

PREM 19/2408

PM's meeting with Mr. Gordon Brown
 MP to discuss redundancies and
 closures in his constituency:
 ie Manclark, ESSO, Inverkeithing
 Paper Mill and Jutek,
 and subsequent meetings.

PRIME MINISTER

November 1984

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
22.11.84							
27.1.87							
23.1.87							
29.1.87							
11.2.87							
12.2.87							
16.2.87							
24.2.87							

PREM 19/2408



file DTS

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 February 1987

I am sorry for not writing before to pass on the Prime Minister's gratitude for the very useful "bull points" note provided by your Minister, following the meeting with Gordon Brown and Dick Douglas. We have plundered these for briefing material for Prime Minister's questions, and I fear your officials will be called upon to update them from time to time.

M E ADDISON

Ian Jardine, Esq.
Scottish Office

DTS.



DS9
file

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

16 February 1987

Dear Mr. Brown,

Thank you for your letter of 11 February. The points you raise, which I said I would follow up at our meeting, are in fact dealt with in my letter of 12 February, which I hope you have now received.

I am sending a copy of this letter to Dick Douglas.

Yours sincerely
Margaret Thatcher

DS9

Gordon Brown, Esq., M.P.

cf to file



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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU
TELEPHONE: 01-270 3000

Mark Addison Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

Prime Minister
I will incorporate some of
these into your "Bull Points" (Scotland)
Note. MEA 13/2
1/3 February 1987

Dear Mark,

ml

MEETING WITH GORDON BROWN MP AND DICK DOUGLAS MP

at trap

As mentioned in your letter of 29 January, Mr Lang agreed after the meeting with Mr Brown and Mr Douglas to provide the Prime Minister with a short brief on positive points about the Scottish economy. This information is now attached.

This brief is additional to the list of "Scottish bull points" which our Parliamentary Branch will be supplying for you each month.

Yours, em
Ian

IAN JARDINE
Private Secretary

SCOTTISH ECONOMY: BULL POINTS

General

1. The latest CBI Industrial Trends Survey confirms improving prospects in Scottish manufacturing industry. Most major sales and output indicators are optimistic.
2. Between 1979 and 1985 manufacturing productivity in Scotland increased by nearly 6% per annum compared with nearly 4% in the UK as a whole.
3. Scottish manufacturing exports in 1985 showed an increase of 4.2% on 1984. Scottish manufacturing exports per employee out-perform the UK level by 30%, and Scotland's share of UK manufacturing exports is greater than its share of UK manufacturing employment.
4. Between 1979 and 1985 electrical and instrument engineering output in Scotland nearly doubled.
5. Service sector employment in Scotland showed an increase of over 40,000 between June 1983 and September 1986. Over the 3 years to June 1986 the number of self-employed increased by 24,000.
6. In 1985 there was a net growth of 1400 in company registrations in Scotland.
7. The latest figures of Gross Domestic Product per head and Personal Disposable Income per head (1985) both show Scotland to rank third among the 11 UK planning regions, behind only the South East and East Anglia.
8. Excluding the South East, average male weekly earnings are higher in Scotland than in any other planning region in the UK. This has been the case since 1979.

Regional Assistance

9. 65% of Scotland's working population is in assisted areas, as against 35% in Britain as a whole. / Further, around a half of Scotland's working population is in development areas, qualifying for the highest levels of regional assistance, compared with 15% in GB as a whole.

10. In 1985-86 regional aid in Scotland amount to over £160 million, or £62 per head of the working population compared with £19 per head in Great Britain. / Scotland's share of RDG was over 30% of the total in Great Britain compared with only 21% in 1979-80, and of Regional Selective Assistance 41% compared with 19% in 1979-80.

11. Under the new Regional Development Grant scheme introduced in 1984, offers amounting to over £100 million have been made to industry in Scotland, associated with the creation of some 30,000 jobs.

Inward Investment

12. Since its establishment in 1981 the Locate in Scotland organisation has helped to attract to Scotland projects expected to result in planned investment by 300 overseas companies of over £1.8 billion, and to create or safeguard some 40,000 jobs, eg Kymmene-Stromberg Paper Mill at Irvine (£215 million, 880 jobs throughout Scotland) and the Compaq Computer project at Erskine (£16.6 million, 350 jobs).

High Technology Industry

13. The latest published figures (1985) show electronics industry employment in Scotland at around 43,800. Over the 6 years to 1985 the output of the Scottish electronics industry rose by around 150% in real terms.

SDA and HIDB

14. The Scottish Development Agency spends upwards of £130 million a year in Scotland on an extensive programme of development including factory building, industrial investment, technology development, environmental improvement, and assistance to small firms. The Highlands

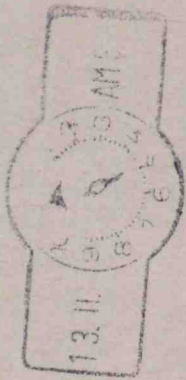
and Islands Development Board has a current budget of some £35 million a year for the social and economic development of its area. The budgets of both agencies have been substantially increased since 1979, and their roles enlarged.

Employment and Training Measures

15. Over 85,000 people are now covered by the Government's employment and training measures in Scotland, just under half of them on schemes specially directed towards young people. Estimated expenditure on the YTS in Scotland is £85 million in the current year, rising to £100 million in 1987-88.

Industry Department for Scotland
11 February 1987

PRIME MINISTER Mtg with G. Brown
Nov 84



cf. file

JAS



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FLA

10 DOWNING STREET
LONDON SW1A 2AA

cc ENERGY
DCI
MOD

12 February 1987

THE PRIME MINISTER

Dear Mr. Douglas,

At our meeting on 29 January, I undertook to consider a number of points you and Gordon Brown raised with me.

Regional Assistance

You asked about the possibility of providing more regional assistance for Fife by upgrading the assisted area status of the Region. In particular, you referred to a previous Ministerial undertaking to use regional aid to tackle the consequences of rundown at Rosyth. I believe you are thinking of Defence Open Government Document 85/01 "The Future of the Royal Dockyards", which referred to the effects of reductions in employment on the Dockyard areas and to the possibility of alleviating these through the Government's regional aid programme and other appropriate measures.

At present, both the Dunfermline and Kirkcaldy areas benefit from Intermediate Area status under the Government's regional policies and so qualify for regional selective assistance for projects which create or safeguard jobs. You felt that Development Area status would be more appropriate to the areas' needs. As I said at the meeting, I can understand your point of view, but I hope you will understand that the case for Fife cannot be considered in isolation from other parts of the country. The relative position of some areas has of course changed since the present assisted area structure was established in 1984, but it would be both impracticable and undesirable to seek to change the map to take account of such movements in every case. For one thing,

Bm

such frequent changes would have an adverse effect on the investment intentions of industry. As you know, the present map has been in place for only 2 years, and the Government thinks it important to ensure stability. We have therefore decided against making any changes to the map at the present time.

Scottish Development Agency Initiatives

You also asked about possible further assistance for the area through the SDA and I said I would look into this. I understand that initial discussions have taken place between the Agency and other interested bodies about the possibility of some form of economic initiative for the area. It is important in such an exercise that the opportunities and potential of an area are identified at an early stage to allow constructive proposals to be developed. The SDA will pursue these discussions as quickly as practicable.

Coal Industry Development

Finally, you enquired about potential development at Seafield Colliery at Kirkcaldy. I understand from British Coal that there are reserves of good quality coal, albeit in difficult mining geology, to which access could be gained from Seafield. The Scottish Director has however made it clear that before any such project could be considered, Seafield would need to demonstrate its ability to produce at acceptable levels of output, productivity and operational costs. Experience suggests that such levels will be difficult to achieve. If, however, the required levels of performance were to be attained, British Coal would give serious consideration to the possibilities of development.

I am writing similarly to Gordon Brown.

Yours sincerely
Raymond Shalton

CF. file

DAS



cc to MA

10 DOWNING STREET
LONDON SW1A 2AA

cc DIE ne...
DTI
MOD

THE PRIME MINISTER

12 February 1987

Jean M. Brown

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S.P.

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I am writing similarly to Dick Douglas.

Yours sincerely
Margaret Thatcher

Gordon Brown, Esq., M.P.

R12



cc: MA

HOUSE OF COMMONS

LONDON SW1A 0AA

Wednesday 11th February 1987

Rt. Hon. Margaret Thatcher M.P.,
The Prime Minister,
10 Downing Street,
LONDON SW1

Dear Prime Minister,

MEETING TO DISCUSS THE IMPACT OF PRIVATISATION
OF ROSYTH DOCKYARD ON THE ECONOMY OF FIFE REGION

We understand that arising from our meeting on the above matter that you acknowledge the force of our arguments put regarding the growing unemployment in the area from colliery closures which will be worsened by the job losses arising from the Government's policy for the future operations of Rosyth.

We are now writing with details of the commitment made by the Ministry of Defence to the workforce at Rosyth and to the local community. That commitment was contained in the Defence Department Open government Document on the Dockyards which was published during 1985.

In its section THE DOCKYARDS AND THE LOCAL COMMUNITY the document mentioned possible reductions in employment levels in the Dockyards and stated that

"As a good employer the Ministry of Defence wishes to discuss with all concerned how these effects might be alleviated, through the Government's regional aid programme and other appropriate measures."

We are not aware of any discussions so far with the local authorities about changes in the regional aid programme and other measures and we would be grateful if you would ensure that such discussions now take place during the review that you have initiated.

Additionally, we welcome your undertaking to examine the future investment policy of British Coal for the area and the understanding that the Scottish Development Agency will be approached to accelerate the study which they are discussing with the local authorities to examine the economic prospects for the area.

