

PO-CH/NL/719

CONFIDENTIAL

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Begins: 20/10/83
Ends: 23/3/84.

PO/CH/NL/719

Chancellor's (Lawson) Papers:
Chancellor's visit to Merseyside,
January 1984.

20/10/83

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PRIME MINISTER

EDUCATION ON MERSEYSIDE

Patrick Jenkin minuted you on 14 September about the work of the Merseyside Task Force and proposed that parallel reports should be circulated on the activities of Government Departments in relation to Merseyside.

The attached paper by officials here concerns the five education authorities on Merseyside: Knowsley, Liverpool, St Helens, Sefton and the Wirral. Its main focus is on the first two and especially Liverpool where the region's population decline is most marked and where the number of educational institutions is inefficiently and expensively out of line with reduced demand.

Since May 1982 when, with Michael Heseltine, I met the leaders of all parties in the then hung Liverpool City Council, I have had regular discussions with Liverpool and other politicians on Merseyside so as to bring home to them the educational and financial disadvantages of the current degree of over-provision. I have approved important reorganisations in the Wirral, in Knowsley and for Roman Catholic secondary school provision in Liverpool. Action is also in hand to rationalise further and higher education in the region. When I met leaders of Liverpool's new Labour administration in August I was pleased to find that, despite our very different philosophies, there was a fair amount of common ground on the need for substantial and early action. I expect to receive Liverpool's proposals for the reorganisation of their county secondary schools later this month. They will cause us difficulty, but I must wait to see them (and even more so local reaction to them) before I can form a view on my response.

DES
 Note of
 Educat
 in m's

My efforts to get the institutional framework right have been accompanied by initiatives and action to raise the quality of the education on offer. Since their report in March 1982 on provision in Toxteth, HM Inspectorate of Schools have continued to focus attention on Liverpool. Through the normal programmes of inspection visits to schools and colleges in Liverpool and the publication of inspection reports (most recently that on Liverpool Institute High School, published in July) the Inspectorate and the Department are seeking to obtain necessary improvement in Liverpool's educational practice. HMI has also worked with the authority to devise a group of educational projects intended to raise educational standards in inner city schools, further education and some aspects of the Youth Service. These projects are not yet in place because despite our efforts backed by the Task Force, it has not yet been possible to persuade the City Council to include them within their proposals for Inner City Partnership Funding. This is an example of the prevailing malaise within the authority and the leadership of its education department which is reflected in the general sense of drift and decline in the city's education service.

In order to stress my concern at standards of education on Merseyside I shall be visiting Knowsley for two days in December. I intend to see at first hand their problems and practice. A similar visit to Sefton is planned for 1984. But the main focus will remain on Liverpool and in the light of developments on school reorganisation, I intend to review how best I and my colleagues can maintain the pressure to see that Liverpool's institutions are effectively managed, carefully monitored, and provide a good education.

14.

20 October 1983

* COPIES TO PATRICK JENKIN, OTHER
CABINET COLLEAGUES AND TO SIR
ROBERT ARMSTRONG

GOVERNMENT ACTIVITY ON MERSEYSIDE: EDUCATION

SCHOOLS

1. The Merseyside local education authorities, like most such authorities in England, have been beset by the problems caused by the dramatic decline over recent years in pupil numbers. Progress on Merseyside depends upon these authorities acting decisively to ensure that their educational resources are not spread too thinly over too many schools. Policies to cope with falling rolls must be the cornerstone of any strategy to raise the quality and morale of the education service in the schools. Well-conceived and sensitively implemented policies on falling rolls provide an opportunity not only to deploy scarce resources to give a better educational return but also to extend or launch initiatives in various fields such as the curriculum; staff redeployment, training and induction; and the parental and community involvement with the schools.

2. The Merseyside authorities have risen to this challenge in varying degrees, putting forward for the Secretary of State's approval a number of statutory proposals to take surplus capacity out of use. The Wirral took 4,000 school places out of use in Birkenhead and Wallasey by reverting from a three tier middle school system to a two tier one with a break at 11+. the Secretary of State approved these proposals in April 1982. But there is still a long way to go particularly in Knowsley and Liverpool.

3. The imperatives of falling rolls are nowhere more compelling than in Knowsley. Having secured a positive statement of the authority's policy to raise teaching quality in the institutions concerned, the Secretary of State has recently approved the authority's proposals to replace seven 11-18 comprehensive schools and a college of further education with five 11-16

schools and a new tertiary college. With just over 400 pupils in the sixth forms of the existing seven schools (most being non-A level pupils) this rationalisation not only brings capacity better into line with falling numbers but also offers the potential of a stronger and richer variety of opportunities for 16-19 year olds in the area. There is also a very strong Roman Catholic presence in Knowsley: their schools too are in need of urgent rationalisation. In May 1983, when he approved the amalgamation of two secondary schools, the Secretary of State urged the Archbishop of Liverpool to cooperate closely with Knowsley in reducing the excess capacity. If nothing is done, there will by 1988 be more than three secondary places for every single Roman Catholic 11 year old in Knowsley. Discussions are underway between the LEA and the RC authorities.

4. In Liverpool political deadlock has conspired against the development of any coherent policy to cope with the pressures caused by the City's decline in population from three-quarters to half a million over the years 1961 to 1981. In October, the new majority administration is to present the Secretary of State with proposals to reorganise the City's county secondary schools: these will reflect the local Labour Party's commitment to providing each community with its own 11-18 school. A judgement on the scheme's educational acceptability must be deferred not least until an assessment can be made of local parental reaction.

