



10 DOWNING STREET

From the Private Secretary

5 July 1983

Dear David,

STRATEGY FOR UNEMPLOYMENT

The Prime Minister plans to hold meetings at Chequers on Tuesday 6 and Wednesday 7 September, to consider what the next steps should be in the Government's strategy for creating a more enterprising and prosperous British economy, and thus reversing the growth of unemployment.

Mrs. Thatcher has asked, in letters addressed separately to each of the Ministers concerned, for papers for discussion at Chequers under the following headings:

Chancellor of the Exchequer

1. What changes should be made to the taxation system, to tax rates, thresholds, allowances and other aspects of tax legislation or administration to reduce costs for industry and to stimulate the creation and expansion of new enterprises and to reduce unemployment?
2. Can the resources currently devoted to regional policy be better deployed to encourage the growth of lasting jobs?
3. What further progress can be made in the lifetime of this Parliament in privatisation, contracting out, and, generally, the opening up of the public sector to market forces?
4. Could public expenditure policies be altered to bring more to the fore the improvement of employment prospects?
5. Can an affordable scheme for portable pensions be devised? As an input to a paper on the subject, I am sending you, under separate cover, a paper produced by the CPRS.
6. Passport for a Job (secret and personal minute to the Prime Minister by the Chancellor of the Duchy of 1 July, copy attached).

Secretary of State for Trade and Industry

1. What more can be done to eliminate or reduce restrictions on the wealth-creating part of the economy - e.g. building, planning and environmental regulations?

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2. What can the Government do, without higher expenditure, to encourage growing industries rather than support declining ones, and in particular to help industry to adapt to, and to exploit, new technology?

Secretary of State for Employment

1. How can we reduce more quickly barriers to employment, for example, Wages Councils, and some of the requirements of the Employment Protection Act?
2. What changes should be made, in trade union law and otherwise, to reduce trades unions power to obstruct changes, reduce labour mobility and generally to damage employment prospects?

Secretary of State for the Environment

What changes should be made in the Government's housing policies to assist labour mobility?

Secretary of State for Education and Science (in consultation only with the Department of Employment)

How can the efforts of schools, higher education, the MSC and industry be best deployed to give workers and managers the skills and enterprising approach they require? Should we, for example, shift support of first degree students from the mandatory grant system to employers' sponsorships? How can we best give teachers a better insight into the requirements for success in industry and commerce? What extensions are required to the present arrangements for technical education?

The Prime Minister would also be grateful for any papers which you might wish to offer on any of the above topics, or in any other areas in which you believe decisions are required to encourage enterprise, wealth creation and employment prospects.

Mrs. Thatcher particularly hopes that each paper will avoid generalities and will concentrate on the specific decisions which need to be taken.

The Prime Minister would also be grateful if you would ensure that any papers you present are sent to her by Friday 26 August at the latest. Mrs. Thatcher has asked me to emphasise that she wishes the fact of the Chequers meetings, and of the papers prepared for those meetings, to be closely guarded, and that she would prefer you to prepare your papers on a personal basis without outside advice and consultation.

I enclose too, two notes by Alan Walters about recent academic work on unemployment, supplementary benefit and relative wages, as a background for the Chequers discussions. I should add that, at the

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Prime Minister's request, I have circulated to those who will be attending the meetings, without disclosing its authorship, your wide-ranging paper which you recently put to the Prime Minister.

Yours ever,

Michael Scholar

David Young, Esq.

Your ref:
Our ref:
Date:

26th August, 1983

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Chairman: David Young

Dear Michael,

As arranged, I enclose my paper for the September meeting.

Kind regards,

Lawrence
Young

A Minister for Policy?

In 1979 we came into power with the most radical programme since 1945. When the Parliament ended attitudes had changed but little else. In their time the Attlee administration accomplished far more. Why should that have happened?

I suspect that after the last war there was more of a general feeling throughout Government that the "system" had to be changed. Also the result of that change increased the power and influence of the Civil Service. Our policy was to reduce the public sector.

It could be argued that in the last Parliament the principal difficulty lay not with the opposition but with the Civil Service. For many years changes introduced by one government were being reversed by it's successor. This is where senior civil servants found a role maintaining a line of continuity between Governments. I well remember in the Department of Industry in the autumn of 1981 how any policy changes suddenly became "difficult" when we were trailing in the polls. These difficulties disappeared in the months that followed almost in

proportion to our changed position.

And yet this cannot be the complete answer. There is the very nature of Government itself.