Yours sincerely,

Gordon Brown

Gordon Brown M.P.
Dunfermline East.

Dick Douglas

Dick Douglas M.P.
Dunfermline West



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M E Addison Esq
Private Secretary
10 Downing Street
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// February 1987

Dear Mark,

PRIME MINISTER'S MEETING WITH GORDON BROWN MP
AND DICK DOUGLAS MP

Thank you for your letter of 29 January reporting on the Prime Minister's meeting that day with Gordon Brown MP and Dick Douglas MP. You asked for certain points to be followed up and for a report and draft letters to be prepared for the Prime Minister.

The position on the points noted in your letter is as follows:-

Regional Assistance

Your note records that Mr Brown referred to an alleged "Ministerial promise" that regional aid would be used to tackle the consequences of rundown at Rosyth. We believe that this may be a reference to a paragraph in Defence Open Government Document 85/01 "The Future of the Royal Dockyards" which was noted by the Defence Select Committee in their report of July 1985. The relevant paragraph is as follows:

"The Government recognises the effect which any reduction in employment levels in the Dockyards might have on the Dockyard areas, particularly at Devonport where the need to reduce manpower is likely to be greater. As a good employer the Ministry of Defence wishes to discuss with all concerned how these effects might be alleviated, through the Government's regional aid programme and other appropriate measures. It therefore proposes to consider how business and employment opportunities in the area might be fostered and new industries encouraged to grow in support of what would become a commercially-oriented Dockyard organisation."

Both the Dunfermline and the neighbouring Kirkcaldy Travel-to-Work Areas have Intermediate Area status and qualify for Regional Selective Assistance. Any improvement in their capacity to benefit from the Government's regional policy could only be achieved by upgrading them to Development Areas and thus making them eligible for Regional Development Grant. However, while Dunfermline (16.4%) and Kirkcaldy (17.4%) have unemployment rates greater than the average for GB Intermediate Areas, they are below the average for Development Areas generally (19.0%). Nor are they amongst the worst such areas in

Scotland. In December 1986, for example, there were 13 other Scottish Intermediate Areas with unemployment rates higher than in Kirkcaldy.

Changes have of course occurred in local economies since the last review of the assisted area map in 1984 and will have altered the relative position of some areas. It would however be impracticable and undesirable to make regular changes to the map to reflect such movements. Such changes as have occurred are not in any event sufficiently extensive to justify a full review of the assisted area structure. Such a review would undoubtedly produce losers as well as winners, and would present Ministers with a number of difficult decisions. Given that the existing map has been in place for only 2 years, the argument for continuity is a telling one.

In summary therefore we believe that the claims for a review of the assisted area status of Fife should continue to be resisted. Neither Dunfermline nor Kirkcaldy would be particularly strong candidates for upgrading on the present evidence. Future prospects are of course difficult to determine, but the likelihood is that the redundancies from Rosyth will be phased over a period of years and would be unlikely to make such an impact on the local labour market as to justify an upgrading of status. The line of resisting changes to the map would be consistent with decisions taken in relation to other areas and with the announcement which DTI will shortly be making in the context of the recent administrative review of regional incentives.

Scottish Development Agency Initiatives

There may be scope for the SDA to take action in the area in the form of an area-based initiative, on the model of similar initiatives undertaken in areas suffering from major job losses. The Agency have told us that, given the potential of the Dunfermline area, they are receptive to the idea of some form of local economic initiative. This would involve, in addition to the Agency themselves, the local authorities, the local private sector and British Coal (Enterprise). Planning is at an early stage, since it is first necessary to identify what opportunities might be available, and no firm commitment can be given until the current feasibility work is complete. There have however been productive discussions with the other interested bodies, and the Agency are pursuing the possibilities as quickly as practicable.

Coal Industry Development

Mr Brown and Mr Douglas asked about development prospects at Seafield Colliery at Kirkcaldy. British Coal, Scottish Area tell us that there are ample reserves of good quality coal, albeit in difficult mining geology, to which access could be gained from Seafield. However, the development of this coal would call for significant investment, and the Scottish Director has made clear that he will not seek authority to undertake the project until Seafield has demonstrated its ability to produce at acceptable levels of output, productivity and operational costs. Experience suggests that such levels will be difficult to achieve. However, if the required levels of performance were to be attained we are assured that serious consideration would be given to the project.

Draft letters for the Prime Minister to send to Mr Brown and Mr Douglas are attached.

I am copying this letter to Stephen Sklaroff (Department of Energy), Ian Andrews (Ministry of Defence), and Michael Gilbertson (Department of Trade and Industry).

Your ever,

Ian

IAN JARDINE
Private Secretary

DRAFT LETTER FOR PRIME MINISTER

(1) Gordon Brown Esq MP
House of Commons
LONDON
SW1A OAA

(2) Dick Douglas Esq MP
House of Commons
LONDON
SW1A OAA

JASACZ

At our meeting on 29 January I undertook to consider a number of points you raised with me, about the economic situation in your constituency. *There*

Regional Assistance

You asked about the possibility of providing more regional assistance for Fife by upgrading the assisted area status of the Region. In particular you referred to a previous Ministerial undertaking to use regional aid to tackle the consequences of rundown at Rosyth. ~~By that I took you to be referring to~~ Defence Open Government Document 85/01 "The Future of the Royal Dockyards", which referred to the effects of reductions in employment on the Dockyard areas and to the possibility of alleviating these through the Government's regional aid programme and other appropriate measures. *I believe you are thinking of*

At present both the Dunfermline and Kirkcaldy areas benefit from Intermediate Area status under the Government's regional policies and so qualify for regional selective assistance for projects which create or safeguard jobs. You felt however that Development Area status would be more appropriate to the areas' needs. *As I said at the meeting, I can understand your* While I appreciate your concern, *part of what you will* you will I hope understand that the case for Fife cannot be considered in isolation from other parts of the country. The relative position of some areas has of course changed since the present assisted area structure was established in 1984, but it would be both impracticable and undesirable to seek to change the map to take account of such movements in every case. *such present changes* For one thing, the uncertainty which such a policy would create *have* could have an adverse effect on the investment intentions of industry. As you know, the present map has been in place for only 2 years, and the Government think it important to ensure stability. We have therefore decided against making any changes to the map at the present time.

Scottish Development Agency Initiatives

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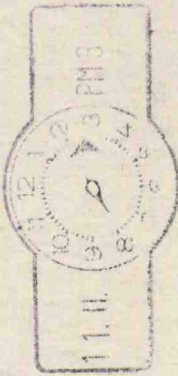
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Coal Industry Development

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I am writing similarly to [Dick Douglas] [Gordon Brown].

PM



MTG with

G Brown MP

11/11

CONFIDENTIAL

SUBJECT

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DASACM

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 January 1987

Dear Mr. Jardine,

MEETING WITH GORDON BROWN, MP AND DICK DOUGLAS, MP

The Prime Minister met Gordon Brown and Dick Douglas this afternoon, at their request, to discuss redundancies at the Cowdenbeath Workshops and the likely job losses at Rosyth. Your Minister was also present.

Mr Brown opened the meeting by setting out, as he saw it, the unemployment situation in Fife. This was above the Scottish average. Jobs were being lost in the new industries as well as the old. The contract announced by the Secretary of State for Defence on Tuesday, whereby Babcock Thorn would take over the future operation of the dockyard, would create a substantial number of redundancies, and suggested unemployment in Fife would rise sharply next year. The precise figure for the number of redundancies had not been given, however. Mr Brown believed it should have been, under the terms of legislation which obliged the Government to reveal information of that kind about the dockyards.

Mr Brown also pressed the Government to consider making more regional aid available to the area. Unemployment in Kirkcaldy was higher than some areas which had development area status. He referred to an alleged Ministerial promise that regional aid would be used to tackle the consequences of rundown at Rosyth. (I believe that the reference was to a "commitment" given by the then Secretary of State for Defence, Mr Heseltine, to the Select Committee.) His constituency suffered particularly from the fact that the neighbouring area of Dundee had full regional development status, an enterprise zone and other attractions which discouraged industry from settling in Fife. Selective assistance was not enough; some form of automatic grant was needed and would be effective.

Mr Douglas confirmed the general assessment about the area's employment prospects set out by Mr Brown. He asked the Prime Minister to consider what the Scottish Development Association could do to help Dunfermline District tackle the loss of jobs in the dockyards and in mining.

The Prime Minister said she understood Mr Brown and Mr Douglas's concerns about the loss of jobs in their

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constituency. But it had to be faced that these were in part the result of overmanning and restrictive practices. It was not possible to keep jobs if they were not needed, and she noted the general reluctance of trade unions to adopt job sharing practices to maintain levels of employment while keeping costs down. In the end, increased efficiency was the only way to more jobs. She was glad Mr Brown and Mr Douglas agreed with her about the importance of efficiency. So far as the scale of redundancies was concerned, the Prime Minister said, referring explicitly to her brief, that without commercial management the dockyard faced 1,300 job losses, though negotiations with Babcock Thorn now led the Government to expect there would be fewer. The Government were confident that Babcock Thorn's targets for additional work were achievable.

It had to be remembered that Scotland was suffering from the difficulties facing the oil industry at present and also from a hesitation in electronics manufacture. The Government were certainly willing to do what it could to help. She had personally written to the Chairman of Caterpillar about the decision to close their Glasgow factory. Mr Lang noted that Dunfermline and Kirkcaldy already had intermediate area status and that they were eligible for selective assistance and support from EEC funds. The MSC also made support available through the Community Programme Youth Training Scheme and the Enterprise Allowance Scheme, and in other ways.