5. Some rationalisation has already taken place. In August 1982 the Secretary of State approved the proposals of the Archdiocese of Liverpool and the authority to reorganise the City's Roman Catholic secondary schools. The net effect was to reduce the number of schools from 41 to 15 and the number of places from 19,500 to 12,600. As for county secondary schools, in June 1982 the Secretary of State approved the closure of three declining and decrepit inner city secondary schools thereby taking out of

use 1,500 places. He has also resisted the authority's attempts to unravel their original proposals to close Croxteth School which, following a sit-in by parents, is now receiving temporary financial assistance from the authority in support of its operation as an independent school. In the primary sector, where excess capacity is at its greatest, just five schools have been closed since January 1981. It seems likely that proposals to rationalise primary schools will be deferred until the fate of the authority's secondary proposals is known. In the meantime, the authority have announced their plans to use spare capacity to expand nursery provision.

6. Against this background, HM Inspectorate has continued to support the LEAs concerned through a continuing programme of visits. Inspection reports have been issued or (since January 1983) published on a number of primary and secondary schools. Following the Toxteth Report published in March 1982 HMI agreed to work with the Liverpool LEA in the development and implementation of a programme of projects to be funded through the Inner City Partnership (ICP) and which gave some promise of being replicable in other areas. The largest project involves helping 4 inner city secondary schools mainly in the local Task Force areas to improve pupils' educational performance and strengthen relations with the community. Others, based on voluntary bodies, seek to improve the basic skills of unqualified school leavers in liaison with the MSC; to offer an improved education element in the scheme for giving residential shelter to homeless young blacks; and to see that educational opportunities are a strong feature of counselling for young people who visit an inner city drop-in centre. Although the necessary groundwork is complete, the new administration has frozen the projects while it completes its own review of the ICP.

FURTHER AND HIGHER EDUCATION

7. The five Merseyside authorities with their 18 further and

higher education institutions cater for over 30,000 full-time equivalent non-advanced further education (NAFE) students and over 7,000 full-time equivalent advanced further education (AFE) students. In these fields, the main focus of the Department's work has been in Liverpool with the aim of helping the authority restructure both its AFE and NAFE provision to enable it to respond more effectively to changing needs. This work continues with regular meetings between the Liverpool Education Authority, DES officials and HMI.

NAFE

8. In the county as a whole, some 30 per cent of NAFE provision is now funded by the Manpower Services Commission (MSC). Response to the demands of the Youth Training Scheme has been variable. In the Wirral, the LEA have taken an enterprising and integrated approach based on their single FE college and the training centre associated with it, and are developing good quality provision both under their own managing agency and on behalf of local employers; this provision is also to be integrated with TVEI. In the rest of Merseyside, provision is less satisfactory, with particular variations between the different Liverpool colleges according to the degree of enterprise of their principals and according to the possibilities of involvement in respect of different industrial sectors. In Liverpool and Knowsley in particular, HMI have expressed concern about the pressure on administrative and teaching staff and the problems of responding effectively to new demands, which have in some cases been made worse by poor communication between the LEAs and MSC.

9. To overcome these difficulties and deficiencies in Liverpool, the Department sees a need for the authority's NAFE provision to be substantially restructured: the aim would be to reorganise the existing colleges, which each offer a narrow range of specialist vocational courses many of them in areas of declining demand (eg construction and mechanical engineering), into more

broadly based colleges capable of responding to changing demands. Guidance on the appropriate form of the reorganisation envisaged should be offered by the results of a series of inspections which HMI have been undertaking of NAFE institutions in Liverpool.

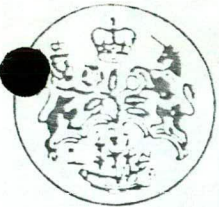
AFE

10. In the context of the Secretary of State's November 1982 decisions on the rationalisation of initial teacher training, the Department has encouraged Liverpool Education Authority to amalgamate the City of Liverpool College of Higher Education with the City of Liverpool Polytechnic. That merger is now proceeding (though not without a good deal of effort on the part of the Department, and difficulty locally over its detailed implementation). It should result in the establishment of a strengthened centre of excellence in higher education in Merseyside, complementing the centrally situated university. (There is also a joint Church of England/Catholic institute of further education.)

11. The future shape of the enlarged Liverpool Polytechnic, and its associated funding, will be contingent on the outcome of the national planning exercise with respect to 1984-85 on which the Secretary of State's National Advisory Body for Local Authority Higher Education (NAB) is currently engaged. But some steps have already been taken to concentrate provision in the North West (eg in advanced engineering and in nautical studies) at the polytechnic, and such measures to consolidate provision in higher education are likely to be a general feature of the NAB plan as finally approved by the Secretary of State. To enable the polytechnic to respond constructively to the expected future demands upon it the Department has, in consultation with the Merseyside Task Force, been seeking to assist the Liverpool Authority in concentrating the polytechnic's provision in and around the city centre.

TECHNICAL AND VOCATIONAL EDUCATION INITIATIVE (TVEI)

12. Liverpool and the Wirral were the only Merseyside authorities to bid for inclusion in the first stage of the TVEI starting in September 1983; and the Wirral was one of the 13 English authorities selected. The Wirral scheme is based on four schools (in the Bebington and Wallasey areas) and an FE college. From September 1984 the authority plans to replicate the initiative at its own expense in two other areas. Bids are now being invited for an extension to the Initiative starting in September 1984 and it is hoped that bids from other Merseyside authorities will be made and accepted.



bif for Merseyside

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

JF4572

Secretary of State for Trade and Industry

20 October 1983

CONFIDENTIAL

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

DATE	20 OCT 1983
TO	Mr Upton
FROM	PPS FST EST
	MST.
	Mr Bailey
	Mr Wilding
	Mr Middleton

*Mr Pottell
Mr Culpin
Mr Bosford
Mr Carl*

D. Patrick

MERSEYSIDE

Your minute of 14 September to the Prime Minister, enclosing a report on the work of the Merseyside Task Force (MTF), suggested that this report could be followed by short papers from colleagues in charge of other Departments on their own work in the Merseyside area.

