S. of S. Energy   17. June 1979
Personal Minute

PRIME MINISTER

As you know, I have to be at the Energy Ministers' meeting
in Luxembourg this morning when you are discussing the Hoskyns
Strategy Paper. I shall be putting in some personal comments
to John Hoskyns later in the week, but in the meantime may I
make the following brief points:

1.   In my view the key to the whole Stepping Stones approach,
and to the achievement of a calmer and more stable economic
climate, has been all along to establish much more clearly in
workers' minds the nature of their real interests, in terms of
living standards, purchasing power, ownership of possessions
and general status — as opposed to their 'interests' as
depicted and advanced by political (and muddled) union leaders.

2.   The contrast over the next fifteen months is going to
be particularly vivid — with the reality being an actual
                through our tax and other policies
improvement/in the position of many workers (especially skilled
groups such as miners and electricity workers who have been
the greatest threat in the past), but with union propagandists
focussing on the RPI figure and talking of 20% and 25% wage
increases to 'catch up'.

3.   This is a battle of argument, understanding and presentation
which we have got to win in Round One (eg before August 1980)
otherwise we will continue to find ourselves (in Hoskyns' graphic

2

phrase) trying to pitch our tent in the middle of a landslide.

4.   This will require vast efforts of selling and persuasion
to establish three things in particular (amongst others):

a) that our tax changes will bring real benefits to
millions of trade union members,and others,in the next fifteen
months,if allowed to;

b) that the standard/of living in the average household is
what matters,that people should keep hold of this 'reality' and
not be too mesmerised by once and for all shifts in the RPI
(The introduction soonest of a new index to reflect this is
crucial);

c) that our plans for wider ownership for all are serious
and tangible and will bring workers an early increase in
status and economic security for their families which socialist
economics could never offer.

5.   I suppose the mark of real success would be if we could
show in the next few months that if there were no wage
movements at all in the Pay Year 1979-80 (i.e. a freeze)
people would be substantially better off by mid-80 in terms of
their real and true interests, pay less tax and have more jobs.

6.   The weeks between now and the start of the new Pay Round
offer an opportunity which may never re-occur to drive home
where real interests lie and set the course for stability from
1980 onwards. A huge/effort of Ministerial persuasion and
argument will be required.

David Hunt

SECRETARY OF STATE FOR ENERGY
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17.6.79

Dear Private Secretary,

The Prime Minister is discussing a paper from the
No.10 Policy Unit at 11.00 am tomorrow (18th June).

I would be grateful if she could have this note from
me before then, since I am unable to attend the meeting, and
also if you could supply a copy to John Hoskyns for him to
see before the meeting.

As I am drafting this from home and have no copying
facilities perhaps you would be kind enough also to make
a third copy and return it to me under personal cover.

Yours sincerely

David Howell.