

cc J. Hoskyns  
Sir K Berrill



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PRIME MINISTER

... As agreed at our meeting of 18 June, I attach a list of specific ideas - divided into those on which Government can itself act and those on which Government can only try to encourage. The list includes some proposals which, as I mentioned at the meeting, are being developed further within my Department.

In his letter of 19 June to the Home Secretary John Hoskyns asks for a list of outside speakers to help put across our message during the summer. I shall let him have my ideas shortly, but I think that he will agree that we shall need to be fairly subtle if any orchestration of outside help - as opposed to accepting spontaneous help by those who recognise the benefits of what we are trying to do - is to be effective.

I am copying this minute to colleagues who were at the meeting on 18 June.

KJ

K J

25 June 1979

Department of Industry  
Ashdown House



POSSIBLE AREAS FOR ACTION

A. ACTION BY GOVERNMENT

1. Taxation and finance

- (a) Phase out NIS (as a tax on employment).
- (b) Tax relief for individuals investing in small firms' equity.
- (c) Encourage share options for senior executives by tax exemption (proposals being developed).
- (d) Increase personal share holding in industry by redressing tax balance as between direct personal and institutional investment (proposals being developed).
- (e) Extend favourable taxation treatment of gilts to long-term corporate debentures (proposals being developed).
- (f) Possible equity guarantee scheme for institutional investment (proposals being developed).
- (g) Comprehensive programme of technical tax changes to benefit small firms.
- (h) Eliminate distinction between earned and unearned income.

2. Incentives to work

- (a) Clamp down on malingering - tighter control of, e.g., the issue of sickness certificates before strikes; periods without benefit before claim.
- (b) Continued action to reduce the poverty trap more and more.

3. Incentives at work

- (a) Continue to widen differentials in net earnings through taxation system to encourage acquisition of skills and acceptance of responsibility.
- (b) Improve morale of supervisors and managers as opportunity offers (eg in both the public and private sectors by discouraging compromise in industrial disputes at the expense of managerial authority).
- (c) Government campaign to increase the attractiveness of productivity and the unattractiveness of restrictive labour practices (proposals being developed)





4 Housing

- (a) Phase out rent controls
- (b) Remove all rent controls from new housebuilding for rent
- (c) Systematically dismantle rent control and tenure in areas where housing supply and demand in balance
- (d) Reduce stamp duty and other costs of movement (including legal fees, house agents' fees etc).
- (e) Increase supply of building land by short suspension of development land tax
- (f) Take special steps to facilitate mobile homes sites in areas of skill shortage
- (g) Increase land supply by maximum disposal of public sector land.

5 Employment Protection

- (a) Good redundancy schemes for overmanned nationalised industries.
- (b) Weeding out of the employment protection legislation.
- (c) Give industrial tribunals power to award costs where frivolous cases have been brought by employees.

6 Health and Safety

- (a) Review role of Health and Safety Executive (and Commission). (Chief Executive of Health and Safety Executive publicly asserts that industrial efficiency is no concern of the HSE). Ask CBI to play more positive part in the Commission.

7 Training

- (a) First priority: overcome - perhaps through EITB - AUEW opposition to dilution and replace the apprenticeship system by certification rather than entry to craft only through time serving.
- (b) Review training arrangements and effectiveness
- (c) Review the structure of the Manpower Services Commission and their training centres, and the effectiveness of the ITBs.



B ENCOURAGEMENT BY GOVERNMENT

16 Health and Safety

- (a) Review pollution requirements
- (b) Reduce over-sensitivity to environmental considerations (e.g Moss Morran and Whitby Potash)
- (c) But (other side of the coin) consider the case for encouragement of better conditions at work as a real incentive to higher productivity.

17 Education

Although Government has little direct influence over the educational system, it can achieve a lot by sustained pressure:

Schools Curricula:

instilling economic realities (having to earn a living etc);

importance and attractiveness of industry (especially change attitude of teachers);

stress need for greater relevance (e.g maths and computer sciences);

importance of getting able girls into industry, etc.

18 Productivity

- (a) Possible body to enquire into and publicise restrictive ~~and~~ labour practices
- (b) Encourage visits by shopfloor workers (and shop-stewards) to plants in main competitor countries.
- (c) Encourage better manpower planning by firms (e.g use of skilled and highly qualified manpowers).
- (d) Encouragement of able women to enter industry as a major source of untapped talent.

19 Europe

Seek to change public attitudes to Europe, to become more positive and less grudging.

20 The City

- (a) Encourage (by speeches and contacts) the institutions to look beyond the end of their noses and to protect their members' interests in the broadest sense by encouraging enterprise and growth in the UK economy.





8 Energy

- (a) Develop energetic nuclear power programme (use of PWR if necessary?)

9 Women

- (a) Allow women to set child-minding expenses against personal taxation;
- (b) Allow working wives to be taxed separately without husbands losing the married person's allowance.

10 Microelectronics, science and technology etc

- (a) Increase enlightened clientship in public purchasing

11 Accountancy

Prepare to take power to accelerate introduction of inflation accounting to help destroy the "money illusion" in companies and to aid public (and Trade Union) understanding of reality.

12 Power of Unions in public sector

Diminish power of Civil Service unions by reducing "facility" time, withdrawing (or threatening to withdraw) willingness to deduct union dues from wages and salaries, reasserting managerial authority (e.g in reporting standards) etc.

13 Privatisation of public services

Embark on a systematic campaign to reduce dependence of individual on state employees for services (e.g refuse collection by private contractors).

14 Change style of Civil Service

De-privilege the Civil Service (and Academia?) by reducing security, greater ruthlessness in use of premature retirement, etc.

15 Europe

Systematic assessment of the burdens of EEC membership on industry - standards, product liability, pollution etc

- (i) to identify and prevent "overkill"
- (ii) to identify differential standards of compliance.



- (b) Elimination of exchange controls
- (c) Promote use of non-executive directors to encourage spread of more open and enlightened management practices.
- (d) By speeches etc. Ministers to make clear that the Government expects the City generally to bestir itself.

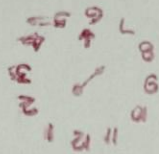
21 Publicity

Seize every opportunity to put across to public opinion the gravity of our industrial situation and the fact that the world does not owe us a living.

IC Division

22 June 1979





25 JUN 1979