



Prime Minister

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22/9

PRIME MINISTER
INNER CITIES

Colleagues now have the very helpful paper from Sir Robert Armstrong to provide a basis for the decisions indicated in my report. I agree with much of what Quintin Hailsham has to say in his minute to you.

Since I wrote my report there are a number of developments that I should place before colleagues in advance of Wednesday's meeting.

As you know, my recommendation is for a time limited commitment of a number of senior colleagues to a small number of major conurbations.

Since I wrote my report, and the regrettable leaks, there have been significant representations from other areas stating their claim. This reinforces my judgement that we ought to go wider than just Merseyside. I believe it would be welcomed and failure to do so the source of much criticism and resentment.

Further, there is now the response of the financial institutions. Obviously there have been second thoughts particularly as I have held detailed discussions with them. This is unavoidable as one asks very uncertain and cautious organisations to come out of their shells. But the fact is that we have achieved what Geoffrey Howe, Keith Joseph and I have been working for, for at least five years - the first major if tentative sign of a more outward going attitude. This is of inestimable importance to what we all want to achieve and I now have agreement from the organisations listed to the secondment of a good manager for a year to help in our work. I expect other, substantial



organisations to commit themselves to assigning a secondee very shortly. We can't put them all into Merseyside. It would be wrong from our point of view but impossible from theirs.

Yet we can't send them out into other parts of the country without tight control and direction or they will achieve nothing, get fed up and withdraw. I think this reinforces the arguments I have already made for a powerful government commitment to our more densely crowded, politically sensitive and economically vital urban areas.

I wholly agree with the views of the Home Secretary about the non-involvement of his police responsibilities on the initiative. My Merseyside experience made it quite clear to me that there were many seeking to drive an explosive wedge between the Home Secretary and myself. That would be disastrous.

Finally I remain as convinced as ever that without resources no Minister can secure leverage and cooperation of the many forces at work. To add these simply to existing programmes without earmarking them would in many cases just compound the problems we already have. There is need for discretion to meet to local opportunity. Equally without the announcement that some extra resources will be available I am sure that the Government's commitment will lack credibility.

I hope colleagues will feel that the Government gained from the Merseyside initiative and that we should now build on that by taking the necessary decisions on Wednesday.

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I am copying this minute to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Education and Science, Scotland, Industry, Transport, Social Service, and Employment, and to Sir Robert Armstrong, Sir Ian Bancroft and Mr Ibbs.

DA (Q)

For MH

22 September 1981

*Minute signed by
the Secy of State and
signed in his absence)*

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