

SUBJECT

cc Master Set



MR. WHITMORE

10 DOWNING STREET

From the Principal Private Secretary

MR. IBBS

CPRS Work Programme for 1982

The Prime Minister saw you and Sir Robert Armstrong yesterday to discuss your minute of 24 December 1981 in which you made proposals for the CPRS work programme for 1982.

The Prime Minister endorsed the four objectives of the Government set out in paragraph 2 of your minute.

It was decided in discussion that the CPRS should undertake the following studies:

(a) Causes of Unemployment

Professor Patrick Minford of Liverpool University was doing work on the causes of unemployment. What was required was a development of this work by the CPRS. It would need to embrace a study of the make-up of the unemployment register. The last sample had shown that 9% of those on the register were aged 60-65 and were not in practice looking seriously for work. A fresh analysis might well show that the figures of registered people were still inflated. The study would also need to identify the obstacles which prevented the creation of new jobs and to consider how these impediments could be removed. Your own proposals for studies on education and training could readily be fitted into the main exercise. It might be helpful if you were to talk to Professor Minford.

(b) State Monopolies

Another question which required urgent examination was how to reduce the power of state monopolies. The key was the introduction of more competition: this would curtail the ability of these monopolies to hold the Government and the public to ransom. It might, for example, be possible to break the monopoly power of the coal industry by expanding facilities to handle imported coal, by building more nuclear power stations, by encouraging the construction of privately owned generating stations,

/ and by reducing

and by reducing coal prices in the summer to make it easier for coal users to build up their own stocks of coal. It would also be worth looking at the system in the United States which required monopoly suppliers to obtain federal authority for price increases.

(c) The Black Economy

So far nobody had undertaken an authoritative survey of the black economy; and there were arguments for not attempting such an examination. Nonetheless, its existence showed that people had the will to create or find work. At the same time, the very fact that the black economy was flourishing kept up the unemployment figures. What was needed was as thorough an assessment of the facts as it was possible to make.

There was also a good case for conducting a study of the relationship of central and local government, as you had suggested in your minute. It was true that there was already a good deal of knowledge inside Government about this question but it was not being marshalled in a systematic way. Nor were officials at present prepared to attempt to think the unthinkable about the relationship between central and local government. Yet there was widespread agreement that the relationship was becoming increasingly unsatisfactory and that the questions of both representation and finance in the local government field needed fundamental reappraisal. Even so, this was not a subject which needed to be studied with the same priority that had to be accorded to the questions listed in the paragraph immediately above. Nonetheless, if there were some spare capacity in the CPRS after adequate effort had been allocated to the more urgent studies, it might be possible to make a start on this problem.

The Prime Minister said that she would find an opportunity to let the Secretary of State for Employment know about the work on the causes of unemployment and the creation of new jobs which she had commissioned the CPRS to undertake. She would be grateful if you would let Mr. Walters and Mr. Hoskyns know what she had decided the CPRS should concentrate on in 1982. Sir Robert Armstrong should prepare a note setting out the CPRS' programme of work for 1982 which she could circulate to her colleagues for their information.

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

*KW.*

13 January 1982