2 I do not think it necessary for me to circulate a separate report. Officials from the Department of Trade and Industry have been working on secondment to the Task Force, and the English Industrial Estates (EIE) has worked very closely with DTI and DoE officials there. The EIE has been diversifying its activities since 1979 and nowhere is this more evident than on Merseyside: this year, indeed, some 25% of EIE's total capital expenditure of £27m will be spent there. EIE has a large stock of vacant medium to large factories on Merseyside and is not undertaking new developments which will add to this vacant stock. It is concentrating on building smaller factory units and workshops, which it offers on easy-in/easy-out terms to small businessmen. There is still some demand for these premises; but they do not let as well on Merseyside as similar units which EIE has built elsewhere in the Assisted Areas.

3 The following case perhaps illustrate some of the innovative projects being undertaken on Merseyside:

/(a) Tate ...

DTI
ON
MERSIDE



(a) Tate & Lyle refinery site

The Corporation has acquired this 50 acre site from Tate & Lyle and is clearing and preparing it for a mixture of amenity, housing and industrial development. The Corporation set up a competition to provide outline plans for the redevelopment of this site and this was won by the Liverpool City Architect's Department. This is the first major derelict inner city site where EIC has taken control of clearance and further development. It set a precedent for the type of operation which EIE is now undertaking at Chatham and in the West Midlands.

(b) Exchange Hotel

The Corporation is redeveloping the old Exchange Station Hotel in central Liverpool, which had lain derelict for several years blighting surrounding development. EIE will build a high class modern office complex behind the existing facade, which can be made available as suites of offices for smaller businesses. Behind the development EIE will provide a new city square on the site of the old station platforms. This amenity should stimulate new development and refurbishment on adjacent sites, and there is already some evidence that this process is under way. This is the first major service sector development undertaken by EIE, but in future we do not expect EIE to become a major office developer. They will probably restrict themselves to providing small suites of offices on their industrial sites, where these enhance the overall attraction of the site for businessmen.

(c) Wavertree Technology Park

In December 1982 Michael Heseltine (then Secretary of State for the Environment) announced that Plessey's would help sponsor a technology park on some 60 acres of land adjacent to their Edge Lane factory, which they partly owned with British Rail. EIE is taking an active part in the planning and development of this site, in co-operation with Plessey, the local authorities and the Merseyside Task Force. This is a pioneering partnership venture between all local and central Government and private business.



4572.1

4 A further initiative by my Department has been the creation of a Merseyside Office. As you know, on 23 September Cecil Parkinson announced the strengthening of our presence on Merseyside. The new Merseyside Office will handle as far as possible all industrial promotion, regional selective assistance, Export initiative work and Technology aid promotion work on Merseyside. This will provide a more accessible and locally responsive contact point for industry and should increase the effectiveness of our industrial policies on Merseyside. The Office will be headed by Mr Brian Lodge who, of course, has been a member of MTF almost since its inception. It is our intention that the Office will be fully operational at much the same time as your own expanded presence and that it will form close links, to cement the co-ordination between our Departments which has proved so effective in MTF to-date. Our input to MTF should in no way be diminished and, indeed, should be better focussed through the local presence.

5 Finally, a small but encouraging point is that to meet increased demand my Department's Small Firm Centre in Liverpool moved to larger premises last Spring and the Centre now has a larger complement of counsellors and officials.

6 I am copying this letter to the Prime Minister and the other recipients of your minute.

I have not attempted to assess whether all this activity and expenditure might have given a more positive effect to the economy had it been spent in, say, the West Midlands than Merseyside.

J
Norman

PPS ←

I should like to
accompany the Chancellor
on regional visits,
including this one,
if the aspect.

CHANCELLOR

MMJ 31/10

FROM: R A L LORD
DATE: 31 October 1983

RL

cc: Mr Battishill
Mr Hall -
Mrs Dunn
Mr Makeham
Dr Rouse

MERSEYSIDE VISIT ON 20 JANUARY

With regard to Party engagements during your proposed visit to Merseyside in January Conservative Central Office suggest that your time might most fruitfully be spent with the Greater Manchester Industrialists Committee. You have already been invited to address the Committee on any day next year as Mrs Dunn's minute of October 24 explains.

2. Central Office suggest lunch on January 20, if convenient, leaving you plenty of time to get to Liverpool for the Merseyside Chamber of Commerce that evening. I understand the industrialists would be glad of an informal discussion rather than a speech. Plenty of other "worthwhile" Party engagements can be fixed up in the area if you have time, including press and TV, but the Industrialists Committee is regarded as the most important.

RL

RODNEY LORD

9.7

~~M O'Mara~~

(py)

→ cc Mr Hall
Mrs McKenney
53/11

Strong personal plug
for X (friend Richard
with whom staying
is responsible for this!)

MISS YOUNG

MMS 9/11

FROM: MRS N REED
DATE: 7 November 1983

MMS

cc Mr Battishill
Miss O'Mara
Mrs Dunn
Mr Lord
Mr Makeham
Dr Rouse

VISIT BY THE CHANCELLOR TO MERSEYSIDE ON 20 JANUARY 1984.

