

cc Mr. Lankester
Mr. Duguid

MR. INGHAM

CBI speech file M R

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Gallup Political Index : April 1981

The latest Gallup survey contains the usual dismal, and worsening, picture of the way in which both the economy and the Government's management of it are seen by the public. There is one rather striking feature, relating to the Government's handling of inflation. 73% now think that the Government is not doing enough to control the rise in prices, and 71% feel that the Government are not tackling the economic situation correctly. At the same time, those who think that the present rise in prices is bound to continue outnumber those who think it can be stopped by two to one. These figures are all considerably worse than earlier in the year. This adds up to a substantial vote of no confidence in the Government's ability to get inflation permanently under control.

I think this points in the direction already urged by Alan Walters for the CBI speech, namely a forceful reassertion of the Prime Minister's commitment to a virtually inflation-free economy.

J.

29 May 1981

cc Mr. Lankster ✓
Mr. Wolfson
Mr. Ingham
Mr. Hoskyns ?
Mr. Duguid

MR. VEREKER

CBI SPEECH, 16 JUNE

*P.A. sum
fin*

1. I would have thought that the speech would be an appropriate occasion on which to develop the general ideas of our industrial strategy. The framework is competition. And the overwhelming advantage of a competitive system is that it stimulates the constant unremitting search for new knowledge, new methods, new products, new techniques, and new ideas. Economists normally think of competition as having advantages in the allocation of resources: they are allocated efficiently when prices are equal to costs. But in my view, that is a minor matter. The overwhelming advantage of competition is that it automatically solves the problem of acquiring and using knowledge and developing new techniques over time. I am sure the Department of Industry can supply us with a few interesting, relevant and even exciting up-to-date examples.
2. I don't like your suggestion of employers' responsibilities and their "obligations". At the drop of a clerical hat, industrialists are anxious to tell everyone how good they are. Industrialists bent on doing good will certainly do immense harm. And especially when they come crying to Government about the need for tariffs to protect their workers, etc.
3. Which leads me to another theme which I think the Prime Minister ought to enunciate. That Britain needs free trade. There is an enormous amount of mercantilism, in the air, to which even the Prime Minister is not unsusceptible.

AW

27 May 1981

ALAN WALTERS

c. Mr. Lankester o/r
Mr. Walters
Mr. Wolfson
Mr. Ingham

MR. DUGUID

CBI SPEECH, 16 JUNE

The Department of Industry have been asked to provide a draft for the Prime Minister's speech at the CBI Annual Dinner on 16 June. But I think it might be helpful if we internally see if we have any particular themes we would like to see deployed, before the outline of the speech is discussed with the Prime Minister.

First of all, I think what we should not do is rehash the same economic message, especially since that formed the bulk of the Prime Minister's Women's Conference speech.

Might we not develop the theme of the employers' responsibilities? I have in mind, for instance,

- (a) the obligation to make a profit, i.e. keep pay rises low;
- (b) the obligation to maintain good employee relations, i.e. management communication and employee involvement;
- (c) the obligation to improve productivity, i.e. investment and new technology.

A fairly substantial economic chunk is of course inevitable: here I think the new (or newish) messages might include the fact that an 8% RPI would not be much of an achievement, and our sights are set much lower; and we surely ought to start stressing the very long term horizons applicable to processes as complex as restoring competitiveness and bringing along new enterprise.

/Will the time

Will the time be ripe to start developing trade union reform as a theme, as the end of the consultation period on the Green Paper draws nigh?

Any ideas are welcome; I will try and compress them into a very short note as the basis of our discussion on this speech.

J. M. M. VEREKER

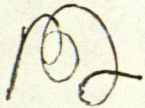
21 May 1981

MR VEREKER

cc Mr Lankester

CBI SPEECH

Roger Holmes in Sir Michael Edwardes' office mentioned to me that Edwardes will be taking Mr Kawashima (President of Honda) as his guest to the CBI dinner. BL thought that the Prime Minister - or those working on the speech - might like to be aware of Mr Kawashima's presence in the audience. Of course, they do not feel that his presence should inhibit in any way references to the importance of Japan "trading responsibly" and allowing full access to her own market etc.



ANDREW DUGUID



10 DOWNING STREET

file Mb
cc Mr Verelst

From the Private Secretary

1 May 1981

The Prime Minister is to be the guest of honour at the CBI's Annual Dinner on Tuesday, 16 June. I should be grateful if you could arrange for a draft speech - approximately 3,000 words - to be prepared; could I please have this by Friday, 29 May?

It would be helpful if the draft could be prepared with the Prime Minister's speaking style in mind. Short sentences and short paragraphs are generally preferred. It may be helpful if those involved in the drafting would look at some of the Prime Minister's recent speeches. (I can supply if you wish).

The Treasury may wish to suggest that the speech should include some significant macro-economic content; with that in mind, I am sending a copy of this letter to John Wiggins (H.M. Treasury).

T. P. LANKESTER

I. K. C. Ellison, Esq.,
Department of Industry.