesses at the Party Conference. His preference would be a re-write of the original paper. I also took the liberty of showing the paper to John Sparrow when I talked to him last Thursday, and he expressed considerable anxiety about the document as viewed from the City point of view. I have also heard an unsubstantiated rumour that there are some elements in the SBB itself who are not entirely content with the present document.

As far as the meeting itself is concerned, I am afraid it has to be recognised that the present draft will not have met all the comments made by your colleagues when the earlier paper was discussed by them. Usually David has had good reasons for not doing so, but that does mean to say that the colleagues will understand or appreciate that fact!

I perhaps might also mention one or two points about the major economic document. I have still not had time to read the latest version through properly and get it in full perspective. My own instinct is that it is extremely good in parts but not taken as a whole. The bit that should undoubtedly be published come hell or high water is the section on taxation. Nearly as valuable would be some of the other sections at the beginning provided one or two infelicities are removed. My gravest anxieties are over the section on industry and the regions. It takes us very little further, if at all, than we went in "The Right Approach" while at the same time suggesting a policy posture which raises large numbers of questions about what we intend to do. The process of drafting has, I suspect, proved almost impossible. I took the liberty of showing the tax chapter to John Sparrow while we were having a discussion about the credibility problem generally, and he reacted most enthusiastically. He felt - and I think this is most important - that it is just the kind of material needed to give us credibility without impaling us on specific commitments.

pp ADAM RIDLEY  
Dictated by Mr. Ridley and  
signed in his absence.

22nd August, 1977