

ANR/VA

3rd May, 1976.

SIR GEOFFREY HOWE

I attach a draft of the note you asked me to prepare for you to send out to members of the Economic Reconstruction Group. It has been typed on a skin and so can be sent out fairly directly and quickly amended unless you have major alterations to suggest.

The thing that alarms me most at the moment is the small number of meetings which we are likely to have before the deadline for submission of a report to the Shadow Cabinet. Timetable difficulties have prevented us from arranging a meeting before May 20th. To that end I have included a little plea at the end of this, but clearly we may have to thank of additional meetings if we are to cover all the ground which is needed.

The five specific issues which I have suggested for consideration by the Group is in this form a manageable programme provided we can get the papers forward in good time. However I think that we will be well advised to spend a fair amount of time on the proposals I have made in item five at the bottom of page 2 - harmonisation of the Party's proposals for tax, public spending and social security.

The greatest problem in personal and political terms will be counter-inflationary policy. We shall shortly be circulating to all members of the Policy Sub Committee the latest version of Sir Keith Joseph's speech on incomes policy. You are revising your own. I infer from a conversation with Robbie Gilbert that Jim Prior's various groups have not got far with this issue and they are unlikely ~~soon~~ put the topic on the agenda before the week after next. Although the issue of some of £6 might not, in a sense, be formally raised until the House considers those sections of the Finance Bill which deal with the tax reliefs, it is clearly imperative that we develop a rather fuller position ~~by~~ by that I mean a position which will constitute a lasting concordat which will be strictly observed by all members of the Party - as soon as possible.

I would think it advisable that we should either submit a paper to William Whitelaw's Machinery of Government Group before long, or as a second best, for a discussion with them about machinery of economic management.

I will be talking to Mr Douglas as soon as possible about the timetable for policy group reports. There is clearly a case for having either a short and very general report on one of the first meetings of the Leader's new Policy Committee, or a long and detailed one at the end, by which point interactions with the proposals of other Shadow colleagues can be worked out.

Adam Ridley