The Chancellor has accepted an invitation to address the Merseyside Chamber of Commerce at 7.00 pm on 20 January 1984.

2. You asked me to provide advice on possible industrial visits which could be incorporated into the programme should the Chancellor decide to turn this visit into a tour of the Merseyside area,
3. In July this year Mr Jenkin wrote to Mr Parkinson and certain other Cabinet colleagues (though not the Chancellor) about future central government involvement in Merseyside. A copy of the letter is attached at Flag A.
4. In view of this letter I spoke to Mr Sorensen the Under Secretary at the DOE, Merseyside task force, rather than my usual contacts in the regional office of DTI asking them to draw up a suitable programme.
5. We have now heard from Mr Sorensen and his draft outline programme is attached at Flag B.
6. As you will see some of the visits suggested are geared towards environmental projects. However, the British American Tobacco New Enterprise Workshop or Plesseys Factory at Edge Lane, Liverpool could be worth visiting. The Knowsley Industrial Park which includes an information technology centre also looks interesting.
7. Perhaps you will let me know in due course the Chancellor's preference so that I can ask Mr Sorensen to make firm arrangements.

Noreen Reed
MRS N REED



A
7
2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

Loose

20 July 1983

Dear Cecil,

I discussed with the Prime Minister on 6 July the future central government involvement in Merseyside. You, Michael Heseltine, and Tom King were also present.

It was generally agreed that the problems of Merseyside were of a long term character and that they would require a sustained effort on the part of Central Government. It was also agreed that while I should continue to be the focus for that effort, other Ministers whose programmes had an impact or potential impact on Merseyside had a vital contribution to make. There was no doubt that a continued high profile Ministerial presence on Merseyside was an essential ingredient. I intend to visit the area at about two to three weekly intervals, but the Prime Minister was keen that other departmental Ministers were also seen on Merseyside.

If we are to obtain the maximum benefit from the time we can all expect to contribute to Merseyside we ought to co-ordinate the timing of our visits. As a first step I would be grateful if you could let me know when either you or your Ministerial colleagues in the Department of Trade and Industry expect to visit Merseyside over the next six months. I am thinking not only of dates that are firmly arranged, but those that are being considered in particular any new initiatives by your Department, which could be announced. I would then propose that we update this information at the end of each month.

I am writing in similar terms to Leon Brittan, Norman Fowler, Michael Heseltine, Michael Jopling, Keith Joseph, Tom King, Norman Tebbit, and Peter Walker.

Your ever
Patric

PATRICK JENKIN

B

Merseyside Task Force

Graeme House, - Derby Square

Liverpool L2 7SU

Telephone 051-227 4111 ext 580

Mrs N Reed
H M Treasury
Room 30/G
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

Your Reference

Our Reference

Date 3 November 1983

Dear Mrs Reed,

CHANCELLOR OF THE EXCHEQUER'S VISIT TO MERSEYSIDE: 20 JANUARY 1984

You asked for suggestions to help plan the framework for this proposed visit and I have consulted my DTI colleagues in Manchester.

I understand that the Chancellor is proposing to spend the day on Merseyside and his evening engagement is fixed: dinner with the Merseyside Chamber of Commerce.

The Chancellor may wish to begin with a visit to the Merseyside Development Corporation. This is one of two Urban Development Corporations in the Country (the other being responsible for London dockland) and has responsibility for regenerating derelict dockland in the heart of the Merseyside conurbation. Their designated area is 900 acres and the Corporation were set up formally in March 1981.

The major project that the Corporation are now engaged in is preparing a very large derelict site for the International Garden Festival to be opened in May 1984. This is one of the largest land reclamation exercises in Europe and when the Festival is over, it will last for 6 months, high quality sites will be made available for private investment, business and residential.

During a visit to the Corporation's area the Chancellor would also see the British American Tobacco New Enterprise Workshop. BAT have sponsored a scheme with the aid of industrial building allowances and support from the Corporation to convert an old warehouse into small units for new businesses. Some 70 businesses are now operating there.

He would also see the renovation work being carried out to the Albert Dock complex, an historic warehouse and the largest grade 1 listed building in the country.

A visit to MDC would take about 2 hours and then we propose that the Chancellor visits Plesseys factory at Edge Lane, Liverpool for lunch. On the way we would show the Chancellor one or two inner city housing schemes where the private sector, Barratts Builders, have successfully

refurbished old tenement flats previously owned by Liverpool City Council. Sales to owner occupiers are apparently going well. As you know Plesseys are heavily involved in the development of System X. They are also involved with English Industrial Estates, Merseyside County Council and Liverpool City Council in developing Wavertree Technology Park. The site of the Park comprises 60 derelict acres and the first stage of a £6 million reclamation and servicing scheme is now underway. It is hoped that with the strong support of Plesseys new technologically based companies will be attracted to Liverpool.

In the afternoon the Chancellor may wish to visit Knowsley Industrial Park, about 8 miles away at Kirkby. This was an old ordnance factory site and now includes a heterogeneous collection of businesses employing a total of about 14000. Considerable efforts are being made through the County Council and Knowsley Council to upgrade the estate with support through derelict land and urban programme resources. The estate companies are also demonstrating a good degree of self help - helping to set up an enterprise agency, forming a local industrialists association, helping in the provision of training schemes. Included on the estate is an information technology centre (ITEC) which the Chancellor may wish to visit.

At Bootle just north of Liverpool are Giro Bank and large Inland Revenue offices and the Chancellor may wish to visit these.

