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Sir Kenneth Couzens KCB
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Dear Michael

GUILDHALL SPEECH

I offer a further late thought about the content of the Prime Minister's speech.

Is it worth considering whether the speech should contain one or more policy messages which might then be reflected in the press reports? The drafts are at present wholly philosophical and general. If the Prime Minister wished to include something closer to a policy message, the following 4 possibilities may be worth considering. Of course there may be others.

- i. some more extended piece on the Community, linked to our Presidency and the imminence of the London European Council. We already have a short piece (page 3 of my contribution);
- ii. a piece to the effect that the Government has shown flexibility and pragmatism in the interpretation and management of the monetary aggregates and on the permissible levels of public expenditure and the PSBR in a recession, there is no compromise on the basic framework of financial discipline. This would continue the theme of "flexibility within a firm framework" used by both the Prime Minister and the Chancellor in recent Commons' speeches;
- iii. a passage giving the right message about the abolition of the CSD. The Government, like British industry, must be constantly alert to reducing the overheads and increasing the efficiency with which the economy is run. The Government believes that the British public services continue to be a match for any in the world but standards have to be maintained and indeed improved by constant vigilance;

iv. a piece carrying a little further the message that the economy is now improving. This will be an opportunity to give further publicity to the increase in manufacturing output of 1½% between the second and third quarters of 1981 reported in the press this morning.

I am copying this letter to Professor Walters and John Vereker.

Yours ever

Ken

K E Couzens