

MR TURNBULL

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CBI CONFERENCE

MF

I attended the CBI Conference in Glasgow this week. The general mood of both the CBI Executive and the vast majority of delegates was strongly supportive of the Government's economic policies. The contrary impression given by most of the press reports of conference frustration that economic policy is continuing to restrict growth is misleading.

It is true that Sir Terence Beckett considered that we should be getting a somewhat higher rate of growth at this stage of the cycle and that the economy might run out of steam in the second half of next year. He proposed that sustained growth and low inflation should be joint objectives. However, this is consistent with Government policy despite the interpretations which the media placed upon his words.

Similarly Conference passed a motion with a large majority which called upon the Government to adopt such flexible policies as may be necessary to ensure sustained growth. However, nearly all speakers emphasised that this was not a call for policies which would endanger our achievements on inflation.

Although Sir Terence called for lower taxes and lower costs and in particular the abolition of the remaining 1% of the National Insurance Surcharge, he emphasised that this should be consistent with the Government's public expenditure targets. He urged Conference to support our proposals on rate capping and hoped that Government will use its limited scope to ensure that interest rates continue to fall.

Sir Terence devoted surprisingly little of his opening speech to the theme of self-help. Wage increases and productivity improvements received a cursory mention. However the general emphasis of Conference was much more on what business itself can do to stimulate growth than on demands for Government to change its approach.

The one main exception to this was the call for increased public expenditure on infrastructure investment. Sir Terence hoped that this would be part of the next budget and he announced a joint study by the CBI and the Federation of Civil Engineering Contractors on what needs to be done. The case for infrastructure investment was generally endorsed on the premise that it will benefit both the construction industry and industry generally but without inflationary consequences.

Most of the motions debated by Conference were passed overwhelmingly. However, Conference narrowly carried the motion that the UK should only allow the facility of free trade to other countries provided those countries reciprocate in equal measure. Almost everyone decried protectionism but the question of fair trade was a cause of great concern.

Perhaps surprisingly a motion supporting UK membership of the EEC but deploring the Community's lack of direction and calling on the Government to take a lead in developing a coherent Community industrial strategy was carried only narrowly. The main reason was a suspicion that this would imply support for centralised planning from Brussels. There was however a strong feeling that the UK was well placed to breathe life into the EEC.

One of the most interesting debates was on the proposition that Government financial assistance for industry is both a boon and a bind and that on balance we should be better off without it. Although heavily defeated, a large number of speakers expressed dissatisfaction both with the principle of financial assistance and with its implementation. Criticism was directed to both regional policy and the multitude of schemes to assist small businesses, innovation etc.

Conference also strongly rejected the current trend to reduce working hours and considered that the inclusion of shorter hours in pay negotiations is damaging competitiveness and job prospects.

My general impression is of a growing confidence in the business community that things are getting better and a feeling that it is primarily for industry itself to ensure that the improvement continues.

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