

CONFIDENTIAL

PRIME MINISTER

Controlling Public Transport Subsidies
(E(81) 82)

This is an addendum to the brief dated 28th July.

2. This morning's discussion in Cabinet made me wonder whether, rather than adopt the measures proposed by the Secretary of State for Transport, which could lead the Government into continuing confrontation with the GLC and other local authorities controlled by Left-wing extremists, it would be simpler and more straightforward to take into Government ownership or control all passenger transport undertakings now owned or controlled by the GLC and other metropolitan authorities. It would mean more Civil Servants; but there ought to be more than compensating reductions in staff in local government. And, if one object of the exercise is to make the GLC and the metropolitan authorities appear to be irrelevant, this would contribute to that process.

3. It would seem odd, I know, for this Government to be extending the area of Government ownership, but it would be an immediate response to the situation created by this year's GLC and municipal elections; and could be presented as not excluding (or even facilitating) privatisation - though no doubt this would not be practicable before a General Election.

4. I have not been able, and am not qualified, to explore the legislative implications of this alternative.



Robert Armstrong

30th July, 1981

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