Summing up the discussion on Rosyth, the Prime Minister said she would:

- i. See that the question of further regional aid for the area was considered. Any commitments which Ministers may have given in the past would be looked at carefully. She pointed out that, however, it seemed likely the conclusion would be that it was too early to look for changes since the map was last reviewed in 1984.
- ii. Arrange for possibilities of help through the Scottish Development Association to be considered thoroughly.

The discussion turned to coal. Mr Brown and Mr Douglas referred to a proposed £40 million investment in a nearby colliery at Seafield in Harry Gourlay's constituency. The hope was that this would become the most cost-effective mine in Scotland, producing high quality coal. The Prime Minister noted that the important point was to invest in mines with good prospects. She would, however, be willing to enquire about the prospects for the development going ahead.

I should be grateful if you and copy recipients, as appropriate, would arrange for the three points for action above to be followed up. The Prime Minister will wish to write to Mr Brown and Mr Douglas in due course to let them know the outcome, and I should be grateful if you would co-ordinate a brief report and appropriate draft letters for the Prime Minister to send. It would be helpful if these could be with us by Thursday 12 February.

Finally, your Minister, at the Prime Minister's request, said he would have a look at drawing up a revised sheet of bull points which would give a flavour of the range of exciting new developments taking place in Scotland, and some encouraging facts and figures about the economic scene in the country more generally.

I am copying this letter to Stephen Sklaroff (Department of Energy), Ian Andrews (Ministry of Defence), Robert Gordon (Scottish Office) and Michael Gilbertson (Department of Trade and Industry).

Yours sincerely

JAScola

pp M E ADDISON

Ian Jardine, Esq.
Scottish Office

5. THE DOCKYARDS AND THE LOCAL COMMUNITY

38. The Government recognises the effect which any reduction in employment levels in the Dockyards might have on the Dockyard areas, particularly at Devonport where the need to reduce manpower is likely to be greater. As a good employer the Ministry of Defence wishes to discuss with all concerned how these effects might be alleviated, through the Government's regional aid programme and other appropriate measures. It therefore proposes to consider how business and employment opportunities in the area might be fostered and new industries encouraged to grow in support of what would become a commercially-oriented Dockyard organisation.

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M. J. Green Cerda Brown
Neely Jones (29/1)

MT 30/1

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PRIME MINISTER

MEETING WITH GORDON BROWN, MP AND DICK DOUGLAS, MP

You agreed to see Gordon Brown to talk about redundancies at the Cowdenbeath Workshops. He also wanted to discuss reports on likely job losses at Rosyth. The constituency interest at Rosyth is shared with Dick Douglas who will also be coming to the meeting. You will remember that this was originally fixed for yesterday, but the debate on the Speaker's motion (as well as your meeting with Terence Higgins) meant that it had to be postponed. You might like to thank Mr Brown and Mr Douglas for being so understanding.

Gordon Brown is quite likely to want to widen the meeting as well. He may raise, for instance, the North/South issue about which he has written to you, and tabled questions, a number of times. He may also turn more generally to job prospects in Scotland. There was a gloomy piece in today's "Independent" on this, and most recent figures show that unemployment in Scotland is continuing to rise as fast as it is falling in, for instance, the North and Wales. Northern Ireland is the only region in a worse position.

Briefing is attached as follows:

Flag A - A defensive note on employment in Scotland generally.

Flag B - General briefing provided by the Scottish Office to cover Cowdenbeath and Rosyth.

Flag C - The Hansard record of the Defence Secretary's statement on Rosyth yesterday. You will see that both Mr Brown and Mr Douglas put questions to Mr Younger.

Flag D - A set of recent correspondence with Mr Brown (together with one outstanding letter - your reply has been signed but not yet despatched; and of recent PQs.

Flag E - Mr Brown's most recent letter claims that you and the Chancellor are at odds about the future of regional assistance. This point is addressed in the Treasury briefing attached.

MEVA

M E ADDISON

28 January 1987

FROM THE MINISTER FOR INDUSTRY AND HOME AFFAIRS

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SCOTTISH OFFICE

WHITEHALL, LONDON SW1A 2AU

TELEPHONE: 01-270 3000

Mark Addison Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

28. January 1987

Dear Mark,

Thank you for your letter of 27 January asking us to send any additional briefing we consider necessary for the Prime Minister's meeting with Gordon Brown MP and Dick Douglas MP tomorrow.

We also discussed by telephone the article in today's Independent on Scottish employment. As you will appreciate it is difficult to provide concise yet comprehensive briefing on Scottish employment issues. However I am attaching a short note containing positive points, from a Scottish viewpoint, arising from the recently published Census of Employment. You may wish to add this to the Prime Minister's briefing for the meeting.

Your em,
Ian Jardine

IAN JARDINE
Private Secretary

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REVISED EMPLOYMENT FIGURES

BULL POINTS

Census figures confirm growth in electronics employment in Scotland

1. Between 1981 and 1984 the Censuses of Employment estimates suggest that the number of employees in the Scottish electronics industry increased by 8 per cent (38,300 to 41,200). On the same definition of the industry, which is one we believe appropriate to Scottish circumstances, electronics employment fell in GB and the South East (GB down by 2 per cent from 460,000 to 451,600 and the South East down by 5 per cent from 240,500 to 227,300).

Over the longer period 1978 - 1984, the relative employment performance of the Scottish electronics industry has been even better

2. Between June 1978 and the September 1984 Census, Scottish electronics employment increased by 10 per cent (37,300 to 41,200) at a time when employment in the industry for GB as a whole fell by 4 per cent (472,200 to 451,600) (our own IDS estimates which we will continue to use, are higher than the Census estimates in each of the Census years and show an increase of 13 per cent between 1978 and 1984 - 39,400 to 44,700).

Service sector employment in Scotland growing

3. Between June 1979 and June 1986, service sector employment in Scotland increased by 34,000. The increase between June 1983 and June 1986 has been some 42,000. While less than previously estimated, employment growth has taken place in services.

Employment growth very strong in financial sector?

4. Scottish employment in financial and business services increased by 33,000 (or 27 per cent) between June 1979 and June 1986. The increase between June 1983 and June 1986 is estimated at 16,000.

Numbers of self-employed have risen in Scotland

5. There has been an estimated increase of 43,000 (or 27 per cent) in the numbers of self-employed in Scotland since 1979. The increase since 1983 is put at 24,000 (or 13 per cent). No figures are available for the numbers of self-employed by industry groupings for Scotland.

Female employment shows strong growth in 1983 to 1986

6. Over the 3 years to June 1986, the number of female employees in employment has risen by almost 28,000. More part-time working has been an important feature of this growth, but the number of full-time females in work has also risen - by 11,000 over the period. The flexibility which part-time work provides is much in demand both by employers and by the many female workers who prefer part-time to full-time work because of their domestic commitments.

SCOTTISH BILL POINTS

1. 1. Since 1979 over 89000 public sector tenants have bought their homes. Owner occupation increased from around 35% to over 42%.
2. 14000 new homes built over same period. Number of sheltered and amenity dwellings more than trebled. 3. 200,000 private sector grant applications approved since 1979. Number of below tolerable standard houses more than halved to 57000. 4. Annual capital allocations to Local Authority for expenditure on council houses up 60% over last 3 years. 25% of Local Authority dwellings modernised since 1979.

2. 1. Since 1979 £600 million invested in new construction and improvements of motorways and trunk roads. Expenditure on capital structural maintenance increased by 50% in real terms. 2. 220 miles of trunk roads built and 25 by-passes built.

3. 1. Since 1979 46 major hospital developments providing 5000 beds and 450 day places completed. Further 36 developments providing 5000 beds are underway. 2. 1979-1985 numbers (FTE) of doctors and dentists (exc GP's) increased by nearly 4% (5151-5339). 3. Exp. terms this represents a rise of 21.5%. Exp. adjusted by NHS Pay/Price movement using DHSS indices shows increase of 8.5%.

4. 1. Since 1979 £38.2 million spent on Prison building. Exp. rose from £2.9 million (1980/81) to £11.1 million (1985/86).

5. 1. End of Dec 1986 over 86,000 people covered by Government employment and training measures; just under half were schemes directed at young people. 2. June 1983-June 1986 increase of 12000 in civilian employment. 3. Recent surveys report improvement in business optimism and expectations of increased manufacturing output in first few months of 1987. Recent buoyancy in export markets expedited to continue while downward trend in manufacturing employment is expected to moderate. 4. July 1985-June 1986 increase in manufacturing output per person was 1.5%. Comparable increase for UK was 1.4%. 5. 1979-85 - growth in manufacturing productivity in Scotland averaged almost 6% pa. Comparable UK figure is 4%. 6.

6. 1. Exp. per pupil is higher than ever before. 2. Local Authority current exp. for 1987-88 an extra £50 million to education service is being allocated, over and above national average. 3. More students in full time higher education than ever before (79,000 against 69,000 in 1979). 4. Students in non-advanced vocational further education increased by 27% (1979-80 - 140,500 to 1985-86 - 178,400).

7. 1. To end of Nov 1986 value of white fish landings was £152 million - 9% higher than same period year before. Shell fish landings at £43 million - 16% higher while pelagic holding their own at £23 million. 2. 1986/87 Government support to Scottish Agriculture will amount to over £330 million.

File SF



10 DOWNING STREET

From the Private Secretary

27 January 1987

Dear Mr Brown

The Prime Minister is very sorry that the meeting this afternoon had to be postponed. She looks forward, however, to seeing you at 1545 on Thursday in her room at the House of Commons, with Mr. Douglas.