I recognise that to try and do all this might make it a somewhat exhausting visit. DTI colleagues and the Task Force would be very happy to help make any detailed arrangements.

I am copying this to John Thynne, DTI Manchester.

Yours sincerely,
K E C Sorensen.

K E C SORENSEN

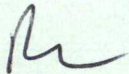
FROM: R A L LORD
DATE: 11 November 1983

PS/CHANCELLOR

cc: Miss H Goodman

MERSEYSIDE VISIT ON 20 JANUARY

I have contacted the North West Area Agent, Miss Brenda Lowe, about Party engagements during the Chancellor's Merseyside visit. Her office has just written to the Chancellor proposing a businessmen's lunch in Wirral the other side of the estuary, a women's function during the afternoon and some local radio interviews. I warned them the Chancellor might not be able to fit in everything they had in mind.



R A L LORD

Conservative Central Office North West Area

Woolton House 31 Byrom Street Manchester M3 4PJ Telephone: 061-832 6044

Central Office Agent: Miss B. M. LOWE Deputy Central Office Agents: Miss R. D. CATTELL J. M. GOODSMAN H. PURCELL
Publicity Liaison Officer: W. HARESNAPE Industrial Organiser: P. DOWLING

HP/NLW

11th November 1983

The Rt. Hon. Nigel Lawson, M.P.,
House of Commons,
Westminster,
London SW1A 0AA

C MS Goodman
Mrs Reed
Miss Yang
Mr Lovel
Mr Portillo

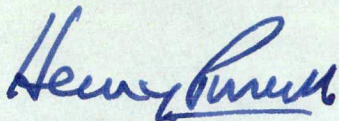
Dear Mr. Lawson,

I would like to thank you for offering time to do Party engagements on the occasion of your visit to Liverpool to address the Liverpool Chamber of Commerce on the 20th January 1984. I understand you are prepared to do a lunchtime meeting, followed by a function in the afternoon, and then some local radio broadcasts.

I am in the process of drawing up a programme, but it would be helpful if you could confirm that you are available at lunchtime, and also let me know what time you would like to finish in the early afternoon/evening, in order to prepare for your evening engagement.

I wonder if you will be staying overnight, and whether there will be any possibility of your doing a function on Saturday morning prior to departing for London, or will you be going back on the overnight sleeper from Liverpool?

Yours sincerely,



Henry Purcell

c.c. to Miss Pat Stocken

15/11/88

PROG-
-RAMME

CHANCELLOR OF THE EXCHEQUER

VISIT TO MERSEYSIDE: 20 JANUARY 1984

- 8.30 a.m. Depart London Heathrow (BD 582) Hounslow Suite.
- 9.35 a.m. Arrive Liverpool. (Speke Airport)
Met by Grey Ford Granada, Reg' No' ULS 963X
- 10.00 a.m. -
12 noon Merseyside Development Corporation (Tel 051 236 0422)
- 12.30 p.m. Lunch: Wirral Conservative Federation, Ellsmere Port Conservative Club, Westminster Rd, Ellsmere Port, (Tel 051 356 0074)
- 2.20 p.m. Depart Ellsmere Port.
- 3.00 p.m. Visit to Inland Revenue Office, NW District Office, St John's House, Merton Rd, Stanley Precinct, Bootle (Tel 051922 6363 x2135)
- 4.15 p.m. Arrive Adelphi Hotel, (Changing Rooms provided from 4.00 p.m. onward, Room No 100)
- 4.30 p.m. Radio/TV/Press interviews.
- 7.00 p.m. Dinner: Merseyside Chamber of Commerce, Britannia-Adelphi Hotel, Liverpool (Tel 051 709 7200) Black Tie (Spk)
- 11.30 p.m. Depart in white Mercedes Reg' No' HNA 380V
- 00.15 a.m. Depart Liverpool by Sleeper

21st January

- 4.36 a.m. Arrive Euston
- 7.30 a.m. Depart Train

Police Contact; Sgt Birch, Tel; 051 709 6010 X4964

15/11/84

PROGRAMME FOR CHANCELLOR OF THE EXCHEQUER'S VISIT TO
MERSEYSIDE DEVELOPMENT CORPORATION: FRIDAY, 20 JANUARY 1984

approx. Chancellor's party arrives at southern end of
10.00 a.m. International Garden Festival site.

Met by: Leslie Young, CBE, DL, Chairman MDC Board. Has agreed to remain Chairman until October 1984 (appointed Spring 1981). Formerly Director, Mersey Docks and Harbour Company, Director, Granada TV. In July 1984 will become Chairman, British Waterways Board. Executive Chairman (soon to relinquish executive role but will remain Chairman) of J. Bibby & Sons Ltd., very successful agricultural feedstuffs and industrial company. Company corporate headquarters in Liverpool but most activity based elsewhere. Has been a very effective MDC Chairman, highly regarded.

Basil Bean, Chief Executive, MDC. Formerly Chief Finance Officer, then Chief Executive Northampton New Town.

John Ritchie, Director of Development, MDC. Formerly Assistant County Planner, Merseyside County Council.

Party will transfer to MDC's landrover for duration of MDC visit.

10.05 Enter Garden Festival site. Visit highest vantage point, some of the international gardens, festival building, new esplanade.

11.00 Arrive British American Tobacco New Enterprise Workshops.

Met by: Richard Kemp, BAT Workshops Manager. Enterprising and enthusiastic. Liberal Councillor, Liverpool City Council.

