

Confidential File

PM's meeting with Gavin STRANG MP
to discuss Bruntons of Musselburgh

PRIME
MINISTER

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February 1987

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
10-3-87 17-3-81.							
PREM 19/564							

SUBJECT.

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Prime Minister

10 DOWNING STREET

From the Private Secretary

17 March, 1981.

Dear Godfrey

Gavin Strang, M.P.: Meeting with the Prime Minister

The Prime Minister met Dr. Gavin Strang, M.P., at his request at 1545 on 17 March. Mr. Alex Fletcher was also present.

Dr. Strang said that he wanted to raise four points.

The first was that the management of Bruntons had told him that they were concerned about competition from the British Steel Corporation. They thought that they might be being undercut by the BSC although they had no firm evidence. The Prime Minister suggested that Dr. Strang should follow this point up with Mr. Fletcher after the meeting, and Dr. Strang readily agreed to do so.

Secondly, Dr. Strang said that the firm was concerned about the effects not only of the recession, but also of the strong pound. They were now facing competition from cheap imports from Germany and elsewhere. They thought that there might be some dumping going on, but Dr. Strang said he was not convinced of this. He added that Bruntons were the major employer in Musselburgh and he thought there would be more redundancies to come there.

Thirdly, he said that unemployment in Musselburgh had increased over the last few months at twice the rate of increase in Scotland as a whole. He accepted that Scottish unemployment had grown more slowly in 1980 than unemployment in the UK generally, but Musselburgh had a particularly high rate of increase.

He said that the SDA was involved in two industrial estates in his constituency. He hoped that the Scottish Office would encourage the SDA to regard the eastern side of Edinburgh as an important area for investment for the future. He said that the area needed a continuing commitment from the SDA, providing advance factories, so as to encourage private development. He said that someone in his constituency had been asked by a Scottish Office official whether he wanted to go to Clydebank. He did not blame the official for suggesting this, but was worried about the consequences for his own constituency which was not a booming area. The Prime Minister said that she could understand the point, and that seeking to persuade

/ firms

21

firms to move to areas where they were unwilling to go might prove counter-productive in the long run: instead of creating new jobs in areas of high unemployment, the result might be that the firm failed in its new location and the jobs were lost in the old location as well.

Fourthly, Dr. Strang said that he wanted to raise the issue of the assisted area status of the area. He said that he had already raised this in an adjournment debate. He said that he accepted that the problems of west and west central Scotland were worse than those of the eastern part of the country, but Edinburgh itself had real problems. Furthermore, in his view jobs attracted to Edinburgh - which many people saw as an attractive city - would lead to further investment in Scotland, and would bring more workers into Scotland. He thought that it was a serious mistake to discriminate against Edinburgh, East Lothian, and Mid Lothian.

He said that he recognised that the decision would be reviewed before it was finally implemented; he hoped that it would be possible to retain intermediate area status, since European financial assistance was at stake as well as British help for the area. Mr. Fletcher said that if Edinburgh kept its status, the whole of Scotland would have at least as strong a case. What was more, service industries and commercial firms had been growing in Edinburgh.

Dr. Strang said that he did not accept the case for discouraging manufacturing jobs from going to Edinburgh. He said that Edinburgh was worse off, for example, than Aberdeen. He thought that the last Government had been guilty of putting excess public investment into Aberdeen. He thought that there were good reasons for treating Edinburgh differently from the rest of Scotland, although he recognised that the real problem was in west central Scotland.

The Prime Minister said that she could understand Dr. Strang's arguments, and she recognised the importance of Bruntons in Musselburgh. She recognised too that establishing one good new business in the area might well lead other firms to follow. She said that she hoped to bring about a change of attitude in this country, so that more and more young people were prepared to start up new business. Mr. Fletcher drew attention to the Start Up Scheme announced in the Budget, which would help firms in areas across the country, whatever their development status.

Closing the meeting, the Prime Minister invited Dr. Strang to take up the BSC point and any other specific details with Mr. Fletcher.

I am sending copies of this letter for information to Ian Ellison (Department of Industry), and Richard Dykes (Department of Employment).

Godfrey Robson, Esq.,
Scottish Office.

