



10 DOWNING STREET

Note of a Meeting held at the House of Commons at 9.30 p.m.
on Wednesday, 11th March, 1981.

Present:- Prime Minister
The Rt. Hon. John Peyton, M.P.
I.G.

1. Mr. Peyton said that he had sought this interview with the Prime Minister, following talks which he had recently with Sir Maurice Hodgson (ICI), Sir Maurice Laing (John Laing Ltd.), Geoffrey Chandler, Sir Peter Parker and Sir Terence Beckett.

2. Mr. Peyton said that he thought very highly of Sir Maurice Hodgson, and that, despite the recent ICI Annual Report Sir Maurice was not engaged in an exercise of Government bashing.

3. Mr. Peyton made the following preliminary points:-

(a) The United Kingdom is in a hell of a mess, from which there is no quick exit.

(b) The United Kingdom must make the very best use of its assets.

(c) Regrettably, we had cast out the ancient virtue of paternalism.

"We have rejected the idea of caring for others - but I like others to care about me."

4. He said that Sir Maurice Hodgson and Mr. Laing accepted that inflation was the number one enemy.

5. He said that the private sector had gained a lot as a result of the experience of the past two years. Management has begun to manage and many aspects of industry had improved. Sir Maurice Hodgson had recommended that something should be done about energy costs to industry and this had been dealt with in the Budget.

6. Mr. Peyton said that he recommended:-

(a) Much closer contact between the civilian and military sectors of the economy - he mentioned helicopters in his own Constituency.

(b) There ought to be legislation about data protection. The Prime Minister said that this was under urgent consideration.

(c) He recommended that there should be a kind of Industrial Advisory Council which would be composed

of senior recently retired industrialists who would be able to advise those in industry as to how best they could prosper. Mr. Peyton said that so many contracts now were made between Government and Government and said that the French and the Germans were expert at insuring that their companies were given the maximum assistance by their own Governments.

(d) We must get rid of the mythology which surrounded sterling M3. The only vital statistic was Unit Labour Costs. Jobs had been lost by the blue collar workers but not by the white collar workers. The phrase "Rate for the Job" had come to mean that you received the same rate however well or however badly you did the job.

(e) The public sector has become an open drain, sucking everything into it. He would like to know the total amount which had been given to the public sector since May, 1979. Mr. Peyton said that many of the Chairman of the nationalised industries longed to be loved. There was a need for the Prime Minister to top up people's understanding, particularly among the captains of the nationalised industries. "Jericho would still be under siege if it had not been for repetition."

(f) We must regionalise these vast public sector industries and denationalise wherever we can.

(g) We must concentrate on wealth creation and have a bigger capital programme which could be achieved only by reducing running costs and over-manning.