

016
Young or Political officer?



(F)

Government Chief Whip

12 Downing Street, London SW1

Sally - for you? King 19/7

of I.G.

PRIME MINISTER

Prime Minister
Perhaps for discussion
when you next

I enclose a copy of a letter I have see the
received from Reggie Eyre which I Chief?
think you should see.

MAD
8/11

7 July 1981.

From: Reginald Eyre, MP

GRE
MP.



HOUSE OF COMMONS
LONDON SW1A 0AA

6th July 1981

Dear Michael,

On Saturday morning last in Birmingham I had a long meeting with Industrial Managers from the West Midlands. They represent executives from middle-sized and larger companies as well as smaller proprietorial businesses and most of those attending were in the 35-45 years age bracket.

I was deeply worried by their lack of understanding of our present economic situation and the real limitations upon what the Government can do. Their attacks on Keith Joseph were intensified by the reported comments of some of our own Members.

I have never found it so hard in Birmingham to get a hearing for reasoned, detailed argument. Yet if we do not succeed in carrying this group we shall find it much harder to retain or win understanding amongst the blue collar workers.

There are valid explanations which counter many of their criticisms, but I must record that our total efforts at communication so far have not even begun to match the needs. I intend to draft a list of "blind spot" subjects and suggested ways of penetrating ignorance as soon as I have completed the Committee Stage of the Companies Bill and I will let you have a copy of this in due course.

← Our best emotional asset, the personal integrity of the Prime Minister, is now being damaged by unjustifiable feelings in the private sector that we have preferred the public sector to their detriment.

In view of the disturbing nature of this evidence about the depth of our problems in industrial areas, I am copying this letter to Francis Pym.

Yours ever

Regard

The Rt.Hon. Michael Jopling, M.P.
Government Chief Whip
House of Commons

ETRE, N.P.

12 Downing Street,
Whitehall,
London, S.W.1

With the Compliments
of the
Chief Whip

Eyre TP



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Secretary of State for Industry

4 September 1981

R Eyre Esq MP
House of Commons
London SW1A 0AA

Ian Reg.

Thank you for sending me a copy of the Paper that you put to Ian Gow. I have read it with interest and with a great deal of agreement. I am sure that further efforts in clearer presentation of our case are needed - and will bear in mind all the points you make on that and on the substance of policy.

I am copying this to Ian Gow.

Eyre

Kew

Political Office
File under Reginald Eyre MP.

Box

ME

Reginald Eyre Esq MP
House of Commons
London SW1A 0AA

12th August 1981

The Industrial Areas and Developing a Prime Objective

Thank you so much for your letter of 10th August,
together with its enclosure.

I will show your Memorandum to the Prime Minister when
she returns to London next week.

If I may say so, I think that your paper is an excellent
one. I take it that you have sent copies to Geoffrey
and Keith.

I hope that you will have a good holiday.

IAN GOW

5th AUGUST 1981

REGINALD EYRE, M.P.

DEVELOPING A PRIME OBJECTIVE

This is an effort to identify the basic requirements of a policy which answers the country's imperative need at this critical moment in its history. A policy which is based on a prime objective necessarily has disadvantages in areas of concern where attention is to be postponed. But a prime objective presents the kind of clear cut challenge which can be understood in all the welter of confusing technicalities and opinions. It can be presented in terms sufficiently dramatic to command attention. Acceptance of the prime objective compels a logic to be applied in determining priorities in most subordinate areas of policy. It therefore obliges consistency. Not only that, its achievement should require the firm but reasonable application of our political principles and illustrate them well.

Finally, the prime objective should with honesty be capable of presentation in compassionate terms as being in the best interests of all our people -

- the elderly and disadvantaged who are dependent upon our national earning power for their standard of living,

- the working population whose need for well paid jobs will be dependent upon its success,
- the young whose future prospects and confidence in the country's place in the world will be much affected by the economic developments of the next three years and the results of the next General Election.

INDUSTRIAL AREAS AND THEIR DEPENDENT CONURBATIONS

Morale is lowest in these areas and the threat to the kind of self-respecting society we wish to see develop is greatest. In a relatively short period the non-competitiveness of large parts of manufacturing industry over years has been sharply exposed. Dramatic reductions in over-manning present long term problems about unemployment to which no one has an effective short term answer. Leaders of industry and commerce and representatives of small businesses express intensified anxieties about the delayed upturn in business demand. It is urgently necessary to clear away certain basic misunderstandings which have developed about government policy and its implementation. It is also necessary to turn corrosive criticism and defeatist attitudes into more positive and self-helpful action.

A priority which can be seen as relevant to overcoming despondency in these major problem areas of the country will more easily be recognised as beneficial in the more favourably balanced areas of the country.

INDUSTRIAL AREAS

1. On the positive side we need to establish that we have a great economic objective; that its achievement is essential for the well-being of all our people; and that our policies will lead to the successful achievement of that objective. Policies must be put over in national terms and be seen to underpin, as well as be underpinned by, our social objectives.

The methods by which we achieve this objective must be seen to be active, indeed aggressive, in the national interest where necessary. Very importantly (since this is not felt at present) all economic policies applied must be seen to be related to the achievement of the great objective as a whole.

2. It is clear that the economic objective of outstanding importance is to achieve a fully competitive position in world trade as rapidly as possible. Great strides towards this position must be made in the next two years so that hope for the future can be engendered on the way.