Z Szereby

Mark Addison

MARK ADDISON

Gordon Brown, Esq., M.P.

File [signature]



10 DOWNING STREET

From the Private Secretary

27 January 1987

Dear Mr Douglas

The Prime Minister is very sorry that the meeting this afternoon had to be postponed. She looks forward, however, to seeing you at 1545 on Thursday in her room at the House of Commons, with Mr. Brown.

[Signature]
Mark Addison

MARK ADDISON

Dick Douglas, Esq., M.P.



10 DOWNING STREET

From the Private Secretary

27 January 1987

As you probably know, this afternoon's meeting with Gordon Brown MP and Dick Douglas MP had to be postponed. This has now been rearranged for 1545 on Thursday.

I should be grateful if you would let me have a note, if necessary, updating the briefing you have already provided, for tomorrow's Box.

MARK ADDISON

Peter Ritchie, Esq.,
Scottish Office

BM

Royal Dockyards

3.34 pm

The Secretary of State for Defence (Mr. George Younger): With permission, Mr. Speaker, I would like to make a statement about the Royal dockyards. As the House will recall, I announced on 4 December that I was satisfied that there now existed the basis for an advantageous contract to be placed for the future operation of Rosyth dockyard with Babcock Thorn Ltd.

I made that announcement some 21 months after my right hon. Friend the former Secretary of State for Defence first published his consultative document outlining plans for the future operation of the dockyards. Throughout that time we have provided this House and the trade unions representing the dockyard work force with a great deal of information on our proposals, including material on the options for the future management of the dockyards and on our preferred contractors. My noble and hon. Friends and I have been personally involved in discussions with the unions most concerned.

The trade unions continue to favour the option involving minimum change, with the dockyards remaining in the Civil Service under a system of trading funds. I have considered very carefully what the unions have said and I have explained to them why, in the Government's view, a dockyard trading fund is unlikely to secure either the improvements in efficiency we seek for the Royal Navy and the dockyards, or to compete as successfully as a commercial company for commercial and naval work.

I am, of course, fully aware of my obligations under the Dockyard Services Act 1986 to inform and consult the trade unions. I have always said that I would take final decisions only when I was satisfied that I had complied with such duties as the Act imposed on me. I am satisfied that I can take a final decision in respect of Rosyth that I can take a final decision in respect of Rosyth dockyard and have today authorised the signature of a term contract for the future operation of that dockyard from 6 April 1987, with Babcock Thorn Ltd.; I have in addition authorised the signature of a service contract with Babcock Thorn Ltd. to cover its operations in the dockyard from now until vesting day; during this period, the management of the dockyard will remain the responsibility of the Ministry of Defence.

As the House knows, I announced on 20 January that Devonport Management Limited was our preferred contractor for Devonport dockyard. I have invited the trade unions to meet me on 13 February, so that I may hear their views on this. Only when I have carefully considered any such views will I take a final decision on the future operation of Devonport dockyard.

Mr. Martin J. O'Neill (Clackmannan): The Secretary of State will be aware that his statement comes as no surprise to us because since 1985 we have had a series of statements indicating preferred options and so far none of them has been changed as a result of consultations with the trade unions. Furthermore, the statement's dismissal of trading funds is a gross oversimplification of the unions' case for this option. Is not the Secretary of State aware that they are prepared for a wide-ranging set of changes and that they seek to co-operate with management to secure increases in efficiency and cost savings?

However, the Secretary of State will also be aware that there is evidence of indecent haste on his part in the

manner that he is now rushing into signing a service contract to get Babcock Thorn into the yard as quickly as possible. In regard to the further contract starting on 6 April, can the Secretary of State tell us how long it is for? Is it to be for seven years, as was originally thought? He did not mention that in the statement. Does he agree that his decision, with the sham consultation, will only serve to exacerbate the resentment that is felt by the work force in Rosyth at the proposed loss of at least 1,200 jobs in the near future? In the eyes of the unions, this is simply an alien management coming in to do the Government's dirty work.

In his further discussions with the work force at Plymouth, Devonport, will he examine seriously the revelations that have been appearing in *The Independent* and the *Western Morning Post* about the links of Brown and Root with Libya, which were such an embarrassment to the American Government that they required the company to remove that part of its operation from the United States. Secondly, in respect of Brown and Root, will he examine the revelations that have come to light concerning the penalties it has had to pay because of poor quality work in some major contracts?

Will he also bear in mind that in the view of my right hon. and hon. Friends these contracts can be severed by legislation, and that they will be as soon as there is a change of Government so that we can secure happy and harmonious service from these workpeople to the nation and to the fleet, as happened for centuries in the past?

Mr. Younger: I am grateful to the hon. Gentleman for one thing, that in his opening remarks he made it clear that this was no surprise to him, and to the House, I suppose. That I take as a clear recognition, that, whatever else is right, the consultation process must have been extremely effective. Secondly, it certainly is the case that the trade unions have made it clear that there is quite a considerable area of agreement between ourselves and them. For instance, they agree thoroughly that the present system has to be changed and they are prepared to co-operate in discussing what changes are best. As I said in my statement, they still maintain their view that a trading fund would be the best option.

I was puzzled by the hon. Gentleman's reference to indecent haste, considering that I was in a position, and made it clear that I was as long ago as 4 December to sign a contract with Babcock Thorn for Rosyth but deliberately held that back in order to ensure that the maximum opportunity was given for all concerned to consult me about it before making such a decision.

I do not think that indecent haste has any relevance to that.

I confirm that the contract that we are signing today will be for seven years, as suggested. The hon. Gentleman mentioned Devonport and I want to make it clear that the suggestion of Brown and Root being involved is under consideration. I have made no final decision on that. I can assure the hon. Gentleman that Brown and Root has made it clear that there will be no connection whatever between its operation in Libya and that in Devonport, should the company receive the contract. The company has made it clear that there will be no connection of any kind in that regard.

The hon. Gentleman referred to the loss of jobs. I want to make it clear to the hon. Gentleman that I made it clear to the unions that I expect that, with commercial

management, the likely loss of jobs will be no greater and possibly be somewhat less than it would be under any other option. Under any form of organisation, even a trading fund or a Government owned Public Limited Company, there is no altering the fact that the likely work load of the dockyard in years to come will mean some loss of jobs. We hope to make that the minimum loss of jobs, and we believe that commercial management will ensure that it is the minimum.

I want to draw the hon. Gentleman's attention, if this is necessary, to the fact that the only real threat to the substantial number of jobs in Rosyth dockyard would be the cancellation of the Trident programme, which would immediately put at risk at least 2,000 people employed at Rosyth. I know that the employees appreciate that.

Miss Janet Fookes (Plymouth, Drake): Would my right hon. Friend confirm that the project undertaken by Brown and Root in Libya was a humanitarian civil project to bring much-needed water from a desert area to the coastal project? I would have thought that that would be very interesting to those who support the Third world.

Mr. Younger: I agree with my hon. Friend that there is no connection whatever in that matter. I repeat that Brown and Root has confirmed that under no circumstances will any Libyan nationals be allowed access to the Colliers Wood offices from which the dockyard contract would be operated. Brown and Root has also confirmed that the Devonport dockyard and the Libyan irrigation projects will be dealt with entirely separately. I hope that that will reassure my hon. Friend.

Dr. David Owen (Plymouth, Devonport): Does the right hon. Gentleman realise that many people, especially those closely associated with the Navy, believe that the House will come to regret vesting in a private monopoly the safeguarding and refitting of this country's nuclear deterrent? Will the Secretary of State nevertheless, despite making this decision for agency management in Rosyth, which I and many others regret, at least express a readiness to consider the Government-owned option for Devonport dockyard? Will he realise that the trade unions, although preferring the other option, would far prefer a Government-owned plc for Devonport dockyard to agency management?

Mr. Younger: I fully appreciate the right hon. Gentleman's point. I can confirm that the trade unions and local representatives who saw me recently confirmed that, while they would prefer to have a trading fund, as a fallback position they would be prepared to work along with a Government-owned plc as an alternative. I can give an undertaking to the right hon. Gentleman that I do not intend to make a firm decision on this until I have had further information about the views of those concerned. At this stage, it remains open either for a Government-owned plc or for commercial management at Devonport.

Mr. Bill Walker (Tayside, North): Does my right hon. Friend agree that the companies concerned are highly respected in Scotland, that they are noted for their management skills and that they will be appreciated by the people working at Rosyth when they realise that they are being managed effectively? Does he also agree that in the days when the Vulcan and V force were deterrents, the aircraft were serviced in part by civil contractors? There is nothing new in that practice.

Mr. Younger: My hon. Friend is correct in his last point. There is nothing new in the practice of major defence equipment being provided under contract from private enterprise. The vast majority takes place in that way and is successfully carried out.

I also agree that Babcock's is an extremely well respected company in Scotland and enjoys very good relations with its work force. My consideration of this has always been to ensure that there is the best possible chance of the dockyard not only being well managed but having the best chance of receiving extra work from private sources to help the redundancy position. Today's decision makes that more likely rather than less.

Mr. Gordon Brown (Dunfermline, East): Will the Secretary of State confirm that this decision, which no other comparable country, including America, would contemplate, has been accurately described by one of his officials as the high-risk option for our national defences and national security? Will he further confirm that, as a result of his announcement, up to 1,000 jobs will be written off in Rosyth in Scotland? Will he explain why he will sacrifice any interest, whether it be the interest of the work force or the interests of Britain, in pursuit of the Government's privatisation dogma?

