

5 May 1981

Policy Unit

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PRIME MINISTER

CABINET DISCUSSIONS OF MACRO-ECONOMIC POLICY

1. Geoffrey minuted you on 8 April with some thoughts about regular Cabinet discussions (he proposed three during the year) about macro-economic policy.
2. Although at first sight such discussions might look risky, because they give those in Cabinet who are unenthusiastic more chance to obstruct, we believe that, provided the discussions take place in a planned way, not as ad hoc concessions to pressure, and provided we persist with them, the advantages more than outweigh the disadvantages.
3. If you and Geoffrey have the best arguments, then debate is the only way to ensure that those arguments are really understood. Without such debate, the opponents can still obstruct (especially on public spending cuts) while supporters or intelligent potential supporters (eg Patrick Jenkin) who are capable of understanding are unable to give you effective support.
4. By contrast, with enough debate, the objectors will eventually reveal themselves (and this will vary with the different personalities involved) as economically uninformed, perhaps not particularly intelligent and, in some cases, liable to fall back on emotion and polemics when they find they are losing the argument. The damaging influence of such individuals (damaging not just in the economic sphere, but also in closely-related areas like trade union reform) could be permanently reduced provided they are given the opportunity to show themselves up in debate.
5. A further advantage is that all those who support the strategy will be far better equipped to talk publicly about it, with confidence and authority.

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