

cc M.J. Leeson (B).



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PRIME MINISTER

GOVERNMENT STRATEGY

cc Mr Hoskyns.

As agreed at the meeting held on 19 June I attach a list of specific ideas which could help in stimulating economic revival in this country. As you will see, most of the ideas are positive; we are already engaged in removing many of the negative constraints on activity.

I am copying this to those present at the meeting.

M.J. Leeson

MH

22 June 1979

CONFIDENTIAL

GOVERNMENT STRATEGY

POSITIVE IDEAS

- i. Examine the relationship of industrial needs and attitudes at all stages of the educational system.
- ii. Consider how the public sector agencies can make their skills available to the private sector for international trade purposes. For example, the role of the British Airports Authority and the Civil Aviation Authority in helping our consultants and contractors to get part of the vast international airport construction market.
- iii. Stimulate the small and large shareholder to play a proper role in the dialogue with Government and in the performance of the companies they own.
- iv. Define what the Government wants from the little NEDDIES and sector working parties. We should work to create the climate, provide the incentives, remove the constraints, and ask the uncomfortable questions, all with the purpose of improving the performance of British industry.
- v. Devise urgently a range of incentives of part of our regional and industrial policy to ensure that our new and future tax reductions go into increasing wealth-creating activities. The basic concept should be tax rebates - PAYE, corporation and investment income surcharge - to those who have shown by the fact that they paid such taxes that they are likely to be able to use such rebates more effectively than those currently receiving industrial aid for projects, many of which would go ahead anyway.
- vi. Ask Lord Jellicoe as the new President of the Association of British Chambers of Trade to recruit the Director General of the NFU to show him how the job needs to be done of turning the inarticulate voice of small industry into a vociferous and influential and political force.
- vii. Involve the leaders of the new immigrant communities in a dialogue to see if anything more needs to be done to harness the range of entrepreneurial skills widely spread amongst many of these people.

- viii. Draw up and orchestrate a continuing programme to articulate the profound nature of the individual resurgence we are seeking to create.
- ix. Initiate a comprehensive programme to stimulate a better climate of communication in British industry between managers and men. As a first step, copy the examples of some of our leading companies and promote the election of workers - not trade union representatives! - to the Boards of their pension funds. If we want them to understand capitalism let them be involved in influencing the destiny of their own savings. Nothing would so open people's ideas to the real nature of City and financial activity.
- x. Launch a nationwide debate about the opportunities for improved productivity involving the unions and management - both public and private sector - in the range of inhibitions that now exist.
- xi. A comprehensive review and programmes for implementation of all forms of employee profit sharing schemes.
- xii. To encourage big firms to help small firms with advice and expertise, including examination of the precedent of the London Enterprise Agency.
- xiii. Structure tax and depreciation provisions for companies so that a higher proportion of reinvestment capital is, in effect, subject to competitive capital market tests of profitability.
- xiv. Encourage the small to medium firms by slanting Government contract arrangements for supplies and services in their favour (though still with competitive tendering).
- xv. Break down contracts as far as possible into small amounts that smaller and new undertakings can cope with even if it might seem to cost more in the first instance.
- xvi. Examine the possibility of City financial institutions entering partnerships with educational establishments for the building of universities, polytechnics and college buildings: for example, the City Polytechnic's latest building was built with bank money in a declining area of the City.

- xvii. Review scope for, and stimulate, private sector competition to supply public sector services (eg transport, refuse collection, housing and maintenance).
- xviii. Initiate a dialogue with local government on stimulating new and small businesses.
- xix. Examine labour mobility in depth.
- xx. Extend the scope of the Monopolies Commission to let them examine ineffective large holding companies in the private sector where these have become insensitive to commercial pressure.
- xii. An interdepartmental review of the 'enterprise zone' concept should be concluded rapidly.



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