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Prime Minister
I suggest that you discuss
this with Sir Robert Armstrong
when he comes to ~~London~~ about
business at 0915 tomorrow.

PRIME MINISTER

The Ministerial Committee on Economic Strategy agreed yesterday evening that you should set up a group of Ministers to study and make recommendations on the various suggestions for longer term measures to reduce unemployment.

2. I am sure that you must not chair it yourself. You have more than enough else to do in the next two weeks. In any case, you need to keep yourself in reserve to resolve disagreements.

3. The Chancellor of the Exchequer would be the obvious person to chair it; but the Secretary of State for Employment would probably feel that that was loading the pack against him.

4. The Home Secretary, the Chancellor of the Duchy, the Secretary of State for the Environment and the Secretary of State for Defence are too busy. The Secretary of State for Industry is going into hospital. I do not think that this is a job for the Lord President.

5. I therefore recommend inviting the Secretary of State for Trade to chair the group. He is a long way down the order of precedence, but he commands much respect. He would be accepted as fair-minded and sensible; and at the same time he would bring to it a proper sense of the public expenditure considerations. He has no significant Departmental interest. An alternative could be the Secretary of State for Scotland; but it is usually difficult for the "national" Secretaries of State to spend enough time in London for this sort of purpose.

6. For membership I propose -

Secretary of State for Employment ✓

Secretary of State for Defence ✓

Secretary of State for Scotland ✓

~~Secretary of State for Wales~~

Secretary of State for Social Services

~~Secretary of State for Education and Science~~ ✓

Chief Secretary, Treasury

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Minister of State, Department of Industry (Mr. Tebbit or Mr. Baker)

Minister of State, Department of the Environment (Mr. Stanley)

That is quite large enough, and even so leaves out some Ministers with an interest (e.g. the Secretary of State for Energy, the Minister of State, Home Office - who will be in Merseyside). If you wanted to make it smaller, you could take off the Secretaries of State for Scotland, for Wales, or Defence and Education.

7. Each Minister would be allowed to bring one official; and the officials concerned could sit as an official group as required. Also invited to attend would be CPRS, Professor Walters and Mr. Hoskyns.

8. The Group would invite suggestions and contributions from all Ministers, and could invite other Ministers to attend as appropriate.

9. The agenda would include:-

- (i) the Secretary of State for Employment's proposals left over from yesterday evening;
- (ii) the Layard and Walters proposals: the Treasury might be asked to convene a group of officials to examine costs, benefits and feasibility, and to report;
- (iii) wealth or employment-creating proposals for capital investment: in particular, the proposals of the Secretaries of State for Industry and for the Environment.

I think that the Secretary of State for Defence's proposals can and should be pursued separately with the Treasury and the Department of Employment.

10. I do not see how this work can be completed before the Recess, but it would be prudent (vis-a-vis the Secretary of State for Employment) not to say so yet. I suggest therefore that nothing should be said openly about the date by which the Group should report, but that the understanding with the Chairman should be that the Group's Report should be first business for the Cabinet (or the Ministerial Committee on Economic Strategy) in September.



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11. If you are content, I will ascertain whether Mr. Biffen is content to take the chair, and make sure that Mr. Prior will accept that, and then go ahead with getting the group to work.

RA

Robert Armstrong

16th July, 1981

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