Mr. Younger: That all sounds very good but it does not accord with the facts. The hon. Gentleman speaks about the axing of 1,000 jobs. I stress to him that that regrettable situation would arise under whatever form of management is chosen for the dockyard. Secondly, the hon. Gentleman is the representative of the Opposition and I remind him yet again that the only real threat is the 2,000-plus jobs that would go immediately if the Trident programme were to be destroyed by the Opposition. That is the matter that the people of Rosyth are most worried about, and they are right.

Mr. Tony Speller (Devon, North): Is my right hon. Friend convinced that, in time of emergency, let alone in time of war, the control exercised over a dockyard operation would in any sense be as efficient under a private company as it would be under the control of the Government?

Mr. Younger: In every respect it can be as efficient. There is nothing new about it, because it is done in many other spheres of defence procurement, both in war and in peace. I have every confidence that the control which we shall exercise over the contractors not only in the form of the Government's share and so on but in other ways will ensure that these facilities will remain available to the nation in times of need. The facilities will be as good as, and I hope better than, they have been in the past.

Mr. Dick Douglas (Dunfermline, West): Can we get some assurances from the Secretary of State about the new or projected management structure for Rosyth? Who will be in charge of the Rosyth dockyard? Will it be Mr. Smith of Babcock Thorn or will it be Rear Admiral Burgess? What assurances do we have about the technology for the new PWR that is likely to go into Rosyth in terms of an SSBN or an SSN? How can we ensure that that technology will not leak to Babcock Thorn, which might be highly interested in new developments in relation to Sizewell?

Mr. Younger: The hon. Gentleman asks about management. I can assure him that Babcock Thorn fully shares our concern that the skills and experience of these

[Mr. Younger]

who are at present responsible for running the Rosyth dockyard should not be lost to its future operation. A measure of continuity over the period of change ahead must also be an important consideration in selecting senior managers to run the dockyard after vesting day. Although discussions between the contractor and existing senior management are not yet fully complete and the final management plot cannot therefore be made public, I am satisfied that the arrangements for the future will meet our requirements in this vital area. I can assure the hon. Gentleman that any secret matter in the Rosyth dockyard will be as secure in future as it is today.

Mr. James Couchman (Gillingham): Will my right hon. Friend say what plans he has for the storage and disposal of low and intermediate radioactive waste from the refuelling and refitting of SSNs at Devonport should commercial management take over there? Will he reassure my constituents in Gillingham that he has no intention of transferring such waste to the Royal Navy facility at the former naval dockyard in Chatham?

Mr. Younger: I appreciate my hon. Friend's concern about this matter but, as he knows, we never comment upon the methods of transport of such materials. I can assure him that the greatest care is taken in all such matters and, in any case, the safety measures and the care taken will not in any way be adversely affected by the change that I have announced.

Mr. Nicholas Brown (Newcastle upon Tyne, East): What information and what commitments has the Secretary of State given the new management of the dockyards about a future work programme? Has he been more candid with the privatised dockyard management than the Government ever were with the new owners of the privatised warship yards?

Mr. Younger: As the hon. Gentleman knows, we have had discussions with the proposed contractors about the likely work load at the dockyard and they have made their calculations based on that. They hope that, under their management, it may not be necessary to have as many redundancies as were previously announced as likely some

weeks ago. Although there can be no guarantee of that, it is a somewhat hopeful sign. I hope that that reassures the hon. Gentleman as about information on other contractors. We have been extremely free with giving information to Swan Hunter, which is the hon. Gentleman's constituency interest—and rightly, because it is a valued contractor.

Mr. Frank Cook (Stockton, North): The Secretary of State will already be aware of my coming inquiry, as during business questions last Thursday the Leader of the House gave an assurance that he would acquaint him with it. Therefore, he will be aware of my question. What truth is there in the reports that Brown and Root refused to accept responsibility for the irradiated materials stored at Devonport? Without disclosing any official secret, will the Secretary of State tell the House what broad arrangements will be made to take care of the material because of that refusal?

Mr. Younger: Again, I cannot comment directly on the precise methods or the routes for transporting such material. I make it clear that every possible safety measure has been taken up to now and will continue to be taken in the future under the new form of management at Rosyth dockyard. That is the reassurance that I think the hon. Gentleman seeks.

Mr. D. N. Campbell-Savours (Workington): What sort of arguments would convince the Secretary of State in favour of a Government-owned plc or trading fund at Devonport as against privatised management? Of what must he be convinced before he will change his mind in favour of the arguments being deployed by the unions, because they will have to deploy them at the meeting on the 13th.

Mr. Younger: I wish to have the fullest expression of the views of the unions and others involved before I come to a final decision, but what I hope and intend to take into account principally in making my final decision is which of these alternative methods is likely to bring the most outside work into the dockyards while allowing them to do an efficient job with the work they have. Any of these alternatives will be preferred, if I believe that it is the most likely to produce more work for those in the dockyard.

PRIME MINISTER

MEETING WITH GORDON BROWN, MP

You agreed to see Gordon Brown on the basis that he wished to talk about redundancies at the Cowdenbeath Workshops. He also wishes to discuss reports of likely job losses at Rosyth. (The Secretary of State for Defence is of course making a statement on Rosyth tomorrow at 1530, and Gordon Brown will therefore have heard it before he sees you. A copy of the statement is attached.)

Gordon Brown is likely to want to widen the meeting as well, to cover the North/South issue. He has written to you a number of times and asked you a number of Questions. The attached briefing contains the answers you have already given, together with an indication of outstanding letters or Questions. His most recent letter of 21 January claims that you and the Chancellor have contradicted each other about regional development grant expenditure. The note at Flag A addresses this claim.

(MARK ADDISON)

27 January 1987

✓ B/UP
MA

B



SCOTTISH OFFICE
NEW ST. ANDREW'S HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

Mark Addison Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

26 January 1987

Dear Private Secretary

I attach briefing material for the Prime Minister's meeting with Gordon Brown MP on Tuesday 27 January to discuss redundancies at British Coal's Cowdenbeath Workshops in his constituency.

The briefing material includes a note on Rosyth Dockyard which Mr Brown may also seek to raise at the meeting. Further we believe that Mr Brown is likely to try to raise wider economic and employment issues at this meeting and attempt to engage the Prime Minister in a broader economic discussion.

I confirm that Mr Lang will also attend this meeting.

Yours sincerely
Sandra Buckle

PP IAN JARDINE
Private Secretary

BRIEF FOR PRIME MINISTER'S MEETING WITH MR GORDON BROWN MP
ON TUESDAY 27 JANUARY

A. COWDENBEATH WORKSHOPS

Background Note

Following discussions with the Unions, 123 men have now left on redundancy terms leaving 115 men still employed. Some reduction of the clerical and supervisory staff is still due to take place.

Line to take

Government support a healthy coal industry. Its commercial management is entirely a matter for British Coal (BC) and it must be able to compete effectively with other fuel sources. The recent rationalisation of its workforce by BC in Scotland together with other changes in demand on the workshop facility has led to the reduction. Continuation of the facility, as with other BC activities, will depend on cost-effectiveness.

B. ROSYTH DOCKYARD

Background Note

1. When Mr Gordon Brown MP and Mr Dick Douglas MP (Dunfermline West) met the Secretary of State for Defence on 8 January, they expressed concern at reports that around 1,000 job losses could be expected within the 7-year period of the commercial management contract and that the true extent of the job losses could be worse, as this figure did not include natural wastage.

2. A consultative paper issued in September 1986 on the option of a Government-owned plc for Rosyth indicated an expectation of 1,300 job losses on this option.

Line to take

- Increased productivity and its consequences have to be faced whatever the management structure; without commercial management the Dockyard faces 1,300 job losses.
- Negotiations with the preferred contractor - Babcock Thorn - have now led the Government to expect that there will be fewer job losses - including both redundancy and natural wastage - than the 1,300 referred to in the consultative paper on the Government-owned plc.
- The Government are confident that Babcock Thorn's targets for additional work are achievable and that they have the resources to bring about success in a competitive market.

ASSISTED AREA STATUS

Background Note

1. Mr Brown's constituency of Dunfermline East covers most of Dunfermline and part of Kirkcaldy travel-to-work areas. Both areas were downgraded from Development Area to Intermediate Area status following the 1984 review of regional policy. Accordingly they lost access to Regional Development Grant but continue to be eligible for Regional Selective Assistance and for support from EC structural funds.

2. Unemployment rates at December 1986 were:-

	%
Dunfermline Travel-to-Work Area	16.4
Kirkcaldy Travel-to-Work Area	17.4
GB Intermediate Area average	15.8
GB Development Area average	19.0

Line to take

- Acknowledge that unemployment levels do not remain static and changes have occurred since the assisted area map was drawn up.
- The Government do not consider that the changes which have occurred since the map was last reviewed are sufficient to justify a further review at present. The present assisted area map is only a little over 2 years old and there is a need for a period of stability to allow industry time to adjust and to plan its investment decisions.

D. POSITIVE POINTS TO MAKE

1. Area Initiatives

The SDA is examining the scope for area-based measures for the west Fife area, including Mr Brown's constituency, in response to coal closures and other job losses. Mr Brown's constituency is also now benefiting from the creation of an enterprise trust for all of south Fife, supported by the private sector, the local authorities and the SDA.

2. Visa Card Processing Centre

The Bank of Scotland's new Visa Card Processing Centre at Dunfermline is to be opened by the Secretary of State for Scotland on 27 March. The

Centre will provide some 270 full-time equivalent jobs initially, building up to 500.

3. Selective Financial Assistance

Between May 1979 and December 1986 companies in Mr Brown's constituency received offers of Regional Selective Assistance valued at £5.3 million. This assistance was associated with project costs of £57.4 million, and was designed to create 2,380 new jobs and to safeguard 200 existing jobs.



