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Qa 05756

To: PRIME MINISTER

24 December 1981

From: J R IBBS

CPRS Work Programme for 1982

1. You asked that I should suggest a programme of work for the CPRS in 1982 that would enable us to contribute to the development of Government strategy for the next five years.

2. Shortly after I arrived in the CPRS I submitted a minute (Qa 05007 of 25 April 1980) on Government Objectives and Strategies. This gave four objectives and listed several strategies in support of each. The four objectives still seem appropriate: they were

- ✓ (i) to create a vigorous and healthy free market economy;
- ✓ (ii) to create a society in which individuals are free and encouraged to make economic and other decisions for themselves while those most in need are protected;
- ✓ (iii) to improve defence and law and order;
- (iv) to obtain re-election for a further period of office in order to attain objectives within ten years.

3. The strategies listed under each objective also still appear broadly correct although some change of emphasis is probably appropriate. In my minute I listed topics on which further work might be required. You asked us to concentrate on the first two of these: namely, policy on pay, particularly in the public sector; and policy on nationalised industries. Subsequently we also became involved on the third item, policy on unemployment.

4. The CPRS can adjust fairly easily to different subjects and patterns of work, depending on what is required, if necessary by recruiting people with appropriate experience and by using consultants of various kinds (there is, of course, some time-lag while the right



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people are obtained). Next year in addition to maintaining our ability to offer a view when required over a wide range of subjects, we shall need to take a particular interest in the affairs of nationalised industries now that the Review Staff to support E(NI) is being provided by the CPRS. However, it will be possible to create capacity for several major studies. In the strategic area, on which I understand you would like us to concentrate, I suggest that the following may be suitable subjects.

5. The first may be summarised under the broad heading of "How to speed up ability to achieve non-inflationary economic improvement." Soundly based economic expansion is the prime way of creating employment. A wide range of possible 'supply side' measures has been considered by the Chancellor's Group on Strategy (MISC 14) but there are some important strands that need further study; for example -

How to encourage more rapid and effective technological advance?

How to stimulate greater enterprise and confidence? Perhaps sharper incentives?

How to improve the working of the labour market, including how to weaken further the rigidities imposed by the Unions? Some work on housing, including an enhanced role for housing associations, might be relevant here.

How to ensure that ability and energy are focussed effectively on sectors of high potential? It is not just the labour market that appears arthritic.

Whether as part of the work of MISC 14 or in the form of complementary studies, this whole area is one in which the CPRS should do specific work on topics such as those suggested above.

6. Another important need is to develop new approaches to counter-acting, or where necessary accommodating, high levels of unemployment. Throughout the developed world productivity improvements in traditional sectors (and low cost competition from less developed countries) combined with inflationary pressures, are leading to higher rates of unemployment. The UK has been particularly vulnerable. The trend may be partly offset by new 'up market' activities and improvements of the



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kind envisaged in paragraph 5 above, but even so the level of unemployment is likely to remain economically wasteful and socially damaging. The potential ways of alleviating the situation are new work patterns (e.g. a shorter working week that does not raise costs, and/or more part-time work), or by using the 'unemployed' in socially useful ways at present left largely to volunteers. Once again this will be a matter of changing attitudes, reducing rigidities, and adjusting to new technologies.

7. At the request of MISC 14, the CPRS is already doing further preliminary work on Education and Training. The specific aspects are how to make the existing education system more responsive to employers' needs, how to devise a more market based approach to providing vocational education and training post-school, and what organisational arrangements would best deliver integrated vocational education and training (at present there is a serious split). These education and training issues are an important aspect of the economic improvement and unemployment problems already referred to. They therefore need to be fitted into, and give appropriate priority within the overall work on these subjects.

8. Regional Policy provides a way of focussing positive economic opportunities and of making constructive use of 'unemployment' in areas of greatest need - including inner cities as well as the much larger traditional 'regions'. Rethinking needs to span a wide range of existing departmental interests and to be based on an up-to-date assessment of the causes of regional disparities, changes in the pattern (such as the spread to the West Midlands) and scope for re-allocating resources more effectively.

9. These four topics provide a basis for initial discussion of a work programme but two other subjects deserve brief mention alongside them. These are, first the relationship of Central and Local Government (where there is a need to encourage greater local financial responsibility, find better ways of raising revenue and more rational functional organisation); second, improved ways of providing, managing and financing public services (e.g. a greater role for private sector supply of such services, possible extension of 'charging' and better management



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motivation). In both these areas the present situation is extremely unsatisfactory and radical rethinking is needed if substantial improvement is to be achieved. In both instances they offer potentially a means of reducing the burden of Government and increasing the opportunities for the private sector. They also have important implications for the four main topics.

