

## 10 DOWNING STREET

### Another view of the Reshuffle.

1. In order to get good advice from those involved, it would be advisable to clear with Willie, Cecil and Michael Jopling, as well no doubt as Ian if he is involved, what their jobs will be. Until they know what they are going to be, they must be influenced in advising you by two factors: trying to keep their favored option free, and trying to get the competition placed in another Job first! If possible you should make up your mind, and tell them, about their jobs, before discussing others.

2. The crucial battle over the next 5 years will be with the Unions. They are now weak, and could be turned back into their proper role, away from Politics. The vast majority of Union Members will support us in this vital task, and it would be absurd to lose momentum. Norman Tebbit could do nothing more useful than to keep up the pressure as Sec. for Employment. You might also consider making him, rather than the new Chancellor, Chairman of E(PSP). The battle for sense in Public Sector Wages and conditions of employment, pensions, lay-off, no-strike, redundancy pay etc. has hardly been won. It is a game of leapfrog, and the Sec. for Employment has more time to keep his eye on things other than Pay in the public sector.

3. Education is vital. The Department and the Profession are thoroughly permeated by sociologists, and we have a ten year job to start to educate children for work, and in work skills and ethics. The new technical scheme is a tiny beginning, but it would not have gone through if you had not had the unique combination of Tebbit, Young (David) and Keith Joseph. Unless Education is put right, the future is grim. And I suspect you need someone of like mind to Tebbit and Keith at Environment to make sure that plans are got through to the Local Education Authorities and implemented. Possibly Leon Brittan, whose Rates Scheme was the one you adopted rather than Tom King's.

4. A key question is about the Chairman of the Party. It has been ideal to have Cecil as a member of Cabinet without much workload. This won't matter much for the next two years, but will matter at the next election. As Chairman and, say, Home Secretary, the Party would suffer in the run-up to an Election. Cecil would also be in a position of immense power, and you must judge whether he has yet proved himself as a Cabinet Minister.

5. Home Secretary will be important, but not as important as it seems. The crucial thing may well be having someone who can say with conviction that the riots, which we should expect, are not due to unemployment. That is why Francis Pym would be a hazard: he would not carry conviction. But possibly Patrick Jenkin, with his soft voice, would be as tough as Cecil and be more believable to the Public?

6. Industry is very important, and, if you moved Patrick, Cecil might well be ideal at Industry. He is an accountant, and could cope with the problem of controlling Nationalized Industries, as well as having good contacts with Industrialists through his years as Chairman.

7. Energy will always be a hazard, with both Coal and Electricity at risk of disruption. If you feel you can't ditch Peter Walker, who has done a good job, Energy is one of the few places he could go. He is shrewd, and is unlikely to misjudge the industrial relations situation. You might need occasionally to toughen him up, but that is better than having an optimist at energy who doesn't see trouble coming!

8. Jim Prior has said he wants to stay at N.I.O., which helps. I've assumed Scotland and Wales stay where they are. Both are big spenders **by** training due to regional grant imbalance, so would be dangerous elsewhere.

9. With Nigel as Chancellor, Nick Ridley as Chief Secretary makes a tough combination. You will need someone with an Industry bias to overcome the

inherent destructive power of the Inland Revenue. They ~~are~~<sup>HAVE</sup> killed off a lot of good schemes for promoting enterprise, by playing it too safe. If we avoid all risk of abuse, we destroy most of the Aunt Agatha schemes. A little risk would be ~~worth~~<sup>worth</sup> while at this stage of the economic cycle: the abuse would be more than covered by the genuine expansion created by encouraging less secure investment in the private sector. The success of the Loan Guarantee Scheme shows the demand for small tranches of risk capital, which would be available with greater certainty of tax allowance, less risk of ultimate clawback by the revenue. MacGregor from Industry to Treasury? You remember that David Young spoke of this problem.

10. I assume David Howell has to go. Which leaves Transport and P.M.G free. Tom King can hardly be sacked so soon after appointment, but you may feel the job at Transport is easier than Environment. Incidentally, the sooner we despatch the GLC the better: it is financing revolution on the streets with our money!

11. With Arthur Cockfield and Keith both over 65, you would have two more possible vacancies in two years time or so.

12. If you haven't done so, you might find it helpful to fill in at least your own absolute certain choices in the final columns, in order to make sure that you don't get put off the shape of Cabinet you want by agreeing to some variation in early discussion, which variation has implications later on!

13. No doubt this should be consigned to the shredder, whether it is useful or not! I've left PMG vacant for your choice of Party Chairman. It might be better to try a Peter Morrison or A.N.Other now, with time to change well before the next election if not successful?

	(1)	(2)	(3)
LORD CHANCELLOR	M. HAVERS	"	"
DEFENCE	M. H	"	"
CHANCELLOR	N. L	"	"
FOREIGN SEC.	G. H	"	"
IRELAND	J. P	"	"
WALES	N. E	"	"
SCOTLAND	G. Y	"	"
EMPLOYMENT	N. T	"	"
LEADER LORDS	W. W	"	"
LEADER COMMONS.	J. B	"	"
HOMES SECRETARY	P. J	C. P	(1) or (2)
EDUCATION	K. J	K. J	K. J
CHIEF SECRETARY	N. R	N. R	N. R
ENVIRONMENT	L. B	L. B	T. K
ENERGY	P. W	P. W	
INDUSTRY	C. P	P. J.	(1) or (2)
DASS	N. F	N. F	
TRADE	A. C	A. C	
TRANSPORT	T. K	T. K	
AGRICULTURE	M. J	M. J.	
P. M. G.			