HOUSE OF COMMONS
LONDON SW1A 0AA

✓ BWP
Original in Paris
box

E

Rt Hon Margaret Thatcher
The Prime Minister
10 Downing Street
London

MT

January 26th.

No reply sent yet,
26/1

Dear Prime Minister

Yesterday in the House of Commons the Chancellor of the Exchequer said in reply to Mr Campbell Savours

"If the Hon Gentleman had looked at the White Paper published earlier this month he would have seen that provision for regional expenditure had been increased" (Col 777)

This statement is clearly wrong and is demonstrated to be so by the figures you have just sent me on the reductions proposed in regional development grant for the coming three years. These figures - which were withheld from the detail of the White Paper on Public Expenditure - confirm that regional development grants, having been halved in value over the last three years, are to be halved again in the coming year. In total the value of regional development grants will fall by £200m over the coming year, a 52% cut.

I hope you will agree that the Chancellor misled the House over the extent of the cuts in regional aid and I hope you will now agree that the Department of Trade and Industry should publish the internal findings of the year long report on regional policy. I hope that you will respond to popular concern about the problems of the regions by reversing the proposed cuts in aid

Yours faithfully

Gordon Brown
Gordon Brown
Dunfermline East

NOT YET APPROVED

Ackup

Background: "Guardian" of 22 January alleges contradiction between figures given by Prime Minister in Parliament on 20 January showing reduction in provision for Regional Development Grants from £396m in 1986-87 to £188m in 1987-88 and a claim by Chancellor in Parliament on 19 January that provision for regional expenditure has been increased. The Chancellor was referring to the increase in the public expenditure provision for regional incentives (Regional Development Grants and Regional Selective Assistance) in 1987-88 of 9% over previous plans (for the same year).

Line to Take

- no contradiction; not comparing like with like
- reduction in RDG provision between 1986-87 and 1987-88 reflects run down of old, costly and inefficient RDG scheme
- changes to regional policy introduced in 1984 and now working themselves through, designed to make incentives much more cost-effective in achieving main target of creating jobs
- increase in provision this year over previous plans underlines Government's continuing commitment to an effective regional policy
- expenditure on new RDGs expected to rise by some 30% between 1986-87 and 1989-90 (£123m to £161m)

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By Anne McHardy
and Michael Morris

Twelve men undergoing tests after being contaminated on Monday in the latest leak at the Sellafield nuclear plant may have received radiation doses higher than that considered safe for a year, British Nuclear Fuels said yesterday.

Nineteen men were given tests after the accident, in which plutonium leaked in an area where fuel rods are made for the fast breeder reactor at Dounreay in Scotland, but seven were cleared. On Tuesday BNFL said the remaining 12 were undergoing further tests.

Yesterday Mr Arthur Denny, the information services manager at BNFL headquarters in Risley, said one or more of them could have been contaminated above the annual level.

Tests on the group could

continue for as long as a year. Two men are still undergoing tests as a result of the last accident in the same area of the complex, building B277, on March 1 last year, when a plastic pipe leaked.

Monday's accident, discovered when a pressure valve was being removed from a pipe similar to that involved a year ago, was the first at Sellafield since the Health and Safety Executive audit in December which threatened that the nuclear reprocessing plant on the site would be shut down in 12 months unless conditions improved.

BNFL said contamination was confined to the one area, and there was no threat to the public. The area was clean and back in production by Tuesday.

The Nuclear Industries Inspectorate and ministers were informed at once.

Regional development suffers £200 m cuts

By John Carvel,
Political Correspondent

The Prime Minister has revealed government plans to cut regional development grants by more than £200 million to less than half their present value, in apparent contradiction of a claim by the Chancellor in Tuesday's economic debate that "provision for regional expenditure has been increased."

Mrs Thatcher's figures were provided in a written answer to Labour's regional affairs spokesman, Mr Gordon Brown. They show that regional development grants, the main regional job creation subsidy, are to be reduced from £396 million in the present financial year to £188 million in 1987/8.

Mr Brown said last night that this was a further halving of the grant, which had already been halved since 1983. He

pointed out that the employment census showed earlier this month that 1.5 million manufacturing jobs had been lost in the regions since 1979. Yet the main instrument for promoting manufacturing jobs in the regions was now being destroyed.

Figures provided by the Department of Trade and Industry to the Guardian last night show that regional selective assistance will remain at about its present level of just over £200 million, with a slight increase in 1988/9 being taken away again in the following year.

The Government's explanation for the cut in regional development grants next year is that it is the natural working through of change in grants policy introduced in 1984 which seeks to concentrate subsidy into fewer more closely targeted areas.

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of them come from other parties as well."

However, the formation of the MDP could be a further setback for Labour in the crucial East Midlands. In Nottinghamshire, the party holds only three of the 11 seats, and none in the city of Nottingham. The Sherwood constituency, said to be the country's largest mining seat, is held by a Conservative on a narrow majority.

Mr Gallagher, a former leader of Nottinghamshire county council's Labour group, said: "The plan for this new party has been under way for the past six months and there will be an official launch in two weeks' time."

The UDM which claims 30,000 members — mainly in the Nottinghamshire coalfield — has still to decide whether to back the MDP.

The selection of Mr Meale, former secretary of the hard left Campaign Group of labour MPs, coupled with the deselection of several rightwing councillors, appears to have been a prime factor behind the formation of the party, coupled with disenchantment over the attitude of Mr Kinnock towards the UDM.

The membership secretary Mr David Cruikshanks, said that so far the group had about 40 supporters.

of safe life'

By Andrew Rawnsley

Two reactors at the Hinkley A nuclear power station in Somerset may be near the end of a safe operation because of unresolved faults in key components of the plant, according to evidence laid before the Commons select committee on energy.

A 75-page technical investigation prepared for the committee by one of Britain's leading independent nuclear consultants suggests that the main reactor assembly itself could be far more corroded than previously assumed.

The Central Electricity Generating Board has always insisted that corrosion was not a serious problem at Hinkley or for its sister Magnox reactors elsewhere in the country. Hinkley was designed to last only 20 years when it was commissioned in 1965, but the board has maintained that it and its sister reactors can be safely kept in service until the end of the century.

The consultant, Mr John Large, gave oral evidence to the committee yesterday. Its Conservative chairman, Sir Ian Lloyd, said Mr Large's written memorandum would be released to the public domain "in due course."

In his report Mr Large finds that the CEGB's investigation of the corrosion problem has been incomplete. Though the defect was first discovered in 1983, the board does not appear to have carried out the physical tests which alone would precisely identify the seriousness of the problem.

Until it can positively identify the source of corrosion it is impossible to be confident about the reactors' safety, he says.

The problem centres on key components called standpipes, through which nuclear fuel rods are slotted into the core of the reactor. The steel lining in at least four of Hinkley's pipes has corroded and distorted.

Corrosion is more likely to be due to defects in the reactors' original design and a symptom of their advanced age. "We conclude that the occurrence of corrosion could indicate the nearing of the end of the design operational life of the reactors at Hinkley Point."

The risk of an accident is not significant, the report says, as long as damaged standpipes are detected and withdrawn from the fuelling operation.

One of two reactors at Berkeley nuclear power station in Gloucestershire was closed down when a fault was discovered in a fuel rod assembly. The reactor will be out of action for two days.

The CEGB said there was no danger of a radiation leak. Similar faults were found about 10 times a year among the board's installations.

legal opinion, which

firmly their ghastliest. The least the Government could do in these circumstances, Dr Cunningham said, was to send for the Attorney-General Michael Havers, and he stayed on the bench these knots were untied.

But that may have partly nostalgia. On such as this, with putting the Tories points in the lead, natural that Labour year for the world year ago, when they the polls, with the ment, racked by West wretched third.

The rage of opposition MPs at the decision, announced in the Commons yesterday, to award Devonport management a contract to a US-dollar group had some of the flavour too.

Trident — Labour's Gordon Brown courtesy of the US; Sikorsky; the early Boeing; and now naves and subs, court Brown and Root Delaware.

David Owen, the leader and Devonport was missing yesterday had managed to time announcement while away in the States. absence of all three outh MPs it was Michael Foot, MP Devonport from 1945 to signal defiance.

People were not prepared to see their doc handed over to profiteers, said, and to people would not maintain the vice of generations. Tories, were troubled. Keith Speed, the navy minister, and Hicks (Cornwall, SE) feared heavy job among them.

The response on the side was mostly tepid. Neale (Cornwall N) the mood of the minister that there no common view that he was doing was wrong.

Some readers have protested that my list week of parliamentary utes to the newly de prime ministers of Lloyd George in March

If that sounded as it reads, it was one very best, with a noble lute from Churchill a memorable one from Bevan.

The Communist minister for Fife, Willie Gall got in on that occasion. In 1920, he recalled, he was introduced to Lenin by "Lenin advised me remember it well — to Lloyd George. He held opinion that David George was the greatest political leader this country had ever known."

	Title	Works cost estimate £ million
A616	Stocksbridge to M1	17.5
A629	Kildwick to Beechcliffe	22.7
A64	Seamer/Crossgates Bypass	5.0
A65	Settle to Giggleswick Bypass	5.5
A650	Victoria Park to Crossflatts	10.3
A69	Eighton Lodge Junction Improvement	4.0
A69	Newcastle Western Bypass Advance Works	8.0
M5	Rashwood to Catshill	22.3
M5	Warndon to Catshill Ancillary Works	9.1
M5	Warndon to Rashwood	16.6
M5/M42	M42 and M5 Contract 1	4.8
M63	Stretford to Eccles Improvement Stages 1 and 2	18.8
M63	Stretford to Eccles Improvement Stage 3	2.5
M63/M66	Portwood to Denton	55.5

Note:

The works cost estimates shown above are estimates of total scheme costs in cash terms and in most cases include some non-contract items such as statutory undertakers' fees and other ancillary works items. In the case of some larger schemes, ancillary items are the subject of a separate works contract.

