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10 DOWNING STREET

*& copied to  
press office.*

THE PRIME MINISTER

20 October 1980

*Dear Mrs. Cuthbert,*

Thank you for your letter of 23 September, in which you set out the difficulties facing your family business. I am sorry that the original letter went astray, and that you have had to send a duplicate before receiving a reply.

I have always been convinced that small businesses will have to provide the backbone of much of our future economic growth. It is for that reason that the Government is determined to help the small businessman. But we can only do that if we create the conditions in which industry can thrive. That means as a first priority conquering inflation - and keeping on top of it permanently.

In recent months I have heard of the problems of a great many companies like yours, and I know that some of them would like us to relax our current policies. But that would mean printing money indiscriminately in the hope that it would help the small businessman. That is what caused our present problems in the first place.

You may have seen reports of my speech last week at the Conservative Party Conference. I explained there why we cannot put at risk our efforts to defeat inflation. No matter how great the apparent short-term attraction of changes in policy, it would be wrong to step aside from that prime purpose. Inflation is now falling, and should continue to fall. The Government has to control the money supply to ensure that this trend is maintained. I know that this imposes financial pressures, which are that much worse because of the world recession. But we have never disguised the difficulties of the period of adjustment which the country now

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faces. And as a country we must use this period to learn that pay increases must be earned by increased productivity; the sooner we learn that the faster inflation will fall, and the sooner the squeeze can be relaxed.

When I hear of cases like yours, and when I learn of the individual tragedies hidden in the present distressing levels of unemployment, I am all the more determined that we must not waste this opportunity we have created to get us back on a path of steady growth and a new prosperity. As I said in Brighton, unemployment undermines the human dignity and self respect of people. Their talent and energy is among our most precious assets, and it is this that makes it our duty to find a real and lasting cure to our problems. I can assure you that there is no possible political gain for the Government in current levels of unemployment, and if I could genuinely solve these problems by some simple step, there is nothing which would hold me back, but the Government is committed to pursuing the only policy which gives any hope of bringing our people back to real and lasting employment.

I know that present difficulties bear particularly heavily on small businesses like yours. But if they are to thrive we must improve the economic climate for all our industries. After all, many of the customers of small businesses are to be found in our larger companies. In the past eighteen months, we have taken important steps to improve the environment in which small business operates. There will be more to come, but already the Chancellor has introduced a package of measures in this year's Budget to assist small firms, in addition to the taxation changes in the 1979 Budget; the Employment Protection Act includes measures to ease the position of small employers over unfair dismissal complaints and small redundancies; the 1980 Employment Act included other specific provisions designed to ease the position of small companies; planning regulations are being simplified, and the planning process speeded up; the Secretary of State for Industry has announced measures to encourage private investment in small business premises; we are looking at all statutory rights of entry into business premises; we are reviewing the Government's requirements for statistical

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information and have already eliminated an annual total of five hundred thousand forms, and simplified some of the remaining ones; we have extended the Department of Industry's Small Firms Advisory Service. These measures will all help small companies to get on with their real business as soon as our wider economic policies start to produce results - as they will.

Yours sincerely,

Margaret Thatcher

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Mrs. Susan Crabtree