Any Minister looking at the quality of his briefing would recognise a consistent strand running through (overtly or otherwise) that can best be described as "the Departments interest". It is endemic to the very nature of life in the service. The prize to be won is the increase in the power and influence of the Department. Some Ministers can resist the temptation but on too many occasions the Department's interest remains paramount.

Yet the political objectives of Ministers is quite separate and distinct from the objectives of Departments. The disease has been described elsewhere as "Departmentalitis" and may be the principal factor that prevents Departments working together successfully.

There are many examples:-

1. **Small Firms Policy.**

The lead Department is DTI, but DoE and DE (acting in part through the MSC) have a very real interest in small firms policy and in fact they probably spend more in budgetary

terms. Yet there is a sense of competition between the Departments that restricts co-ordinated policy. The Enterprise Trusts, the Small Firms Advisers and the Enterprise Allowance are run by different Departments yet hold similar objectives. COSIRA reports through DoE and not through DTI, whilst the MSC runs a series of programmes designed to promote the growth of new businesses. But the qualifications required by each Department often differ and the public end up totally confused. There is a very real need to co-ordinate the political direction of all our Small Firms programmes.

2. Regional Policy.

Regional Policy is up for review, but it is DTI (in all these matters I exclude the Treasury whose influence, at official level, runs throughout) who will lead. Above all else this is an employment matter yet DE are not involved at first hand, nor is DoE who have many relevant interests in Town Planning, Urban Policy, Rent Control, etc. The coordination and implementation of any Regional policy should be carried out by one Minister to ensure that all policies are directed toward a common political objective.

3. Privatisation.

Although the consolidation of Trade and Industry will help,

there are many Nationalised Industries and Utilities whose control and direction come under different Departments. Even at Ministerial level E(NI) monitored the management of the businesses, the Treasury looked after financial controls, while the form of Privatisation was agreed between colleagues - but only after it was conceived at Departmental level - by E(DL). There is no common line, agreed policy or any order of priorities in our drive to reduce the State owned sector.

Even today we have officials at Energy, Transport and DTI working within their Departments on Privatisation plans for their particular interests. On a day to day basis and at a political level who has the responsibility to ensure that Government plans progress?

*The PM & the Treasury
↓
Cabinet Office*

4. CPRS.

Perhaps the missing ingredient in the work of the CPRS was political commitment. It is not enough to research particular problems, or even to think the unthinkable, in such a unit. A staff of officials and outsiders, no matter how good their managerial and administrative ability, need political motivation.

I have named a few of the examples where we require more co-

ordination in order to drive home our political objectives. There are many more. For example there is Unemployment Benefit and Social Security, two programmes which clearly overlap in part. Then there is the relationship between Education and Training. Here quite apart from DES and MSC, the DoE has a major role through it's relationship with Local Authorities. There is also Inward Investment where Ireland, Scotland and Wales often have conflicting roles with DTI and where even the FO has an interest through our Embassies abroad. And many others.

Coordination of policy requires an element of political direction that runs through more than one Department. If it is to be done well it has to be carried out at a level that commands respect and authority.

A New Approach.

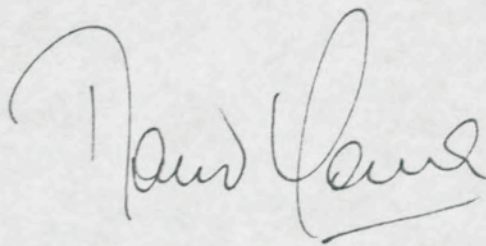
This problem is easier to state than to solve. However difficult the solution the objective is simple - to find a more efficient way to reach our policy objectives in the time allowed. We could consider:-

1. A Minister, with no main Departmental interest, who would assume the task of co-ordinating policy. A small support staff would be necessary with perhaps some commitment from outside.

2. Some, maybe junior, Ministers who could be given individual responsibility for particular areas of policy. This may be difficult since their writ would have to run across accepted Departmental boundaries. It would require the cooperation of the relevant Secretaries of State. But responsibility would be clearly defined.

What would **not** work is leaving the whole problem to a Committee of Ministers, or even worse, officials. Shared responsibility is a recipe for delay.

In parenthesis this paper may appear to be unduly critical of the work of Civil Servants. That is certainly not my intention since I have greatly enjoyed my time in the Service and admire those with whom I work. Nevertheless I believe that the present system operates to the detriment of our objectives, albeit often unconsciously.

A handwritten signature in cursive script, reading "David Lane". The signature is written in dark ink and is centered on the page.

August 1983.