Paula Ridley, employed by Regeneration Ltd., a small company which designed and managed the building contract for the Workshops on behalf of BAT. Member, Independent Broadcasting Authority.

Tour of Workshops

11.30 Leave BAT Workshops for Albert Dock. Party joined by Trevor Osborne (Chief Architect, MDC) and Mike Lloyd (resident Site Engineer).
Tour of Albert Dock complex

12.00 noon MDC Tour ends and Chancellor departs for Ellesmere Port

MERSEYSIDE DEVELOPMENT CORPORATION

BRIEF
BY
TBSK
FORCE

Establishment and Area

1. The Merseyside Development Corporation (MDC), established in March 1981, is one of two urban development corporations (the other is the London Docklands Development Corporation) set up to promote the regeneration of derelict and under-used urban areas where the problems are too great for local authorities to tackle. MDC's designated area covers 865 acres in three separate parcels in Liverpool, Sefton and Wirral (map attached). The areas largely comprise disused dockland and the immediately surrounding land formerly used for dock-related activities.

Purpose

2. The prime purpose of the MDC is to secure regeneration of their area particularly by attracting private investment; in order to achieve this it has wide ranging powers to assemble land and to carry out reclamation and infrastructure work so as to be able to offer attractive propositions to private developers.

Financial Regime

3. Although a major objective is to attract private investment, it was always envisaged that substantial public sector funding, particularly in the early years, would be required to stimulate economic activity in these severely depressed areas.

4. Initially the financial regime provided for payment of grant-in-aid to MDC to undertake land purchase and reclamation, provision of infrastructure/services, and environmental improvements. "Commercial" projects were to be funded by borrowing from the National Loans Fund.

5. Recently, the MDC's financial regime has been amended in the light of experience of the first years of operation. What is clear is that most of the commercially related activities carried out by the MDC are not likely to be profitable now and most unlikely to become so in the future.

6. The principal changes to the regime made last month are:

- a broadening of the scope of reclamation activities qualifying for grant-in-aid (previously limited to those which would qualify under derelict land grant rules).
- introduction of an urban development grant analogue within the grant-in-aid arrangements to help stimulate private sector investment.
- the retention by the MDC of receipts (previously returned to the Exchequer) generated by sales of land and other assets, thus ensuring that the MDC carries the risks, and benefits, associated with its commercial judgements.

7. In 1981/82 MDC spent £5.3m. In 1982/83 expenditure reached £21.3m. For this year MDC's allocation is £35m. This is the peak year for expenditure on the International Garden Festival for which some £10m is earmarked. A similar sum is to be spent on land reclamation. £5m is likely to be spent on the restoration of the Albert Dock Warehouse. Of this year's allocation only 5% is for staffing, accommodation, and other administrative expenditure.

8. In accepting the MDC's corporate plan in December 1983, the Department of the Environment notified MDC of its financial provision for next year and of the resource planning figures for the following two years. These figures are some way below the Corporation's bid as follows:

	1984/5	1985/6	1986/7
DOE allocation/resource planning figures:	£27.848m	£28.681m	£30.069m
MDC bid:	£34.463m	£32.503m	£30.3m

Main Developments

9. MDC has acquired 600 acres of land within its designated area, very largely from the Mersey Docks and Harbour Company. Apart from major developments - the International Garden Festival and refurbishment of the Albert Docks - a major project has been to remove silt and restore the water regime to part of the docks system. This makes an immediate environmental improvement and enhances the prospect of development especially in leisure based businesses. In the Wirral area, the former Western Ship Repairers site is being reclaimed for residential and light industrial use. In the Bootle area, a goods yard has been reclaimed and is being marketed for port-related industries. Nearby, small industrial units have been provided.

Part of MDC's area in Bootle is included in the Mersey Docks and Harbour Company's freeport application. The MDC supports the freeport. (CONFIDENTIAL NOTE: The MDHC freeport bid has not been included in the final sift.)

International Garden Festival

10. This Festival is the first of its kind to be held in this country. Based on Continental practice, the main objectives are to reclaim derelict land (it is one of the largest derelict land schemes in Europe), stage a major horticultural event and attract tourists to Liverpool, and ultimately provide leisure facilities, and high quality sites for industrial and private housing use. The Queen is opening the Festival on 2 May 1984 and it will close in October 1984. It is hoped that at least 3 million visitors will come to the Festival.

11. The Festival will occupy half of a 250 acre site formerly used as a refuse tip and for oil storage tanks. A spine road has been constructed and an architectural competition has been held to design the main Exhibition Building. Construction of the Building is now well under way. The development of the domestic and international gardens, and the Esplanade, is also well underway as is provision for car parking. The construction programme is on target, a particularly good achievement by MDC given that similar Continental festivals enjoy a much longer planning and construction timescale.

12. The approved budget for the Festival is £19.3m of which £1.5m is to be raised by private sponsorship, the remainder being met by grant-in-aid. Income from the Festival is estimated at £11.2m largely comprising admission charges.

13. After some initial scepticism, the Festival is now receiving much more favourable publicity. The MDC has been careful not to market the Festival prematurely. The attitude of Liverpool City Council is at best neutral and at worst hostile and the Council have refused to take up opportunities to participate in the development of the Festival.

British American Tobacco New Enterprise Workshops

14. This is an £850,000 project, sponsored by BAT, to convert an old dock shed into approximately 40 workshops. BAT has taken advantage of 100% industrial building allowances and has received financial support from MDC. Qualifying users also receive support from DTI's RDG programme. By June 1983, nine months after completion of the first phase, 85% of the workshops were let. Many of these are small units used by people starting in business for the first time. BAT provide central business and support services and considerable effort is made to assist entrepreneurs by, for example, making letting arrangements as simple as possible.

