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I am sorry to be late complying with Margaret's request for material for the Manifesto.

It so happens that on the industry front, Margaret has recently made a speech to the Engineering Employers' Federation which was designed to describe our industrial policy. I suggest, therefore, that this speech - of which I attach a copy - plus your own admirable pages 39-51 in the Right Approach to the Economy - all within the general economic framework set out in the same publication - should constitute the main source for Manifesto work.

There remain two important strands still to be added - the further work now going on in connection with regional policy and the policy work now being considered by Margaret and colleagues in connection with the nationalised industries. Both these strands should be becoming better defined over the next few weeks.

There is, of course, the perennial problem of explaining the employment implications of current policies and of our proposed policies. This has already been largely done in the Right Approach to the Economy. We can, perhaps, put even more emphasis on the discouraging implications of the Employment Protection Act and the extra employment potential of the 800,000 small firms if only the majority of them were given sufficient encouragement and confidence to take on one extra employee.

What we have to drive home - and I shall be trying to do this during the next few months - is that so-called job-creation in fact destroys jobs. Jim Prior has said in the House that for every 10 jobs rescued, 6 jobs are destroyed. This is looking only at the claim that Callaghan makes for the 300,000 extra jobs which he alleges have been "created" by subsidies and the like. The truth is that Labour's policies have destroyed well over a million jobs and that their so-called job-creation and job rescues have maintained some jobs at the expense of destroying others. The general impact of Labour has been disastrous for jobs.

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The close overlap between industry and employment will be very familiar to you.

I am copying this letter, but not the enclosure, for Margaret.

C.c. Rt.Hon. Mrs. Margaret Thatcher, MP.