

Prime Minister

*cc Mr Hosteness
Wolfson*



The Chancellor wants to announce this idea in general terms at the Party Conference. Mr Prior (Flag A) is not altogether happy, but in any case wants a discussion

Treasury Chambers, Parliament Street, SW1P 3AG

I really don't think we can announce such an important idea at the Party Conference before we have
PRIME MINISTER

before there are detailed consultations. Shall we say -

- i) yes to general announcement
- ii) early discussion in E Committee

discussed it in E Committee. It would soon become painfully obvious that we had to work it out.

One of the priority items which E Committee agreed on 24th July to remit to MISC 14 under my Chairmanship was a rapid review of the Enterprise Zone concept.

*TL
26/9*

Flag B

2. MISC 14 considered all the priority items at their meeting on 14th September and I shall be putting a report on them to E Committee for consideration after the Party Conference. I am minuting you separately on Enterprise Zones because certain decisions on them are now becoming urgent.

3. At today's meeting, MISC 14 considered a report by officials under Treasury chairmanship which I am arranging to have circulated to E Committee. (E(79)41).
attached

4. The issues for decision are listed in paragraph 4 of the summary at the beginning of the officials' paper. MISC 14 reached the following decisions, subject to endorsement by E Committee.

- (a) We endorsed officials' understanding that Enterprise Zones are a means of overcoming concentrations of particular physical or economic decay and promoting economic revival by removing the hand of Government as far as possible; that they have no necessary connection with regional policy, unemployment policy, or inner city policy; and that they are to be explicitly experimental, involving therefore a degree of risk.



- (b) We endorsed officials' assumption that sites should, at least initially, be reasonably small in size and restricted in number.
- (c) We were asked to give guidance on the choice of sites. We considered the list at Annex A of the officials' report, which suggested over 20 possible sites. We considered that, in going out to consultation, it would be important not to name more than about half a dozen sites, or the emphasis on the experimental aspect could be lost. The sites should be chosen so as to illustrate the range of types of area which might be suitable, including probably at least one each in Scotland and Wales and perhaps in Northern Ireland. I will circulate proposals later on the list of sites to be suggested, and in the meantime should welcome any comments which colleagues may have based on the officials' list. There would be no need to take decisions on the sites to be chosen for actual experiments for some time yet.
- (d) We were asked to indicate those measures of decontrol which should be examined further in the context of Enterprise Zones, including fiscal measures. A list of 'decontrol' possibilities is given at Annex B of the officials' report, and subject to colleagues' views I should like to indicate in consultation that our minds are open on all these possibilities. But I realise that some of our colleagues will not previously have seen these proposals and may want time to consider them. I can confirm that for my part, I am willing to consider all the fiscal options noted in Annex C, though I believe that i, ii, and iii are the most sensible ones to pursue.



(e) We were asked to authorise consultation with local authorities and other interests, which would clearly need at some point, to include the Health and Safety Commission, the CBI and the TUC. Subject to colleagues' views I should like to make a preliminary announcement of our intentions at the Party Conference, and follow this up with consultation based on the proposals in the officials' report. I would circulate drafts of my conference statement and of the basis of consultation to colleagues beforehand. The conference statement can be in fairly general terms, both as to sites and as to measures of decontrol. The consultation may have to be rather more specific, and if we cannot agree the basis in correspondence, it will have to be held up until we have a chance to discuss it at E after the Conference. But I hope the delay can be minimised.

(f) Finally, we were asked to consider Ministerial responsibility for the announcement, the modalities of consultation, and future handling. This is a matter for you to decide. As indicated, I should like to make the announcement at the Party Conference. After that, if you agree, I should like to hand over responsibility for the next stage, including consultation and future co-ordination work to Michael Heseltine, who is willing to take this responsibility on.

5. Are you content that we should proceed in this way?

6. I am copying this minute to our colleagues on E Committee, to the Secretaries of State for Scotland, Wales and Northern Ireland, the Minister of Transport and Sir John Hunt.

A handwritten signature in black ink, appearing to be 'G.H.'.

(G.H.)

21 September, 1979