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10 DOWNING STREET

From the Principal Private Secretary

21 January 1982

ccs Cabinet

Chief Whip

D. Wright co

CPRS

+ Mr. Hobkyns
Mr. Wolfson

cc: C. Priestley

Dear Private Secretary,

CPRS WORK PROGRAMME 1982

The Prime Minister has been considering the programme of work which she wishes the CPRS to undertake in 1982 and has decided on the following main items.

a) Causes of Unemployment

The Prime Minister has asked the CPRS to undertake a major study on the underlying causes of unemployment, the obstacles to improved competitiveness and the creation of new jobs, and what measures the Government could take aimed at removing or reducing these obstacles. This will subsume CPRS work on the labour market commissioned by MISC 14. The study will examine unemployment experience in other countries, and whether lower percentage levels can be explained by wage fixing arrangements which allow more flexible and rapid adjustment. It will include a detailed analysis of the different categories of people making up the unemployment register. This work will need to be done in close collaboration with the Department of Employment.

b) State Monopolies

The Prime Minister also wishes the CPRS to examine how to reduce the power of state monopolies. This will embrace a study of the ways and means of introducing increased competition wherever possible, and an examination of the United States system of regulatory agencies which control monopoly price increases, as proposed in the CPRS report to E(NI) on future work

c) The Black Economy

As an extension of their work on unemployment the Prime Minister has asked the CPRS to study the Black Economy. An authoritative survey is necessarily difficult, but the Black Economy is important as evidence

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of the desire to find work and as a factor tending to exaggerate the unemployment register. The CPRS will seek to make a thorough assessment of the available facts.

The CPRS will carry out this programme in addition to its regular work, including that related to nationalised industries. Ministers will wish to take note of these major studies; the CPRS will be getting in touch shortly with departments concerned, and will aim to keep in close touch with them as the work progresses.

✓✓ I am sending copies of this letter to the Private Secretaries
✓✓ to all members of the Cabinet and the Chief Whip. Copies also go
✓✓ to David Wright (Cabinet Office) and Gerry Spence (CPRS).

Yours sincerely,

Oliver Whitemore.

The Private Secretary

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CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

Ref. A07267

28th January 1982

I expect that you have seen Clive Whitmore's letter of 21st January about the CPRS work programme for 1982.

The Prime Minister has also agreed that, while priority should be given to the programme described in Clive Whitmore's letter, any spare capacity in the CPRS should be devoted to a study of the relationship of central and local Government, with a view to looking simultaneously and systematically at the three main issues - the allocation of functions, the methods of raising revenue, and the problem of local accountability versus central control - and the links between them. 'It is hoped that, by considering the constitutional, functional and financial facets of local government together, a coherent set of mutually reinforcing proposals can be achieved. A CPRS study of this kind, undertaken in consultation with the Department's concerned, should serve as a useful background to Ministerial consideration of the more immediate problems of the local government rating and financial system. Clearly the extent and timing of this study will depend a good deal on Ministers' decisions about the timing of legislation on rates, which your Secretary of State is due to raise in Cabinet next week.

I am sending copies of this letter to Brian Cubbon (Home Office), Douglas Wass (Treasury), James Hamilton (Education & Science), Peter Baldwin (Transport), Philip Woodfield (NIO), Kerr Fraser (Scottish Office), Trevor Hughes (Welsh Office), Ken Stowe (DHSS), Robin Ibbs and Clive Whitmore.

ROBERT ARMSTRONG

G W Moseley, CB

(Environment)

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Qa 05778

18 January 1982

To: MR WRIGHT

From: G B SPENCE

Sir R Armstrong

CPRS Work Programme 1982

Mr Whitmore's letter of 13 January to Mr Ibbs invited Sir Robert Armstrong to prepare a note of the CPRS work programme for circulation to Cabinet Ministers and I attach a draft for his consideration.

[Signature]

*Have we ever
circulated such a
note before?*

not

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Prime Minister.

*Comments for me, to
write as drafted, including
the passage on
the relationship
between central and
local government?*

Mr Whitmore

[Signature]

19.1.82

19.1.82

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Draft letter from: Mr Whitmore

to: ~~Private Secretaries to Cabinet Ministers~~ *John Hanning*

CPRS Work Programme 1982

1. The Prime Minister has been considering the programme of work which she wishes the CPRS to undertake in 1982, and has decided on the following main items.

(a) Causes of Unemployment

The Prime Minister has asked the CPRS to undertake a major study on the underlying causes of unemployment, the obstacles to improved competitiveness and the creation of new jobs, and what measures the Government could take aimed at removing or reducing these obstacles. ~~This would~~ ^{will} subsume CPRS work on the labour market commissioned by MISC 14⁴. The study will examine unemployment experience in other countries, and whether lower percentage levels can be explained by wage fixing arrangements which allow more flexible and rapid adjustment. It will include a detailed analysis of the different categories of people making up the unemployment register. This work will need to be done in close collaboration with the Department of Employment.

(b) State Monopolies

This will involve a study of the ways in which state monopolies are increasing

The Prime Minister also wishes the CPRS to examine how to reduce the power of state monopolies ~~by including the introduction of increased competition wherever possible, [This will involve a study of the United States system of regulatory agencies which control monopoly price increases, as proposed in the CPRS report to E(NI) on future work.~~

(c) The Black Economy

As an extension of their work on unemployment the Prime Minister has asked the CPRS also to study the Black Economy. An authoritative

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survey is necessarily difficult, but the Black Economy is important as evidence of the desire to find work and as a factor tending to exaggerate the unemployment register. The CPRS will seek to make a thorough assessment of the available facts.

(d) The Relationship between Central and Local Government

The Prime Minister recognises that there is a good deal of knowledge and continuing work inside Government on a wide range of topics under this heading, and that Ministers are to consider shortly the proposals to reform or abolish domestic rates. But if resources permit she would like the CPRS to start work aimed at ~~systematically~~ analysing and then pulling together the various fundamental strands (structure, finance, control) more systematically and considering radical overall solutions, even though recommendations might not be acted upon until the next Parliament.

2. The CPRS will carry out this programme in addition to its regular work, including that related to nationalised industries. Ministers will wish to take note of these major studies; the CPRS will be getting in touch shortly with Departments concerned, and will aim to keep in close touch *with them* as the work progresses.

3. *I am sending copies of this letter to the Council Secretaries to all members of the Council and to the Chief Whip. ^{Copies also go} to David Wignall (Chairman of the Council) and to George Spencer (CPRS).*

*H/C to N Wignall.
R Wignall.*