Yours ever
Nick Sander



B F 16/3/81

PM

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Nick Sanders Esq
Private Secretary
No 10 Downing Street
LONDON

10 March 1981

Dear Nick,

In response to your letter to Godfrey Robson of 4 March I attach for the Prime Minister's meeting with Messrs Foulkes, Craigen and Strang short background notes on the following closures/redundancies:-

1. Stonefield Vehicles Ltd - Cumnock Ayrshire
2. Falmer Manufacturing (Scotland) Co Ltd - Ayrshire
3. Bryant & May (Holdings) Ltd - Maryhill, Glasgow
4. Bruntons (Musselburgh) Ltd - Musselburgh, East Lothian.- STRANG

In connection with the Jim Craigen meeting you may wish to note that he has a Question (No 21) about Bryant and May down for Oral Answer by my Secretary of State on Wednesday 11 March ie the same day he is due to meet the Prime Minister. It is unlikely that the Question will be reached but for your information I have attached to Note 3 a copy of the reply which in the event will be given by Mr Alex Fletcher.

Your sincerely
John Wilson

JOHN S WILSON
Private Secretary

NB Remains of this brief
is an relevant file
on Foulkes + Craigen.

Bruntons (Musselburgh) Ltd

1. The Management of Bruntons wiremill at Musselburgh, East Lothian - the largest employers in the town - announced on 14 February that 100 redundancies would occur within 3 weeks, as a result of declining orders and the continuing flow of cheap imports.
2. The Company, who currently employ about 800 people, have been receiving assistance under the Temporary Short Time Working Company Scheme since July 1980.
3. On 12 August 1975 the Company offered an IRG of £79,900 to increase capacity for producing rolled steel and wire rope at Musselburgh. The final instalment of grant was paid on 18 September 1979.

① Management
 ② Story of - Sweden. Norway.
 Competition from NOTE 4 B.S.C.
 || 1) import || Germany =
 ③ Musselburgh.

BRUNTONS (MUSSELBURGH) LTD

BACKGROUND

1. The Management of Bruntons at Musselburgh, East Lothian - producers of rolled steel and wire rope, and the largest employers in the town with some 800 employees - announced on 14 February that 100 redundancies would occur within 3 weeks, as a result of declining orders and the continuing flow of cheap imports.
2. The company has been receiving assistance under the Temporary Short Time Working Compensation Scheme since July 1980. It had earlier (in 1975) received assistance under the Industry Act 1972 to improve its production facilities.
3. Musselburgh is part of the Edinburgh TTW area (present unemployment 8.7%): it has suffered two significant closures in the past year, with the loss of 69 jobs. However, since January 1980 ten projects in Edinburgh, associated with some 2,000 jobs, have attracted offers of assistance under Section 7 of the Industry Act. One of these projects is in Musselburgh itself. The area is to be downgraded to "non-assisted" status from 1 August 1982, subject to a review to be conducted next year.
4. The company's problems are primarily commercial and typical of the wire industry in the UK. It is understood to be making losses and is reducing its workforce to 700 in order to strengthen its competitiveness.

LINE TO TAKE

5. The company's decision is dictated by market pressures and is designed to maintain its competitiveness and viability. Job losses are, of course, to be regretted, but Managements must respond to economic reality if they are to stay in business: Government assistance under the Industry Act remains available, pending removal of assisted area status, for investment designed to safeguard or create long-term jobs; but not for subsidies towards a loss-making operation. There is therefore no scope for Government intervention in this case.

6. The decision to downgrade is defensible in terms of the unemployment levels in the area, which are well below those in the areas which are to retain assisted area status, and are indeed below the Scottish and UK average. To be effective, Government assistance must be concentrated in the areas of greatest need: the Edinburgh TTW area clearly does not fall into this category.

We gather
 Dr Strang
 wants to
 raise this
 point
 MS

E. R.

SCOTTISH DEVELOPMENT AGENCY ACTIVITY
AYRSHIRE SOUTH (MR FOULKES)

The Agency is well aware of the problems of the Cumnock and Doon Valley: it is responsible for some 14 factory units located at Cumnock, Ayr, Dalmellington, Muirkirk and Catrine: a further 4 advance factory units are in the pipeline for 1981/82. Derelict land clearance and environmental improvement schemes have also been undertaken.