15. Following the success of the first phase, a second phase of 20 workshops is now being constructed. It is understood that United Biscuits are also examining the possibilities of setting up a similar managed workshop nearby.

Albert Dock Warehouses

16. This warehouse complex is the largest grade 1 listed building in the country. Part of it is now being restored in a joint venture with the private sector (the Arrowcroft Group). Phase 1 of the works includes structural repairs, external refurbishment and the provision of basic services by MDC, together with refurbishment of the quayside/mezzanine levels for retail and leisure use by Arrowcroft. During Phase 2 other parts will be developed and marketed for commercial and residential use with the private sector.

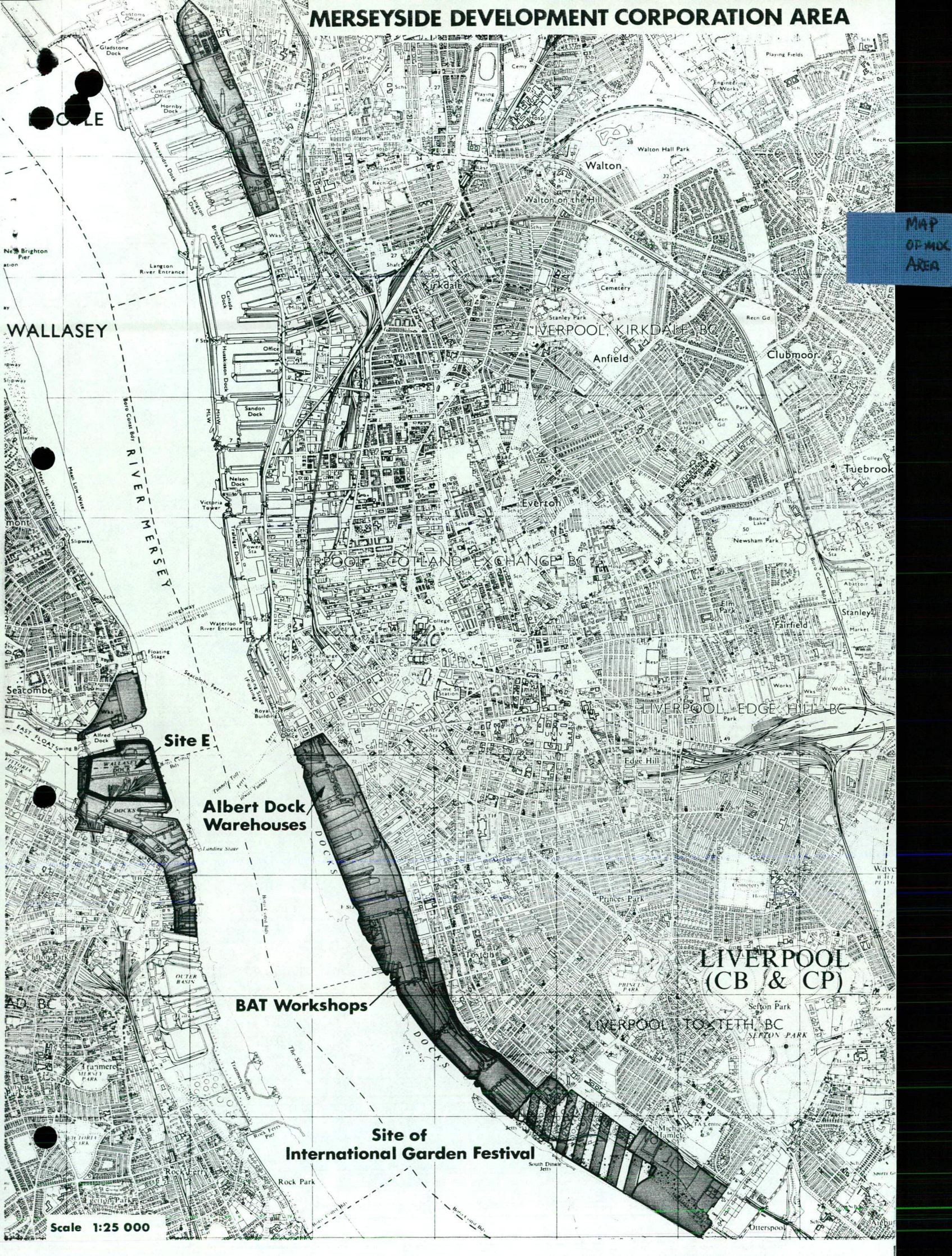
17. Another part of the warehouse complex is being developed as an extension to the County Council's Maritime Museum. It is hoped that the Museum extension will provide a fitting finishing point for the Tall Ships Race in August 1984.

18. There is a statutory limit of £200 million on the total amount of grants and loans payable to UDCs which may be increased to £400 million by statutory instrument. This is of topical interest in that an Order to increase the limit to the higher figure is to be debated in the House of Commons on 16 January.

19. The attached plan cover contains:
a map of the Merseyside Development Corporation Area,
the corporate plan and the initial development strategy.

ATTACHED

MERSEYSIDE DEVELOPMENT CORPORATION AREA



MAP OF MDC AREA

COLE

WALLASEY

RIVER MERSEY

Site E

Albert Dock Warehouses

BAT Workshops

Site of International Garden Festival

Walton

LIVERPOOL, KIRKDALE, BC

Anfield

Clubmoor

LIVERPOOL, SCOTLAND EXCHANGE, BC

Everton

LIVERPOOL, EDGE HILL, BC

LIVERPOOL (CB & CP)

LIVERPOOL, TOXTETH, BC

Scale 1:25 000

15/11/83.

