

LEADER'S CONSULTATIVE COMMITTEE

177TH MEETING

4.00 p.m., Wednesday, 2nd November 1977, in the  
Leader's Room at the House of Commons.

AGENDA

1. Future business.
2. Forthcoming events.
3. The Queen's Speech.
4. Devolution - a paper by Mr. Pym,  
LCC(77)163 - previously circulated.
5. Any other business.

LEADER'S CONSULTATIVE COMMITTEE

Minutes of the 177th Meeting held at 4.00 pm on Wednesday, 2nd November 1977, in the Leader's Room at the House of Commons.

- Present: Mrs. Thatcher (in the Chair)
- Mr. Whitelaw, Sir Keith Joseph, Lord Carrington, Lord Hailsham, Sir Geoffrey Howe, Mr. Prior, Mr. Pym, Sir Ian Gilmour, Mr. Peyton, Mr. Neave, Mr. Heseltine, Mr. St. John Stevas, Mr. Maude, Mr. Edwards, Mr. Nott, Mrs. Oppenheim, Mr. King, Mr. Taylor.
- Mr. Atkins.
- In attendance: Sir Michael Havers, Mr. Butler, Mr. Stanley, Mr. Patten, Mr. Ridley, Mr. Hooson, Mr. Nicholson.
- Apologies: Lord Thorneycroft, Mr. Jenkin, Mr. Davies.

1. The Queen's Speech and proposed business for the week 3rd-11th November.

(At the time of the meeting, the business for this week was not available in the usual form).

It was agreed that we would table amendments to the Address for debate on Tuesday and Wednesday, 8th and 9th November. The following list of subjects for debate was also agreed:

Friday, 4th November: Education and Social Services (Mr. St. John Stevas and Mr. Jenkin);

Monday, 7th November: Prevention of Crime (Mr. Whitelaw, Mr. Maude);

Tuesday, 8th November: Industry (Sir Keith Joseph, Mr. Nott);

Wednesday, 9th November: Employment (Mr. Prior, Mr. Pym).

2. Rating Revaluation

It was reported that Mr. Shore had been in touch to ask whether we would acquiesce in changing the basis of rating valuation from rental values to capital values for the purposes of the next rating revaluation due in 1980. It was agreed that we should reply that we were unable to agree to changing the basis of valuation to capital values and that whatever decision was made on revaluation was a matter for the Minister and the Government.

### 3. Devolution

Mr. Taylor introduced proposals based on his paper LCC(77)164 (which had been circulated for discussion at the forthcoming meeting on 9th November). There was a discussion and it was agreed that:

(i) It was important to assemble as many of our Scottish members as possible in the lobby against the Government's Bill, and we should therefore not give the impression in anything we said that we were wholly satisfied with the status quo.

(ii) Every course proposed was fraught with disadvantages and difficulties and the least bad of all was for Mr. Pym, in his speech on Second Reading, to indicate that the Conservative Party reflected public opinion in being fully aware of all the difficulties involved in reorganising the government of Scotland, and in particular the numerous disadvantages contained in the Government's proposals. As in the country and the Labour Party, there were differing opinions and differing degrees of emphasis inside the Conservative Party and the best way forward therefore was to set up a constitutional conference and put all the alternative proposals to it.

(iii) Mr. Pym and colleagues would work on a suitable reasoned amendment for the Second Reading of the Bill.

### 4. Forthcoming Events

It was agreed that Mr. King's speech on energy, to be delivered in Banbury on Saturday, 5th November, should be the keynote speech for the weekend.

### 5. The National Union of Mineworkers' Pay Claim

There was a discussion on what our attitude to this question should be in the light of the vote by the NUM to reject the Coal Board's productivity scheme. Mrs. Thatcher and Mr. King reported on the comments they had already made in public. It was agreed that:

(i) We should express our regret that the NUM had voted against the productivity scheme, stress the importance of increases in productivity and urge the Government to use its influence to secure agreement to some alternative productivity scheme.

(ii) Any increase in pay that was not matched by increases in productivity would have to be paid for by higher prices to the consumer, and we should press the Government to raise consumer prices immediately if there was an inflationary settlement so as to make the causal connection immediately clear.

(iii) We should distinguish between our support for more pay for the police and the miners' claim by pointing out that the police were not allowed to strike, that they were undermanned while crime was rising to a disastrous level, and that it was impossible to measure police productivity.

(iv) We should remind the public that the Government was claiming that it had restored free collective bargaining and that the 10% earnings figure was designed by the Government to be the indicator of a desirable average for the increase in earnings rather than a strict ceiling for settlements.

(v) It was important to encourage commentators in the press to point out that several pay settlements already concluded greatly exceeded the Government's objective of a 10% increase in earnings.

(vi) We should ask the Government to list those pay settlements which they considered to be within the pay guidelines.

(vii) We should remind the public that our attitude to pay claims was in sharp contrast to the attitude of the Labour Party in Opposition in 1972-4.

#### 6. The role of Referenda

It was agreed that it would be desirable for a policy group to examine what general role referenda might have in our constitutional system. Meanwhile members would continue to argue that Mrs. Thatcher's recent proposal of a referendum would only be applied in the very exceptional cases where a major constitutional conflict was involved.

#### 7. Other business

Members were urged to welcome Mr. Reg Prentice to our side of the House and give him every assistance.

The meeting closed at 5.45 p.m.

LCC  
[initials]

TO ALL MEMBERS OF THE SHADOW CABINET

I attach:-

- (a) Extract from Mrs. Thatcher's speech on 2nd November dealing with Miners' claim;
  - (b) A note on Mr. King's statements earlier this week;
  - (c) An extract from Mr. Tom King's speech on this coming Saturday, 5th November;
  - (d) A selection of Labour quotes on the Miners' strikes in 1972 and 1974 and earlier on Coal nationalisation.
- (c) Some facts on the coal industry.

DAVID NICHOLSON

DN/sfp  
4th November 1977

Will North Sea oil solve our problems? Not alone.

Our main European and Japanese competitors have little oil but their industrial production buys them the energy they need.

The benefits brought by North Sea oil to the Exchequer will not be sufficient to enable us to cut the income tax burden down to where we left it in 1973 - a burden which we felt needed cutting further - not adding to. You will remember we left the standard rate of income tax at 30p and we taxed savings less heavily than now.

Even more important, North Sea oil will do nothing by itself to check the process of industrial decline. The danger is that good results from oil could cause us to be so complacent about our manufacturing performance that its decline could more than offset the improvement from oil. Every silver lining has a cloud. I believe we have already become too complacent about our poor industrial performance.

But surely there is little to be satisfied about the profitability of British industry, when the real rate of return on assets has sunk to a paltry 2%. That's one reason why our industrial investment is so low.

Nor can we be complacent about productivity in British industry, when it takes 2½ times as many man hours to produce a ton of steel in Britain as it does in Germany or Italy and when the Japanese are five times more efficient than we are.

Nor when British Steel turns a profit of over £2 per ton in 1973 into an estimated loss this year of between £20 and £30 a ton.

We can't be complacent about declining productivity in the pits. That is why we wish that the miners' ballot had gone the other way. However we look at it, the fact is that any increase in wages unmatched by an increase in production will have to be met in increases in the price of coal and electricity. And who pays in higher prices for those higher wages? Not the Government, but the people.

~~We can't be~~