EDINBURGH EAST (MR STRANG)

The Agency has built 2 advance factories in Mr Strang's constituency and is presently engaged with Lothian Region and East Lothian District Council in preparing the former Inveresk Paper Mills site for the establishment of an industrial estate. The Agency has also taken out substantial investments in two firms in the constituency - Inveresk Research International Ltd (235 employees) and R L Munro (unfortunately now in receivership). A number of loans by the Agency's Small Business Division have been made to companies in Mr Strang's constituency.

In addition the area has benefitted from several land renewal and environmental improvement schemes.

GLASGOW MARYHILL (MR CRAIGEN)

Glasgow in general has benefitted greatly from the Agency's activities which have been concentrated mainly on the Glasgow Eastern Area Renewal Project and Clydebank areas. Only one Agency factory is planned for Maryhill and may be funded by a joint Agency/Private Sector venture - discussions are fairly well advanced. Maryhill has benefitted from 5 land renewal projects and a number of others are planned. Small companies in Mr Craigen's constituency have also received loans from the Agency.



10 DOWNING STREET

Dr. Gavin STRANG

16/3

From the Private Secretary

4 March 1981

The Prime Minister has received the attached letters from George Foulkes, MP, Jim Craigen, MP, and Gavin Strang, MP. All of them ask for meetings to discuss closures in their constituencies. As you will know, we have arranged all three of these meetings for the next few days and Mr. Fletcher has been invited to attend each of them. The Prime Minister is due to see Mr. Foulkes at 1700 on Wednesday 11 March and Mr. Craigen at 2100 on the same day; She is due to see Dr. Strang at 1530 on Tuesday 17 March.

I should be grateful if you could arrange for us to have short briefs for each of these meetings to arrive in each case by 1800 the night before the meeting.

Please let me know if there are any problems.

NJS

Godfrey Robson, Esq.,
Scottish Office.

FINE

cc: Mr. Gow

CH

MR. SANDERS

cc Foulkes
Watkins &
Craigien
files

Here is the up to date list of the Labour Members of Parliament coming to see the Prime Minister:-

Wednesday 11 March

- 1700 Mr. George Foulkes and Mr. Alex Fletcher
- 1930 Mr. David Watkins and Mr. Norman Tebbit
- 21000 Mr Jim Craigen and Mr Alex Fletcher

Thursday 12 March

- 1630 The Right Honourable Denzil Davies and Mr. Norman Tebbit

Tuesday 17 March

- 1530 Dr. Gavin Strang and Mr. Alex Fletcher

All these meetings will take place in the House of Commons.

CAROLINE STEPHENS

4 March 1981

file

BK

4 March 1981

I am writing to confirm that you will be seeing the Prime Minister at 1530 hours approximately on Tuesday, 17 March in her room at the House. Mr. Alex Fletcher will also be present.

CAROLINE STEPHENS

Dr. Gavin Strang, M.P.

MS



10 DOWNING STREET

From the Private Secretary

20 February 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 16 February. I will place this before her at once and you will be sent a reply as soon as possible.

N. J. SANDERS

~~M. A. PATTISON~~

Dr. Gavin Strang, M.P.

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10 DOWNING STREET

PRIME MINISTER

This letter from Gavin Strang asks you to meet him to discuss growing unemployment in his constituency. You will see that he changes his tune half way through, and says that he would be prepared to meet a Scottish Minister instead.

Are you content that we should play this one away, since requests are beginning to come in in larger numbers now?

If so, I attach a draft you could send to Dr. Strang.

*I will see him
no MS*

20 February 1981



HOUSE OF COMMONS
LONDON SW1A 0AA

R19/2

16 February 1981

Rt. Hon. Margaret Thatcher M.P.,
Prime Minister,
10 Downing Street.

Dear Mrs Thatcher,

In the House of Commons

last Thursday you stated that
you would always be willing to
meet a Member to discuss a clause
in his constituency

last Sunday it was
announced in my constituency that
Buntons Ltd are to pay off
one hundred workers. I informed the
worker at the mass meeting
that I would be taking you



up on what you said in the
House of Commons and seeking
a meeting & discuss this - even
slow to Manselburg.

Re-reading your reply
I see you used the word
close and some Bramble's
will continue to be largest
employees in Manselburg
I anticipate that you ~~will~~
~~decide~~ may wish to decline.

If so I would be happy to
meet the Secretary of State for
Scotland. Failing that I
would certainly not reject
a meeting with Mrs. Thatcher.
Yours sincerely,
Gordon Strang