

LEADER'S CONSULTATIVE COMMITTEE

Minutes of the 123rd Meeting held at 3.00 p.m. on Monday, 12th July, 1976, in the Leader's Room at the House of Commons

Present: Mrs. Thatcher (in the Chair)

Mr. Whitelaw, Sir Keith Joseph,  
Lord Carrington, Sir Geoffrey Howe,  
Mr. Prior, Mr. Gilmour, Mr. Pym,  
Mr. Jenkin, Mr. Payton,  
Mr. St. John-Stevens, Mr. Raison,  
Mr. Maude, Mr. Heseltine,  
Mr. Buchanan-Smith, Mr. Edwards,  
Mr. Neave, Mrs. Oppenheim,  
Mr. Biffen, Lord Thorneycroft.

In attendance: Mr. Nott, Mr. Higgins, Mr. Howell,  
Mr. Stanley, Mr. Butler, Mr. Patten,  
Mr. Douglas, Mr. Ridley, Mr. Nicholson,  
Mr. Cardona.

Apologies: Mr. Maudling, Lord Hailsham, Mr. Atkins.

REPORT OF THE PUBLIC SECTOR POLICY GROUP

Sir Geoffrey Howe introduced the report (LCC/7C/124). There was a general discussion and the following points of general application were agreed:

- (i) No specific figures in the paper could yet be agreed. Many were simply cited as examples of the scale of cuts we might have to seek.
- (ii) The purpose of the present discussion was to seek to clarify our attitudes towards public spending in the event of an election this Autumn, and to examine both the general and the specific political implications of cuts.
- (iii) Each member of the Shadow Cabinet was invited to check what legislation, if any, was required to implement the cuts in his or her specific area.
- (iv) We should continue to press the present Government to make cuts along these lines, as this would make our own task on obtaining power easier.
- (v) We needed to examine further how to reduce over-manning in Government departments and the rest of the public sector. Mr. David Howell would examine the possible use of "consultants" from outside within the framework of Mr. Whitelaw's group on Machinery of Government. But we were concerned at the danger of creating more bureaucracy in a vain attempt to cut bureaucracy.

- (vi) We needed constantly to attack waste and extravagance in the public sector.
- (vii) We should bear in mind that no Government was likely to concentrate the main burden of its cuts in the two years prior to a general election, and the programme of cuts should be re-examined in this light.

The specific proposals in the paper were then discussed, and were agreed, subject to the following points:

- (i) Defence. While savings could be made in civilian jobs, it was doubted whether they would be as much as the figures in paragraph 13 suggested. In particular, we should be careful about committing ourselves to cutting defence jobs which were the primary means of employment in certain areas of high unemployment. Mr. Gilmour would discuss these matters with Mr. Nott.
- (ii) Agriculture. We should not commit ourselves to providing no net additional funds for direct financial help to agriculture, as suggested in paragraph 13 (i), as this conflicted with our pledges to the farmers. We should examine prospective savings in the balance of payments as a result of our policies for agriculture. It was noted that certain items of expenditure might be required for EEC schemes and for re-structuring the fish industry, and that the abolition of various superfluous statutory bodies, which was desirable, would require legislation.
- (iii) Regional Support. If we cut REP as proposed, we should examine the cost of possible provisions for "pump priming".
- (iv) Export Credit. We should give more study to the cost effectiveness of the export credit system and examine whether it was possible to reduce this expenditure.
- (v) Energy. We should examine whether it was worth saving money by postponing the construction of power stations.
- (vi) Transport and Roads. We should examine ways of preventing the evasion by local authorities of planned cuts in the road programme. We should relate our proposals in this area to the effect on rural transport services, which were already declining. We should examine whether it was possible to sell British Rail land and British Rail Car Ferries.
- (vii) Housing. In paragraph 24 (v) we might reduce, but we would not abolish spending on improvement grants.

- (viii) Law and Order. It was noted that we might wish to spend more than the £10 million proposed on police recruitment, but more detail was required about costs in view of the incidence of rate support grants.
- (ix) Education. There was a case for making post-graduate grants repayable, but there would be a heavy cost in political support among students if this was extended to all higher education grants. In (v) the word DES should be replaced by "LEA". The proposed cuts in the subsidies to foreign students were intended to be an addition to Mr. Mulley's latest cuts. The figures for cuts in spending on the research councils were not, at present, agreed. Rather than raise charges in nursery schools, which would require legislation, we preferred to encourage play groups and encourage parents and teachers to combine in attempts to raise money voluntarily for nursery schools.
- (x) Social Security. It was accepted that the figures mentioned were extremely provisional.

#### REPORT OF THE ECONOMIC RECONSTRUCTION GROUP

Sir Geoffrey Howe introduced this report (LCC/76/123). There was a brief discussion and the following points were agreed:

- (i) We would seek to defend our own record in Government and contrast it vigorously with Labour's record.
- (ii) Although we should recognise the likelihood that it would stay with us, there was no need formally to commit ourselves to a floating exchange rate, contrary to the suggestion in paragraph 12.
- (iii) We should examine ways of helping unemployed young people at less cost, and should emphasise our argument that the reduction of the burdens on the private sector would lead to the creation of more job opportunities for young people.
- (iv) We should seek at all times to contrast the policies pressed for by union leaders with the real interests of their members.

The meeting closed at 6.30 p.m.