

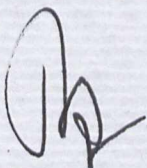
PRIME MINISTER

GOVERNMENT/NATIONALISED INDUSTRIES RELATIONSHIP

1. We agree with Sir Robert Armstrong's proposal that CPRS should reappraise this relationship.
2. Our paper of 9 May 1980 on the lessons learned from the steel strike proposed that work like this should be carried out, preferably under CPRS leadership. Since then, some aspects of the NI problem have been examined in a rather piecemeal way but, as Sir Robert says, these studies have not gone to the heart of the matter.
3. More recently, our unpreparedness for the (predictable, in the context of union elections) muscle-flexing of the NUM shows how important it is to establish the right relationship with the nationalised industries - so that problems can be anticipated.
4. The relationships in question are not just those between Government and the NI Chairmen. Inside the Board, we need to think further about the balance of relationships: between executives and non-executives, for example - as suggested recently by Keith. And inside Government, we need to look again at the relationships between "sponsoring" Departments and others.

CPRS Priorities

5. We must recognise that CPRS is a very small resource: it cannot take on every difficult problem. But it is best-placed to take on this very important issue. Although their study would be primarily internal to Government, we think they should be encouraged to consult outsiders as well as Government Departments.



JOHN HOSKYNS