

2 September 1981

Policy Unit

PRIME MINISTER

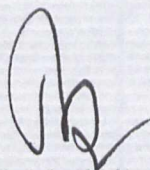
MICHAEL HESELTINE'S PAPER: "IT TOOK A RIOT"

This is just to say that we will be putting in a paper circulated to the colleagues who are attending next Monday's meeting.

We do not think that the Heseltine paper, interesting though it is as a snapshot of the present situation, is an adequate basis for action. There is no causal analysis and it is therefore difficult to know whether the proposals have much chance of working. Even if they do, the organisational approach seems to us unlikely to work well in practice. Our paper will suggest the type of analysis needed and a possible approach for organising what is really an R&D type project and for negotiating with the local interest groups over money they might receive from the Government and how it is to be used. Basically, our approach is that they should bid for funds, putting up proposals for solving the problems; with the Government acting as the banker evaluating those proposals and deciding whether to back them with money; but this means that the Government must have the capability for evaluating those proposals.

We certainly do not think that any "go" decision can be made on the basis of next Monday's discussion. I will be away on holiday next week, but Norman Strauss could sit in at the meeting as he has been most heavily involved in our work on the Toxteth paper.

I am copying this minute to Geoffrey Howe.



JOHN HOSKYNS