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PRIME MINISTER

Strategy
(E(79) 24, 25 and 28)

*L. H. Hoskyns
Prior - 2000
Appendix B*

BACKGROUND

You took a meeting of a limited group of Ministers on 18th June, to consider Mr. Hoskyns' first paper on 'strategy'. (Incidentally, this paper was not widely circulated to other Ministers, some of whom may ask for copies: you may wish to consider circulating it more widely.) At the end of that meeting, you invited the Secretaries of State for Industry, Employment, Environment and Trade, and the Chancellor of the Exchequer, to send in ideas for improving the supply side of the economy. Seventy-six proposals were received, collated by the CPRS and Mr. Hoskyns, classified, and some priorities suggested. The summary is attached to E(79) 24 by the CPRS. But this is now overlaid by a second Strategy paper by Mr. Hoskyns - E(79) 28 - which, among other things, contains a rather different 'short list' of 24 'priority items'. It also continues the discussion of the recovery process started in his earlier paper: and ends with some suggestions on how to change attitudes. There is also a third paper by the CPRS - on the role of the institutional investor E(79) 25 - circulated at your suggestion (Mr. Lankester's minute of 16th July) which is really a background paper on proposal 9.5 in the CPRS paper (which is not singled out as a 'priority item' in the Hoskyns list).

HANDLING

2. Mr. Hoskyns has suggested, in Appendix B to his paper, a framework for this meeting, consisting of three items:-

- (i) What short list of measures do we select to start work on?
 - (ii) What should be the mechanics for progressing the work?
 - (iii) Is there agreement on the communications approach and the main elements of the communication programme?
- (a) What short list of measures do we select to start work on?

Four out of the five Ministers contributed to the list. (The bulk of the suggestions, incidently, came from the Secretary of State for Industry.)

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Mr. Hoskyns has reduced this list to 24 'priority items'. Even this is quite a formidable programme. But should any others be added at this stage - notably the asterisked items from the CPRS list which Mr. Hoskyns has suggested should be left over (paragraph 3.5)? (There is for example nothing on education and training in his list.) Ministers may wish to press for some additions but you might be guided by Mr. Hoskyns' suggested criteria (paragraph 3.3) that at this stage, the exercise should concentrate on items which are both beneficial in themselves and have some psychological shock effect. In any case, given the shortage of time, you will want to discourage too much discussion of substance at this meeting. The object is to allocate responsibility for further work, not to take the final decisions. The non-priority items will not be forgotten: see below.

- (b) What should be the mechanics - Committees etc. - for progressing new work?

The main choice lies between a single umbrella group, and farming out the work. We could of course set up a new Cabinet sub-committee (Ministerial or official) for the purpose: and the Chancellor may wish to suggest that an existing Treasury-chaired group should do the work. (This is IGI - the group on the Impact of Government on Industry.) But both of these proposals are a bit top heavy, particularly since much of the work will have to be done during the summer holidays, when it is not easy to get a full- interdepartmental group together. Instead, the CPRS have agreed with Mr. Hoskyns to recommend that the work be divided into the four groups set out in his Appendix A, allocated as follows:-

- A. "Encourage the wealth creators" (Treasury).
- B. "Cut the red-tape" (Industry).
- C. "Restore the right to work" (Employment).
- D. "Let the market economy serve the people" (Trade).

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It would be for each Departmental Minister to decide how to organise the work falling to him. His own Department need not necessarily be in the lead for every item in the Group. The only conditions would be that the other Departments named against each item in the CPRS paper should be allowed to participate; that any other Departments (especially Industry) wishing to stake a claim should similarly be encouraged to join in; and that the CPRS and Mr. Hoskyns should have the right of attendance at each group or sub-committee. It will also be important to make sure that the Treasury and Revenue Departments consult the others about the fiscal elements, and do not attempt to keep these matters to themselves.

3. These four groups should be asked to report back to E by the third week in September. The point of this deadline is to ensure that the Committee has a chance to look at the proposals in time for some of them to be announced in the Party Conference.

4. That leaves over the non-priority items in the CPRS list - including the two which they themselves added ((a) and (b) at the very end of their paper). It might be left to the individual lead Department to pursue these, in slightly slower time. They could be asked to report to the CPRS by the middle of January; the CPRS and Mr. Hoskyns could then submit an omnibus report to the Committee at about the end of that month. The point of this timetable is to allow any necessary decisions to be taken before the Budget.

5. A word of warning about timetables. Some Ministers, notably the Secretary of State for the Environment, have been complaining recently about bureaucratic opposition to their schemes, and asking for instant decisions on new ideas. Mr. Heseltine's own proposed 'accelerator' ideas are a good example. There may be some force in his complaints. But equally, such proposals do have to be worked out in considerable detail before the Government can commit itself to major policy announcements especially when they involve additional expenditure. You decided last week that it would not be possible to work out a 'pilot areas' scheme in time to include in the regional policy statement. I doubt if it is realistic to proceed very much faster than the

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timetable outlined above. But a good deal of work is already in hand in Departments on many of their proposals, so that an interim report in September, leading to conclusions on at least some of the priority items, does not seem unreasonable.

- (c) Is there agreement on the communications approach and the main elements of the communications programme?

Mr. Hoskyns attempts to remove some misconceptions about his earlier paper, by throwing the emphasis on to 'Rebuilding Britain' rather than 'Stabilisation'. He also emphasises the need for psychological shock tactics, and this informs his selection of priority items. This emphasis seems appropriate, and in line with the Government's thinking so far. So, too, is his emphasis on the 'matchsticks' approach, building up gradually towards a cumulative effect which suddenly becomes apparent to the public. Ministers should not find much difficulty in agreeing this strategy: but you will want to listen particularly to the views of the Paymaster General, whom we have invited for this item. He will have to be involved in some way in the direction of a communications programme of this kind: paragraph 5.6 too suggests the 'small tactical committee which meets frequently' to oversee the operation. If this idea appeals to you, you might undertake to think further about the mechanics. (It will be important to ensure that the public relations side does not operate in isolation from the policy makers, and does understand the policy constraints: similarly, the policy makers must understand the importance of public relations). I do not necessarily want to suggest a formal Cabinet Office-serviced committee for this purpose: but somehow, the two sides will have to be brought closely together. You might therefore defer a final decision on the machinery at this stage.

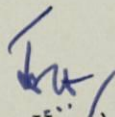
CONCLUSIONS

6. If the discussion proceeds along the lines suggested by Mr. Hoskyns, you will be able to report conclusions broadly as follows:-

- (i) To approve the short list of 'priority items' set out in Appendix A to his paper, with any additions or subtractions agreed at the meeting.

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- (ii) To allocate the responsibility for the four groups of subjects in that Appendix to the Chancellor of the Exchequer; the Secretary of State for Industry; the Secretary of State for Employment; and the Secretary of State for Trade (in that order), A - D), inviting each to produce a separate report on his group of items to this committee for discussion in the third week of September.
- (iii) To invite those Ministers whose Departments are shown as in the lead, for each of the remaining items listed in the CPRS paper, to consider these suggestions further, and to report their results to the CPRS by mid-January.
- (iv) To endorse the main lines of the communications programme suggested by Mr. Hoskyns in Section 5 of his paper.
- (v) To note that you will consider further the best way of organising and running a communications campaign of this kind.


(John Hunt)

23rd July, 1979