

CONFIDENTIAL
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LEADER'S CONSULTATIVE COMMITTEE

130TH MEETING

11.00 a.m., Monday, 2nd August 1976, in Central Office.

AGENDA

- ✓ 1. Report of the Price Code Alternatives Policy Group, (LCC/76/139) - previously circulated. ✓
- ✓ 2. Local Government Finance Policy Group Report (LCC/76/140) - previously circulated. ✓
3. Transport Policy - A Summary (LCC/76/138) - previously circulated. ✓
4. Northern Ireland (LCC/76/142) - attached. ✓
5. Welsh Policy Group Report, (LCC/76/137) - previously circulated. ✓

LEADER'S CONSULTATIVE COMMITTEE

Minutes of the 130th Meeting held at 11.00 a.m.
on Monday, 2nd August, 1976, in Central Office

Present: Mrs. Thatcher (in the Chair)
Sir Keith Joseph, Lord Carrington,
Mr. Maudling, Mr. Prior,
Mr. Pym, Mr. Gilmour, Mr. Jenkin,
Mr. Peyton, Mr. St. John-Stevas,
Mr. Baison, Mr. Maude,
Mr. Buchanan-Smith, Mr. Edwards,
Mr. Neave, Mrs. Oppenheim,
Mr. Biffen, Lord Thornycroft.
Mr. Atkins
In attendance: Mr. Higgins, Mr. Lamont,
Mr. Speed, Mr. Fowler, Mr. Butler,
Mr. Stanley, Mr. Patten,
Mr. Douglas, Mr. Ridley,
Mr. Nicholson.
Apologies: Lord Hailsham, Mr. Whitelaw,
Sir Geoffrey Howe, Mr. Heseltine

1. Speaker's Conference

Mrs. Thatcher reported that she had received a letter from the Prime Minister about the terms of reference of the Speaker's Conference. The Government thought that it would not be appropriate to refer the issue of the under-representation of England to the Conference, but had agreed that our other suggestions, for example the size of deposits, should be discussed at the Conference. There was a discussion and it was agreed that:

- (i) Mrs. Thatcher would draft a reply to the Prime Minister.
- (ii) We should press the Government vigorously to agree to discussion of the under-representation of England. If they refused, we should make political capital out of their refusal, and could refer to Mr. Callaghan's earlier attempts at gerrymandering.
- (iii) We should stand firm against any suggestion (as intimated in the Prime Minister's letter) that the Speaker's Conference should commence its deliberations before the Recess. The present haste came oddly after the Prime Minister's earlier delays in dealing with the matter.
- (iv) We should say that we noted that Mr. Rees had told the House that Northern Ireland was under represented.

2. Prices (LOC/76/139)

Mrs. Oppenheim introduced the paper. There was a discussion and it was agreed that:

- (i) Our ultimate aim was the phasing out of the Prices Code which was very damaging to profits and employment.
- (ii) Any decision on the method of phasing out the Code would depend on the situation at the time of our obtaining power. It was likely that food prices would rise faster as a result of various factors, including the phasing out of subsidies, and we needed to maintain some means of reassuring consumers.
- (iii) We should maintain close contact with industry, especially with the food industry. We should obtain a realistic assessment of the improvement in profits this year, if this was taking place. We should urge industry to explain that the profits they were apparently making under the present system of accounting did not provide a realistic picture of profits.
- (iv) Mrs. Oppenheim stressed the over-riding political need to provide an alternative to the Price Code which was less damaging to industry and more attractive to consumers and that it was more appropriate for such a body to educate the public about the need for profitability than for industry to do this for itself. She agreed that liaison between herself and colleagues with responsibilities for social services with regard to the imputation of prices on social security benefits, etc.

3. Local Government Finance (LOC/76/140)

Mr. Speed introduced the paper, and there was a discussion. The following points were agreed:

- (i) We remained committed to the abolition of the domestic (but not necessarily the commercial) rate. We recognised the need in any case for additional sources of local revenue. We should re-examine the mechanics and details of the various alternative proposals for raising revenue in conjunction with Conservative local authorities, appropriate technical advisers, and our team of spokesmen, but should make no further commitments at this stage. We should take account of the fact that Labour authorities were able to increase rates at present to avoid cash limits. On the other hand, there might be difficulties with regard to the proposed differing local rates of VAT. We should, in fact, refer to this idea as a local "retail sales tax". We should examine the successful working of such a tax in the USA and Canada and we should have regard to the implications of developments in the EEC.
- (ii) We were opposed to the rating of agricultural buildings and land, and to the introduction of a local income tax.
- (iii) We should not commit ourselves to giving central government a power to fix an "absolute" limit in cash terms on local government spending, as suggested in paragraph 2 on page 1.

- (iv) We should seek to reduce the obligations placed on local government, and especially the amount of regulation from the centre. We should assess, through the Machinery of Government Policy Group, the viability of the Department of the Environment as a single department.

4. Transport (LOC/76/138)

Mr. Fowler introduced the paper, and there was a discussion. The general approach was agreed, as were the following points:

- (i) We should seek to have a debate on the subject in the Autumn. Before this there would be a full meeting of the LOC to discuss the details of our approach. In the Recess we would draw attention to our commitment on selling Felixstowe, and the various points we were putting up for discussion. In the Autumn debate it was accepted that we might have to support the Government's Consultative Document against their attempts to weaken it in face of pressures from their back-benchers.
- (ii) We should seek to define what the legislative interests of the motorist were, and we should recognise the need to tackle the problem of traffic and parking in city centres. We were opposed to blanket charges on motor cars which would penalise those who needed to use their cars in rural areas. We should examine the possible use of outer-city car parks and "ride-and-drive".
- (iii) We should seek to obtain a better system of accounting for British Railways. There was a danger of selective statistics being used to justify decisions regarding particular lines and services.
- (iv) We should pay regard to the need to maintain rural transport services.
- (v) We should examine the workings of the Department of the Environment, particularly with regard to long delays in sanctioning road schemes.
- (vi) We should decide whether we needed fresh legislation to sell Felixstowe Docks, if they were nationalised; it was suggested that the British Transport Docks Board might simply be directed to use its disposal powers.

The meeting closed at 1.00 p.m.