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10 DOWNING STREET

From the Private Secretary

MR. IBBS  
CPRS

Scor PA file x 6

blind copy -

Neville Hoskins  
Wolfson

cc Sir R. Armstrong

cc. ~~Director~~ sec.

GOVERNMENT OBJECTIVES AND STRATEGIES

You and Sir Robert Armstrong called on the Prime Minister this evening to discuss your minute of 25 April. This is to record the main points arising from the discussion.

The Prime Minister said she was content with the four primary objectives listed in the annex to your minute.

Under the strategies heading, she suggested that you should add to 1(a) - "relating pay to performance and to demand and supply". She also suggested that you should consider including the need to dethrone the RPI as the basis for pay negotiations and the need to examine whether the RPI is a true measure of inflation. Under 1(b), the Prime Minister asked that the word "assisting" should be taken out of the item relating to small firms, since she did not feel financial assistance to individual firms was an appropriate strategy. Under this sub-heading, she also suggested that you should include the need to educate trade unions in the economic "facts of life".

These minor points apart, the Prime Minister said she was content with the list of strategies.

The Prime Minister agreed that the CPRS should consider individual proposals against the objectives and strategies listed (subject to the points she had made on them); she also agreed that the list would provide some useful markers against which to measure progress from time to time.

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Turning to the list of policy issues in paragraph 4(c) of the minute, the Prime Minister said that she agreed that these were indeed areas where further work was needed. She agreed that the CPRS should concentrate for the moment particularly on public sector pay and policy on nationalised industries.

J. P. LANKESTER

30 April 1980

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