PRIME MINISTER**Pensioners**

Q9. Mr. Wigley asked the Prime Minister when she next proposes to meet representatives of pensioner organisations.

The Prime Minister: I am meeting a delegation from the eighth national pensioners convention on 5 March.

EC (Expenditure)

Q48. Mr. Teddy Taylor asked the Prime Minister if she will raise at the next meeting of the European Council the question of the anticipated expenditure of the European Economic Community in 1987 in comparison with its legal limits of expenditure; and if she will make a statement.

The Prime Minister: We shall make clear in every appropriate forum that the Community should contain its expenditure within the legal limits.

State Security

Q94. Mr. Dalyell asked the Prime Minister if she will refer to the Security Commission the matter of the documents relating to national security allegedly bequeathed by the late Anthony Blunt to his brother and held in an institution in London.

Payments of Regional Development Grants for the years since 1979-80, adjusted to 1986 prices¹, were as follows:

	£ million							
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	² 1986-87
England	345.6	379.6	444.7	330.5	252.4	226.1	169.4	191.8
Scotland	115.5	157.1	180.4	338.4	161.3	118.1	109.4	133.8
Wales	83.4	143.5	154.4	143.1	81.4	100.2	85.9	70.8
TOTAL	544.5	680.2	779.5	812.0	495.1	444.4	364.7	396.4

The Prime Minister: I have nothing to add to my statement on Mr. Blunt of 21 November 1979, columns 402-10.

Engagements

Mr. John Mark Taylor asked the Prime Minister if she will list her official engagements for Tuesday 20 January.

Mr. Stern asked the Prime Minister if she will list her official engagements for Tuesday 20 January.

Mr. Ron Davies asked the Prime Minister if she will list her official engagements for Tuesday 20 January.

Mr. Peter Bruinvels asked the Prime Minister if she will list her official engagements for Tuesday 20 January.

Sir John Biggs-Davison asked the Prime Minister if she will list her official engagements for Tuesday 20 January.

Mr. Meadowcroft asked the Prime Minister if she will list her official engagements for Tuesday 20 January.

Mr. Pike asked the Prime Minister if she will list her official engagements for Tuesday 20 January.

Mr. Lloyd asked the Prime Minister if she will list her official engagements for Tuesday 20 January.

Mr. Greenway asked the Prime Minister if she will list her official engagements for Tuesday 20 January.

The Prime Minister: This morning I had meetings with ministerial colleagues and others. In addition to my duties in this House I shall be having further meetings later today.

Regional Development Grants

Mr. Gordon Brown asked the Prime Minister if she will publish a table showing forecast spending, at 1986 prices, on regional development grants in (a) England, (b) Scotland and (c) Wales in each year from now until 1989-90; and if she will publish the figures for spending on regional development grants, at 1986 prices, for each year from 1979-80 for England, Scotland and Wales.

The Prime Minister [pursuant to her reply, 19 January 1987]: The future provision for expenditure on regional development grants incorporated in the Public Expenditure White Paper, adjusted to 1986 prices¹, is as follows:

	£ million		
	1987-88	1988-89	1989-90
England	93.3	82.8	89.3
Scotland	63.8	53.4	58.1
Wales	30.5	24.8	24.1
TOTAL	187.6	161.0	171.5

Mr. Lawson: The matter that I am talking about has nothing to do with our trade in high tech. Our exports of high tech. have been increasing very substantially.

Mr. Campbell-Savours: Give way.

Mr. Lawson: I have given way once. I will give way again but not now.

The difference to which I have alluded is also an inner-city problem and once again most of the big industrial cities are in the north. This Government have taken a whole battery of measures to help those parts of the country that have suffered from the highest levels of unemployment.

Mr. Campbell-Savours: Give way now.

Mr. Lawson: I will finish this passage first.

Regional assistance, although reduced in overall size, has been much more closely targeted on jobs. We have multiplied spending on top of that on specific employment and training measures tenfold and this massive expenditure has in practice been heavily skewed towards the north. We have also greatly expanded urban development grant spending, where each £1 of public money has levered in £4 of private sector financing. My right hon. and learned Friend the Paymaster General, when he winds up, will mention some of the other initiatives that we have taken.

Mr. Campbell-Savours: Is the Chancellor aware that, in the words of the Confederation of British Industry, one of the biggest impediments to regional growth is the two-month moratorium that has been introduced on the payment of regional development grants? Is he further aware that people in industry all over the country are complaining, and that that moratorium is having a devastating effect on regions such as mine in Cumbria? Will he get together with the Secretary of State for Trade and Industry and reconsider the matter, rescind it and ensure that development takes place and that the grants are paid when they should be paid?

Mr. Lawson: If the hon. Gentleman had looked at the White Paper published earlier this month, he would have seen that provision for regional expenditure had been increased. There is an obstacle that we have come up against time after time. That has been the behaviour of hard Left Labour local authorities.

Mr. Robert C. Brown (Newcastle upon Tyne, North)
rose—

Mr. Lawson: I have just given way.

As Robert Kilroy-Silk — a name known to Opposition Members—said in his latest book:

"The Militants and their ilk in Liverpool are the biggest deterrents to job creation on Merseyside that there have ever been."

The same goes for other anti-business Socialist local authorities up and down the country. Time after time that is the problem.

Mr. Robert N. Wareing (Liverpool, West Derby)
rose—

Mr. Lawson: Although manufacturing output overall is rising strongly, the decline in employment in the traditional manufacturing industries is unlikely to reverse itself fully, and to the extent that it does, there is likely to be a constant drift from the cities to the outlying areas. To attract new firms and industries —

manufacturing as well as service industries — to fill the gap? Certainly not with councils such as that of Liverpool. Nor is that the only one.

Mr. Hattersley: The right hon. Gentleman must have misheard my hon. Friend the Member for Workington (Mr. Campbell-Savours). He asked the specific question, why a moratorium and how can he justify it? Will he answer that now?

Mr. Lawson: It is not a moratorium. It is a delay in payment that allows a significant increase in regional assistance over what was previously planned. That is clearly stated in the White Paper.

I say this in all sincerity to the right hon. Member for Sparkbrook and Opposition Members: it does not help to imply, as the Opposition all too often do, that the whole of the north is a disaster area, a picture of industrial devastation. That is just the sort of image that does the most damage to the north and, of course, it is not true either. The revival of the hard-hit regions of our country will come about only on the basis of enterprise, whether local or coming in from outside. The Government's task is to create, so far as local government allows us to, the climate for enterprise of that kind.

Mr. Wareing: Is the right hon. Gentleman aware of a survey that was recently carried out for the Institute of Directors? The members of the institute were asked which of 11 different factors they thought were the cause of lack of investment and whether they were relevant to business locational decisions. Local authority rates appeared to be the eight factor among the 11. Most of the problems were related to locational factors, having no bearing whatsoever on the activities of local authorities. That includes Liverpool, where some people, including the Government, think the rates have been kept too low. That is why councils are currently facing the law.

Mr. Lawson: I regret having given way, because that was more of a speech than an intervention. If the hon. Gentleman thinks that business men, particularly small business men, are indifferent to the level of local authority rates, he is not living in the real world. He is even more living in cloud cuckoo land if he thinks that the only anti-business practice of some Labour local authorities—not all—is high rates. There are many other impediments that they put in the way of business, including the refusal of planning permission and so on.

Mr. Campbell-Savours: On a point of order, Mr. Deputy Speaker. You will have heard the Chancellor make a statement about the controls on regional development grant not being a moratorium. May I refer you to page 93 of the White Paper, which the Chancellor said that I had not seen? That page refers specifically to moratoria—
[Interruption.]

Mr. Deputy Speaker: Order. The hon. Gentleman knows perfectly well that that is a matter for debate, not a point of order.

Mr. Lawson: I am well aware of what is in volume 1 of the White Paper and I stand entirely by what I said. Fortunately, all the signs are that employment prospects have improved considerably in the north as well as in the south, as the economy surges forward.

Mr. Tony Marlow (Northampton, North): My right hon. Friend said that there were other habits and actions



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

14 January 1987

When you wrote to the Prime Minister on 22 December you asked if you could meet her to discuss 130 redundancies at the Cowdenbeath Workshops in your constituency. The Prime Minister would be pleased to see you. Could you kindly confirm whether Tuesday 27 January at 1600 hours would be convenient. (Telephone: 01-930-4433). The meeting will take place in the Prime Minister's Room at the House of Commons.

I look forward to hearing from you.

Caroline Ryder (Mrs)

Gordon Brown, Esq., M.P.

of DSG

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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

M E Addison Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

Yes
mb

Prime Minister. ①
Gordon Brown MP has asked to
see you to discuss redundancies in his
constituency (his letter at 'A'). He has already

9 January 1987

had several meetings with Ministers. He does
not have a compelling case for a meeting, but
in view of your general policy, you may wish
to give him some time after Questions on day.

Dear Mr Addison

Thank you for your letter of 31 December seeking our comments on the
request from Mr Gordon Brown MP for a meeting with the Prime Minister
to discuss redundancies in his constituency.

Do you
want to
do so?