To win support for this aim more effectively, a simpler presentation of some of the main reasons for our present difficulties is needed:

- (i) An inevitable consequence of inflationary drift from 1970 onwards was the seriously non-competitive trading position of U.K. in 1979 (adverse balance of trade £3.4 billion; we could not go on in this way and maintain our national standard of living);
- (ii) Adverse effect of oil price rises over 10 years;
- (iii) World recession causing difficulties (including unemployment) in other countries also but urgent need to overcome our special weakness so as to get our share of benefit from the coming upturn in world trade.

However, the latest export figures show perhaps the best evidence in support of our theme that industry etc. is now leaner and fitter.

- 45% of our exports going to E.C. countries showing advance in meeting higher technology demands of that market.
- 55% of our exports going to larger European market (including former EFTA partners, etc).
- A substantial improvement in our balance of payments - nearly 30% of our domestic product - goods and services - being exported.
- About 45% of our mechanical engineering production being exported.

- A third of our exports provided by so called invisible exports, including shipping, civil aviation, tourism, banking and insurance.

So we can succeed across a broad spectrum of effort: we need to concentrate our resources on re-inforcing success.

These figures also support our belief in membership of the European Community and the open trade system (subject to special case safeguards, e.g. Japan and the Multi-Fibre Arrangement).

So, we can develop a strong case for exertion now on a national scale to further put right the weakness which has not been tackled properly over 20 years - growing non-competitiveness in a changing and developing world trade situation.

- Import saving as well as exports would be helped by greater efforts to bring manufacturers in to touch with consumer needs and competitive standards through liaison with retailers' organisations.
- Development of small businesses can be further encouraged by better identification of articles now imported which could be made at home, thus providing a base in some businesses for further exports from a competitive position.

- An attack upon low standards of service; scruffiness; unwillingness to serve interests of consumers (including those of the nationalised industries) can be launched.

Clearly low pay settlements are of vital importance to success. In most of the private sector these will be achieved this year. The pressure on restraint in local government expenditure will intensify. The Government's action to reduce demand upon national resources by its own services must be better explained because it has not registered with our critics (reduction in numbers of civil servants and the relevant application of the Rayner programmes).

But a strong complaint of industrialists and businessmen is that we have allowed monopolistic nationalised industries to maintain overmanning and restrictive practices and condone excessive pay settlements generally thus providing essential services at excessively high prices. This is not entirely true (e.g. the steel industry) but it has to be admitted that nationalised industry losses are increased by such factors - British Rail; British Airways (heavily overmanned and 400 surplus pilots); the National Ports Authority (clear evidence of higher charges than European ports, thus adding to costs of our exporters).

Some of the bitterest complaints of industrialists are still about energy charges and particularly gas prices, and renewed efforts are necessary to show that a competitive position with European producers is being maintained.

But overall there is a case, for extra pressure on monopolistic nationalised industries to eliminate industry losses and increase the proportion of their investment financed internally. Some way must be found to demonstrate to critics that this is being done. The cost to the nation of the Civil Service strike, and the cost to British Airways and other airlines of the Air Traffic Controllers' strike, must be brought home.

The prime aim of competitiveness in world trade must be carried through all our policies, including education and training. Examples:

- the anomalous action of the University Grants Committee in closing down engineering faculties at Aston and Salford indicates lack of understanding of priorities in academic circles;
- the need for expansion of skilled workforces means that outdated trade union restrictions on apprenticeship cannot be continued.

The actual use of North Sea oil revenue must be explained again. Our policy of sustaining nationalised industries (e.g. B.L.) but of pressurising them and their management into efficient performance is not sufficiently understood; nor is the credit due to Government fairly given for allocating funds to these industries which provide work for their private sector suppliers.

Suggested methods of carrying public opinion on our prime aim:

- (a) Top level conference of Government, Trade Unions and Industry to review nation's competitive position and aims for achieving success in wealth and job creation. Better outside NEDC and London. Birmingham National Exhibition Centre?
- (b) Government display at main industrial centres promoted by Departments of Industry, Trade, Energy and Employment. Live explanations of need for profit, investment and new products and services and new jobs.
- (c) Involve Government Backbenchers in regional campaigns coupled with extra efforts to dominate Parliamentary debate, gain media coverage, and expose weaknesses of opponents.

Although capacity for adjustment of government expenditure is small, any extra expenditure must be clearly related to the prime objective, such as:

- Road access to the ports for exports.
- Any possible incentive to bring forward investment in new machinery now.

Claims to hugely increased social expenditure in Inner Areas should be treated with great caution.

Riots are not confined to them. These areas are monuments to the failure of socialist policies and real answers to their problems (which are shared in other parts of large cities) must be sought in the context of the City area as a whole, and the economy as a whole.

If social expenditure is considered a simple and relatively inexpensive housing improvement scheme for Inner Areas, providing an inside w.c. in every home within three years, would be seen as a tangible gesture towards improving unacceptable conditions for all families.

From: Reginald Eyre, M.P.

607



HOUSE OF COMMONS
LONDON SW1A 0AA

10th August 1981

Dear Ian,

The Industrial Areas and Developing a Prime
Objective

As arranged, I enclose a slightly improved
version of the earlier paper, which please
substitute.

I very much appreciated your kind and
encouraging reception last Thursday.

*Yours ever
Reay*

Ian Gow, Esq., M.P.
Parliamentary Private Secretary
Prime Minister's Office
10 Downing Street
London S.W.1.