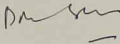


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Qa 05007

To: PRIME MINISTER
From: J R IBBS



Government Objectives and Strategies

1. In order to see how the CPRS can be most helpful, and how to plan its work accordingly, I have been trying to define as clearly as possible what the Government is aiming to achieve, i.e. the 'objectives', and the main lines of policy that are being pursued to reach these objectives, i.e. the 'strategies'. In both instances I have tried to concentrate on the central points of the programme - obviously there may be a multitude of other policies which back up the principal lines of attack.
2. I have arrived at four main objectives and several strategies in support of each, some of which are relevant to more than one objective. These objectives and strategies are listed on the attached sheets.
3. The main sources I have tapped are your own description to me last November of your objectives, the Manifesto, and discussion within the CPRS. I have also consulted Sir Robert Armstrong and I hope that he can be present during further discussion.
4. My purpose in drawing up the list is to provide a basis which will -
 - (a) enable the CPRS in preparing collective briefs to have a firm framework against which to assess and comment upon particular proposals. I want to be able to identify and draw attention to the implications which any proposal has across the broad raft of strategies. The desirability of doing this has been apparent to me from the items with which I have already come into contact at E Committee such as energy subsidies for horticulture and fishing, INMOS, and the electricity industry EFL;
 - (b) provide some markers against which progress on specific strategies can be monitored and so make it possible to suggest in some instances where some additional complementary policy or modification may be necessary;

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(c) enable any gaps where the range of strategies aimed at a primary objective appears to be insufficient in the light of events, and thus make it possible to suggest some further ideas. Examples of areas which have emerged from the discussion so far as being unclear or lacking momentum are:

- Policy on pay, particularly public sector
- Policy on Nationalised Industries
- Policy on unemployment
- Attitude to and pressure on local authorities
- Selection of where funds should be spent
- Full economic pricing of goods and services
- Benefits to be derived from North Sea oil
- Policy on encouraging technological advance

5. I should be grateful for an opportunity to check with you whether you would regard the objectives and strategies on the attached list as correct and sufficient for this immediate purpose, and whether the broad approach I am proposing to take is appropriate. I understand that arrangements have been made for me to see you at 5.30 p.m. on Wednesday, 30 April, and perhaps we could discuss the list then.

6. I am sending a copy of this minute and attachment to Sir Robert Armstrong.



25 April 1980

Att

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Government Objectives and Strategies

The Government has four primary objectives:

- (1) to create a vigorous and healthy free market economy;
- (2) to create a society in which individuals are free and encouraged to make economic and other decisions for themselves while those most in need are protected;
- (3) to improve defence and law and order;
- (4) to obtain re-election for a further period of Office because about ten years would be needed to achieve these objectives.

Objective (1) is co-ordinated collectively by Ministers and responsibility for Objectives (2) and (3) is largely devolved to relevant individual Ministers.

Strategies

Several strands of the Government's strategies assist the achievement of more than one of the four main objectives. The main strategies in support of each objective are as follows:

(1) To create a vigorous and healthy free market economy.

Strategies: (a) reduce inflation, in the medium term rather than necessarily immediately, by

- reducing the rate of growth of money supply
- trade union reform and more even balance of power in industrial relations
- reducing the level of PSBR in relation to GDP.

(b) improve industrial performance by

- reducing central and local government bureaucratic controls
- stimulating competition by returning public corporations to the private sector and reducing monopolies
- improving incentives
- encouraging and assisting small and innovative firms
- ensuring that industries with a future that provide tradeable goods and services survive

(c) reduce the size of (central and local) Government and eliminate waste.

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- (2) To create a society in which individuals are free and encouraged to make economic and other decisions for themselves while those most in need are protected.

Strategies: (a) greater emphasis on indirect rather than direct taxation
(b) reduce dependency on social security and ensure benefits to those most in need
(c) reform the law on picketing and trade union ballots
(d) reduce the influence of bureaucracy
(e) remove distortions in the pricing of goods and services to allow freedom of choice
(f) changes to housing policy - own your own home, etc.
(g) improve standard of education.

- (3) To improve defence and law and order.

Strategies: (a) commitment to an annual 3 per cent rise in real expenditure on defence
(b) raise the pay and staffing levels of the armed and police forces
(c) maintain the United Kingdom's nuclear deterrent capability - e.g. Polaris replacement
(d) preparedness to stand up and be counted when challenged
(e) sharpen penalties for anti-social behaviour - short sharp shock.

- (4) To obtain re-election for a further period of Office in order to attain the objectives within ten years.

Strategies: (a) get the most unpalatable of measures out of the way as early as possible in the first part of this period of Office
(b) maintain commitment to objectives and face painful decisions
(c) increase public understanding of the true economic and other facts, and so gain acceptance and support for the less pleasant aspects of (a) and (b).

25 April 1980

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