10. There are several further subjects I could suggest but they seem less urgent and I believe the above are sufficient to provide a sound basis for discussing a programme of work for next year. To summarise I suggest therefore this might be built up from the following:

(a) A series of studies relating to speeding up ability to achieve non-inflationary economic improvement (paragraph 5).

Each of these might take two or three months.

(b) Two studies on new approaches to counteract or accommodate high levels of unemployment (paragraph 6). The first would be concerned with new work patterns, the second with using the unemployed in socially useful ways at present left largely to volunteers. Each study would take about three months. They would be done in sequence but could take place in parallel with the studies in (a).

(c) The studies on education and training (paragraph 7). These would probably take about six months in all and could be done in parallel with the studies in (a) and (b).

(d) A study of regional policy (paragraph 8). This would be built in part on the studies in (a), (b) and (c). It would need to be strongly interdepartmental. It would require about six months and might take place during the second half of the year.

11. These four topics could provide a core programme for 1982. Two further studies that might be held in reserve for later consideration are:

(e) A study of the relationship of central and local Government. This is a subject that greatly needs to be clarified. Much will depend on where the Secretary of State for the Environment's current consultative process gets to. However, it is arguable that more radical rethinking is needed than is likely to emerge from this.



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(f) A study of improved ways of providing, managing and financing public services. This would be a substantial piece of work and would need to be tackled in stages.

12. If your view of priorities differs from that implied above, or if there are alternative subjects you would like included, the programme could, of course, be adjusted accordingly.

13. I have re-examined the presentations on strategy that were made by the CPRS in the early days after it was set up. I believe that we could offer a presentation of objectives, main strategies, and where we see our studies supporting these, if you and your colleagues thought this would be helpful. To be effective I think a presentation would need to be rather simpler than those made originally.

14. I am sending a copy of this minute to Sir Robert Armstrong.

JR/

CONQUEROR

PRIME MINISTER

CPRS WORK PROGRAMME FOR 1982

6 January 1982

Policy Unit

*Mr Sargent. P. 9 -*

*I have put the reports*

*to the Home Minister  
proposing a meeting with jobs, housing + holidays.*

*no WKS note*

*Sav  
Mach*

*W*

*Si.*

Some brief comments on Robin Ibbs' proposals of 24 December.

1. Of the proposals he makes, we believe that the following make most sense from the viewpoint of "general strategy":
  - Supply side measures (paragraph 5 of Robin Ibbs' minute).
  - Counteracting/accommodating high unemployment (paragraph 6).
  - Improving education and training (paragraph 7).
  - Improving ways of providing, managing and financing public services (paragraph 9).
2. We think that the other two proposals (regional policy, paragraph 8; and central/local government relationship, paragraph 9) are less important.
3. Of the CPRS' present work programme, the work in support of E(NI) is probably the most important and may mean that CPRS' strength is a little low for other strategic work.
4. It is also possible that further study of the "five-year strategy" approach may reveal other topics for study, which were not immediately obvious. However, there can be little doubt that those shown above would be extremely relevant to any strategy.



JOHN HOSKYNS

FILE

HL

MR. HOSKYNS

CPRS Work Programme for 1982

I attach a copy of a minute from Mr. Ibbs to the Prime Minister setting out his proposals for the CPRS's Work Programme for 1982.

Before I submit this to the Prime Minister, I should be grateful for any comments you may have.

CLIVE WHITMORE

29 December 1981

Michael

Have seen John Hoskyns is away since  
4 January (who the rest of the ~~policy~~ Policy  
Unit), I agree that



we should seek his  
comments + I have  
mentioned him (below).

Robert Armstrong's office is closed today

10 DOWNING STREET

and, in any  
case, he is out of the office till 4 Jan.  
We can ask him then whether he has  
any views to offer.

Feb 29 x 52

Clive

CPRS work programme

Before submitting this I

suggest we should seek comments

from J Hoskyns to see if

R Armstrong wants to offer any.

I find 10(a) a bit vague - although  
the objective is commendable of course.

10(b) carries the risk that in  
accommodating high unemployment  
we may take measures which will be  
inimical to reducing unemployment  
- but this can be watched out for

Is 10(d) a higher priority  
than 10(c) - for the CPRS anyway?

PTO



Maybe MDD wd write up

these points if they recommend

themselves to you (and him)

submit with <sup>any</sup> [J Hoskins / RTA]

advise next week ?

MUS 24/12