

Steering

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LEADER'S STEERING COMMITTEE

59TH MEETING

5.00 p.m., Monday, 3rd July, 1978, in
the Leader's Room at the House of Commons

ACENDA

1. Policy for the Nationalised Industries,
a paper by Mr. N. Ridley, LSC (78) 71 -
attached
2. Regional Policy, a paper by Mr. K. Clarke,
LSC (78) 72 - attached
3. The Sale of Council Houses, a paper by
Mr. Heseltine, LSC (78) 73
4. Any other business

Conservative Research Department,
24 Old Queen Street, London S.W.1.

CFP/R.13
28.6.78

LEADER'S STEERING COMMITTEE

Minutes of the 59th Meeting held at 5.00 p.m.
on Monday, 3rd July, 1978, in the Leader's
Room at the House of Commons

Present: Mrs. Thatcher (in the Chair)
Mr. Whitelaw, Sir Keith Joseph,
Lord Carrington, Lord Thorneycroft,
Sir Geoffrey Howe, Mr. Prior,
Sir Ian Gilmour, Mr. Maude
Mr. Atkins
In attendance: Mr. Heseltine, Mr. Nicholas Ridley,
Mr. Clarke, Mr. Butler, Mr. Stanley,
Mr. Patten, Mr. Wolfson, Mr. Ridley,
Miss Bulloch, Mr. Rock
Apologies: Mr. Pym, Mr. Peyton, Mr. Davies

1. Policy for the Nationalised Industries, LSC(78)71

Mr. Nicholas Ridley introduced his paper which was an amended and shortened version of one discussed earlier by an ad hoc committee.

Management accounting: the first seven sections of the report were concerned with various aspects of control and accounting. There was some doubt whether the nationalised industries at present produced the detailed figures and analysis required for the kind of monitoring and control that was customary in large companies. Adequate information was essential if proper targets were to be set and performance effectively monitored, but we should avoid setting up an elaborate and bureaucratic monitoring system that would involve a large number of civil servants scrutinising an industry of which they had inadequate knowledge.

Mr. Ridley said that monitoring units existed at present in the sponsoring departments, but they lacked sufficient information. The Government's role was that of banker, and it was banker-type scrutiny that was needed. In France this role was filled by a very senior civil servant in the Treasury. A clear distinction should be drawn between financial control and policy formation.

It was agreed that the monitoring unit should be in the Treasury. The aim should be to give it a permanent staff which could develop the expertise to deal effectively with the industry for which it was responsible.

Price Control: the key to this was to increase competition. Mrs. Oppenheim and Mr. Nott were at present working on competition policy. It was agreed that we should consider putting a Government-appointed French-style inspector on nationalised industry boards to watch over pricing policy and consumer interests.

Management: there was a brief discussion of paragraph 9, but it was agreed that further consideration was needed of the issues involved in setting up supervisory boards, or any two-tier management structure.

Wages Policy

It was agreed that the proposals in this paragraph constituted the only practicable approach. Sir Geoffrey Howe said that Lord Cockfield had found a method of taxing short term benefits, and so solving the problem of tax refunds to strikers, which were of greater significance in the early part of a strike than supplementary assistance to strikers families. One difficulty, however, was that withholding of tax refunds would at present increase the amount of supplementary benefit that was payable. Mrs. Thatcher and Sir Geoffrey Howe would discuss the subject with Lord Cockfield. We should have to decide whether or not to refer to our proposals in the manifesto.

Increasing Competition and ending Monopolies

It was agreed that these were crucial to safeguarding the consumer's interest, and that we should make clear our intention to act. We should, however, not refer to any general enabling legislation. It was probable that a great deal could be achieved through separate accounting, by direction, and by inserting the necessary clauses into legislation relating to individual industries that would almost certainly be needed in the course of three or four years.

Fragmentation

Mr. Ridley said that Sir Derek Ezra had already achieved some success in this, by invoking the self interest of management and workers in individual pits. Our best approach was to appoint chairmen with the right objectives, and allow them to find scope for fragmentation where it was appropriate.

Denationalisation

It was recognised that denationalising profitable sections of industries meant that only loss making operations would be left. In shipbuilding and aircraft we were committed to denationalise where possible. There would be attractions in saying that we would like to see workers in the industries given the opportunity to hold shares in them.

It was agreed that we should say we believed such proposals were feasible, and that we were considering whether they could be introduced in suitable industries.

2. Regional Policy

Mr. Kenneth Clarke introduced the paper. Proposals for action were set out in paragraph 9. The Policy Group had discussed various proposals for possible measures to compensate Scotland and Wales in particular for losses they might suffer if regional aid were to be reduced in total. Concrete suggestions for practicable measures were, however, scarce. It was not necessary to quantify savings that we hoped to make, in any case there was not likely to be much resistance in the regions to reducing assistance to highly expensive capital intensive projects that produced few jobs.

Mr. Heseltine proposed that decision taking and the allocation of aid should be devolved to regional councils, comparable to the Scottish and Welsh Development Agencies, and that competition between the regions should be encouraged. Some local authorities, Liverpool and Manchester for example, were already using funds from a 2p rate to develop industry in their areas.

It was felt, however, that this form of devolution ran counter to our intention to curb, rather than increase, the powers of the Agencies, and the proliferation of regional bodies.

Mr. Whitelaw said that there was already considerable resentment in the north of England at the additional help which Scotland received: there would be strong resistance to proposals to widen the gap further. Mrs. Thatcher said that regional variation of the employers National Insurance Surcharge (para 19 (a)) would lead to difficult problems of area definition.

Additional support for local authorities and development agencies for infrastructure projects (20 (b)), could be, as in France, small in terms of total expenditure but valuable for relieving specific bottleneck problems, such as, for example, the improvement of small dock facilities needed by local industry. The proposal was attractive, but it should not be referred to in the manifesto. To do so would invite demands for aid for many projects.

There might be scope for making present employment assistance more regionally orientated. Present measures were however, due to expire in or about 1980.

It was agreed that we should give assurance of stability on regional policy by saying that we did not intend to make major changes in present policies.

It was agreed that, as no grounds for action had emerged from the discussion, the paper should be withdrawn and removed from the agenda for the next meeting of the LCC on 5th July. Colleagues would be asked to return their copies to the CRD.