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FINANCE COMMITTEE - 11 NOVEMBER

No topic had been announced, so the Chairman, Sir William Clark, invited contributions.

2. Michael Latham proposed the topic of unemployment, saying that the Conservative Party would have no chance of re-election if unemployment were three or four million; that in Leicestershire a sizeable Conservative local government majority would be swept away next May, and that the situation in the textile and footwear industries was disastrous. What were Ministers doing, if anything?
3. Alan Clark (Plymouth) felt, however, that the level of unemployment was what was holding the Party activists steadfastly together in many constituencies. For better or for worse it was seen as giving the Trades Unions their deserts.
4. George Gardiner tended to side with Alan Clark.
5. John Townend reported that in East Yorkshire unemployment was not the worst problem. In any case, it was attributable to past Trade Union tactics.
6. Tony Grant wondered whether we had any grounds ^{expecting} for unemployment to come down at all; maybe it was a reflection of a changed economy. Were we at all confident that "small businesses" would fill the jobs gap before 1984?
7. Esmond Bulmer described how in Kidderminster small firms had absorbed most of those displaced from the carpet industry.

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8. Anthony Meyer. Now we have got an incomes policy why do we not say we have?
9. John Wheeler (Paddington). Much of the talk about unemployment was misjudged. There were 100,000 vacancies in London; 4,000 in the Metropolitan Police alone. It was the mismatch between jobs and the Education system that really needed attention.
10. Tim Sainsbury. The education system is a mess and it fails to prepare people for careers.
11. Nick Budgen. The 6 per cent was not an Incomes Policy; an incomes policy prescribed relativities, this does not.
12. Peter Lloyd. The sad thing was the way the 6% trickled out. The Press had dubbed it an Incomes Policy before anybody had asserted it otherwise. Electors are prepared for harsh measures but not for incompetence. The apparent muddle over money figures in the late summer was very damaging.
13. Nick Lyle. We are losing credibility because of the money supply muddle and because of interest rates. We are told that the government has been printing money in order to keep interest rates down. Is that so?
14. Peter Viggers. It is an illusion to think that the jobs we have lost to Taiwan (textiles etc) will ever come back, exchange rate or no exchange rate, so it is no use resorting to cosmetic measures.
15. William Clark. Why has the Centre for Policy Studies stopped examining and commenting on the validity of unemployment figures?
16. Julian Amery asked whether, if we cut interest rates before public expenditure was under control, the government would be able to finance its borrowing requirement.
17. Peter Tapsell declared for cutting MLR by 2%, then by successive $\frac{1}{2}$ s to 4%. An initial cut of 1% would only send sterling up as people piled in to the country to speculate on the next MLR cut.

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If you cut the full 4% at one time you would run straight into a buyer's strike. This coming Thursday is the last chance; if we miss it we will find the American prime rate up to 20% and then we will be stuck.

18. Jock Bruce-Gardyne felt that for all the talk about interest rates, it was really exchange rates the CBI was worried about. It is difficult to cut interest rates at a time when government has actually been intervening to stop rates rising.

19. Tim Eggar agreed broadly with Peter Tapsell, but favoured cuts of 1% successively.



E. J. CROPPER
12 November 1980

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