

Prime Minister

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PRIME MINISTER

✓ Mr Lytton
Mr Verdon
Mr Hodgson

~~I think in
Kitch may raise
him at E: he wants
a renewed effort
to establish that an
understanding of the
connection between
jobs and competitiveness.~~

Parallel to our consideration of the proposals to reduce unemployment, may we also consider a renewed effort to explain to the country where new real jobs come from and how people can co-operate to accelerate the process?

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2 We are all saying time and again the same thing - investment and expansion depend upon profit; profit depends upon competitiveness; and competitiveness depends upon good management, co-operative, adaptable workforces and keeping unit labour costs low. We all stress that competitive unit labour costs do not mean low earnings because they can be achieved by rising productivity.

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3 Most people probably still do not see how to turn these perceptions into new jobs. The assumption is still that money from the taxpayer - regardless of the jobs destroyed in raising it - is the panacea.

4 We need to convey to people not only that jobs now endangered could be saved by changes in work practices but also that many projects actual or potential now aborted because of assumptions

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about high unit labour costs and work attitudes might be implemented if work groups and trades unions undertook to offer sustained high productivity.

5 When there is a NISSAN in the offing, offers of co-operation are commonplace. There are some less dramatic projects now going ahead on the basis of such undertakings. But if we could increase the awareness of this approach we would remove barriers to expansion and investment in many fields.

6 While I believe that speeches explaining this thesis are essential and might be useful, I think that we should try to persuade business representatives and leader writers and interviewers of the analysis in the hope that union leaders and politicians who put the responsibility for reducing unemployment only on the Government might much more often than now be met by shrewder questioning.

7 What I am suggesting would involve a series of very small meetings between Ministers and individual business representatives, journalists and interviewers.

8 I am copying to the members of E Committee, the Chancellor of the Duchy, Mr Ibbs and Sir Robert Armstrong.

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