The examples quoted in Mr Brown's letter are broadly correct, though
some qualifications are needed. There were 128 redundancies at British
Coal's Cowdenbeath workshops in December, but some 120 employees have
been retained and the plant is not currently under threat. As regards
Rosyth, it is public knowledge that around 1,000 job losses may be
expected within the 7-year period of the commercial management contract.
The bulk of these may arise in the early stages, though it is hoped that
they can be achieved largely by natural wastage and voluntary
redundancies. Current unemployment in the Dunfermline Travel-to-Work
Area is 16.3% as against 15.7% in Scotland as a whole.

MEA
13/1

Mr Brown and his colleague in Dunfermline West, Mr Dick Douglas, have
been particularly active in opposing the Government's proposals for the
introduction of commercial management at Rosyth. They have had several
meetings with MOD Ministers, and, we understand, are meeting
Mr Younger again today. More generally, Mr Brown accompanied a
deputation from Fife Regional Council which met the former Minister for
Industry at the Scottish Office, Mr Allan Stewart, in May last year to
discuss the economic situation in Fife as a whole. Mr Douglas similarly
accompanied a deputation from West Fife which met Mr Ian Lang, the
present Minister for Industry, in September to discuss the decline of the
local coal industry. The prospects for Rosyth figured in both these
discussions. The deputations pressed in each case for an upgrading of
the Region's assisted area status, which was downgraded in the 1984
review of the assisted area map. These claims were resisted, both in
discussion and in correspondence with the Regional Convener. It is
likely that they would be renewed at any meeting with the Prime Minister.
The line we have agreed with DTI is that any claims for changes to the
map should continue to be resisted, in the interests of stability, and it is
unlikely therefore that the Prime Minister would be able to offer any
concessions on this score.

I think it can reasonably be argued that the views of Mr Brown and his
constituents are already well enough known to Ministers, and that they

ESR
have already had explained to them the implications of Government policies as they affect the area. In the circumstances we would incline to the view that the request for a meeting should be refused. If the Prime Minister feels that in the light of her policy to agree to meet Members about major closures or redundancies (to which Mr Brown has, of course, referred) the better course would be to see him, we shall naturally provide briefing and a Minister to attend.

Yours sincerely

ROBERT GORDON
Private Secretary

Pl. *Heather Parker.*

Mr Gordon Brown ref.

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

A/ 31 December 1986

Smith
I attach a copy of a letter from Gordon Brown to the Prime Minister, in which he seeks a meeting with her to discuss redundancies in his constituency.

Mr Brown correctly says that it is the Prime Minister's practice to agree to meet Members when major redundancies or closures take place in their constituency. Before we put Mr Brown's request to the Prime Minister, I should be grateful for any advice you may wish to let us have. It would be helpful if this could arrive by Friday 9 January.

M E ADDISON

Robert Gordon, Esq.,
Scottish Office.

Gordon Brown M.P.
Member of Parliament for Dunfermline East



HOUSE OF COMMONS
LONDON SW1A 0AA

Please reply to:
Constituency Office
25 Church Street
Inverkeithing
Fife KY11 1LH
Tel: Inverkeithing 419436

R2a

Rt Hon Margaret Thatcher
Prime Minister
10 Downing Street
London W1

22 December 1986

Dear Prime Minister

ack 8/12/29/12

You will recall your promise to meet Members of Parliament, where in their constituencies major redundancies are taking place. I am writing because of 130 redundancies at the Cowdenbeath Workshops, the last remaining Scottish workshops of the National Coal Board, and because it is now assumed that there will be at least 1,000 redundancies arising from new proposals for the future of Rosyth Dockyard.

I would be grateful if you would allow me to put to you the very strong feelings of my constituents about the continuing erosion of employment opportunities and the proposals we have for reversing these job losses.

Yours sincerely,

Gordon Brown

Gordon Brown MP
Dunfermline East



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10 DOWNING STREET

From the Private Secretary

22 November 1984

The Prime Minister has received the attached letter from Mr Gordon Brown MP seeking a meeting to discuss closures in his constituency. Mrs Thatcher has agreed to such a meeting and we are waiting for Mr Brown to contact us to arrange a time and date. When he does so I shall be grateful if you could arrange for suitable briefing to be produced for the Prime Minister and for a Scottish Office Minister to be present. Caroline Ryder will let you know when the meeting has been arranged.

(Tim Flesher)

John Graham Esq
Scottish Office



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cc CR.

10 DOWNING STREET

From the Private Secretary

22 November 1984

The Prime Minister has asked me to thank you for your letter of 16 November seeking a meeting with her to discuss closures in your constituency. Mrs Thatcher would be delighted to agree to such a meeting and I shall be grateful if you could contact this office to arrange a suitable time and date.

(Tim Flesher)

Gordon Brown, Esq., MP.

Gordon Brown, M.P.
Member of Parliament for Dunfermline East



HOUSE OF COMMONS
LONDON SW1A 0AA

The Rt Hon Margaret Thatcher
The Prime Minister
House of Commons
London

16 November 1984

Dear Prime Minister,

You will recall your statement in the House of Commons that you are prepared to meet Members of Parliament from constituencies where redundancies and closures are taking place to discuss the position in their areas with them.

I am now writing to seek an early meeting with you to examine the deteriorating unemployment position in my constituency. Last week the clothing firm, MANCLARK, announced that their factory would cease production within weeks, and this week, with the opening of the Shell N.G.L. plant at Mossmorran, construction employment has ceased. In the coming year 4,000 additional jobs will be lost at the Esso construction site as it too comes on stream. To replace the 8,000 construction jobs there are less than 400 permanent jobs at the plant.

At the same time jobs are at risk in the open cast industry at Westfield, at the Inverkeithing Paper Mill, at the Jelltek clothing factory, and in the deep mines. The major employer in my constituency, Her Majesty's Royal Dockyard at Rosyth, has also been informed of the risk of the first compulsory redundancies of civilian employees.

Unemployment has risen by more than 500 in my constituency over the past year. This is a rise of more than 10%. The local authorities in my area are so concerned about the threat to regional aid status that, following a local conference, many constituents will be sending you letters protesting about any possible downgrading of development status for the area. One of the aspects of that concern is the redrawing of travel to work boundaries on such an arbitrary basis that overnight, while the numbers out of work are rising, the unemployment rate in the Dunfermline Travel to Work area has fallen.

In these circumstances I hope you can meet me to discuss the problems that we have.

Yours sincerely,

Gordon Brown

CC MA ✓
CR

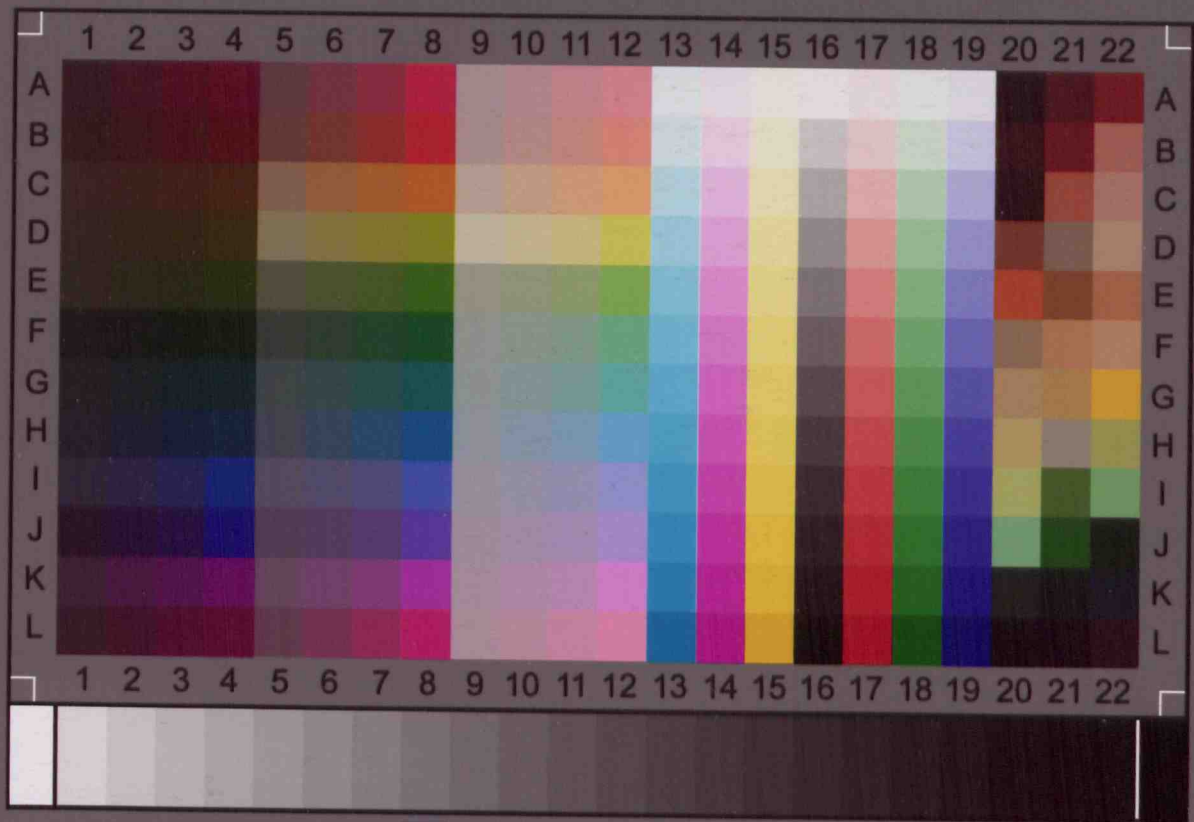
R20

Prime Minister:

Agree to
this meeting?

29/11

Yes
no



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