The Garden Festival

This was one of Mr Heseltine's personal initiatives. Treasury have always had severe reservations, but Mr Heseltine announced the project and appointed a festival director before we were told of the financial implications. Mr Brittan decided not to try to abort it. The cost is considerable - a gross total of £19.3 million, about 25% higher than the original estimate. Most of the reclamation work would have been done eventually, but at a much slower pace. In theory, the festival itself ^{as opposed to the land reclamation,} could be self financing if MDC's estimate of over 3 million visitors proves right. But that estimate is highly dubious and has been publicly challenged by the English Tourist Board among others. The festival could be a success; or it could be a very expensive flop, in which case the PAC may want to investigate. The Chancellor would be advised to restrict public comment to wishing the festival every success and hoping a very large number of people will come to Liverpool to see it.

TSY
BRIEF
ON SITE
TO BE
VISITEDThe BAT New Enterprise Workshops

We had a protracted argument with DOE before this scheme was approved early in 1982. The argument was about the level of public funding. DOE put the scheme to us on the basis that the Exchequer contribution was a grant from MDC of £200,000, out of a total cost then estimated to be £750,000. But when tax allowances and RDGs were taken into account we estimated the Exchequer contribution would be £550,000, which made the scheme a far less attractive proposition than DOE claimed. We then found that BAT had been promised that the £200,000 grant would be "washed through" a finance company as an interest free loan, to pick up further tax advantages worth £89,000. We refused to sanction this unorthodox method of payment, But because of the commitments already given to BAT, Mr Brittan approved the payment of a further grant of £89,000. None of this was BAT's fault, particularly, and despite ^{the} unhappy beginnings the scheme now seems to be quite successful.

Restoration of the Albert Dock Warehouse

Another of Mr Heseltine's expensive projects, involving well over £20 million of public money, with no hope of a genuine commercial return. The benefits are environmental rather than economic. In its

present state, the warehouse is an eyesore, close to Liverpool city centre. It is a grade 1 listed building so the cheapest solution - demolition - was not an option. We have expressed some concern about the terms of the highly complicated arrangement between MDC and the private developers, Arrowcroft. The deal is to be staged over a number of years. As a safeguard we have asked DOE (at official level) to clear each stage with us in detail before it becomes legally binding.

G NOBLE
LG 1

15/11/83

APPLICATION FOR A FREEPORT IN LIVERPOOL

Background

Freeports are a new concept in UK customs procedures which, it is hoped, will attract investment and stimulate economic activity. The Government has decided to go ahead on an experimental basis, as to test the freeport concept in practice, and invited applications from potential operations in respect of a limited number of freeports to be designated under the 1984 Finance Act.

2. 45 applications were received by the closing date (31 October 1983). The Government has indicated that the locations will be chosen on the basis of evidence of trader demand and potential economic viability.
3. Two applications were received for Liverpool sites - one very odd one from a company called Wallace Field Ltd, which had doubtful bona fides and contained little relevant information; and one from Mersey Docks and Harbour Company, which is also unsatisfactory. There is a good deal of pressure - at Ministerial as well as local level - for the Mersey Docks application to be chosen, in spite of its poor showing in terms of the objective criteria.
4. There has recently been speculation in the press that the Mersey Docks application has not been included in the short-list of candidates to be considered by the Government, and Merseyside Chamber of Commerce have sent a telex to the Chancellor expressing their alarm at this report.
5. Ministers have not yet made up their minds about which sites should be selected. They have recently received officials' recommendations, and a Ministerial meeting to discuss these will be arranged. Ministers are not committed to any particular number (other than "a limited number"): but there are compelling reasons not to exceed three or four.

Speaking note (if asked)

I am gratified that so many applications from potential freeport operators have been received. They are all being considered very carefully, and we are particularly looking at the evidence of trader demand and potential economic viability. We have as yet taken no decisions. Over the next few weeks we shall be looking at the evidence submitted by all applicants before reaching any decision. I have noted your support for the Mersey application. We shall hope to make an announcement as soon as possible.



FROM: MISS M O'MARA
DATE: 15 November 1983

*As Mizab...
PST from Mr. Perkins
me.
✓ (us Jones) (PST) spk
us-ty v
spk (adjustments)*

CHANCELLOR

MERSEYSIDE TOUR: 20 JANUARY

We now have some more information on possible components of your Merseyside tour.

2. We assume you will want to travel up to Liverpool on the morning of Friday 20 January, as you have the NICG dinner the previous evening. A plane leaves Heathrow at 8.30am and arrives in Liverpool an hour later.

OK
3. As you'll see from Mr Sorenson's letter below, the Merseyside Task Force have suggested that you begin the day at the Merseyside Development Corporation and spend a couple of hours there. On present plans, you would visit the International Garden Festival site and the renovation work on the Albert Dock as well as BAT's New Enterprise Workshop but clearly we could give this part of the tour a more industrial slant if you thought it too geared to environmental projects.

Businessmen's lunch
4. For lunch, you have a choice between visiting Plesseys in Liverpool or a Party speaking engagement in the Wirral for which the local agents say they should be able to muster an audience of around 300 businessmen. Apparently a similar lunch which the North West Office arranged in honour of the Prime Minister was a great success.

Boothle
5. This would leave the afternoon free for a visit to a Revenue office lasting an hour or so. You could either call on a tax or collection office in the centre of Liverpool to see the run-of-the-mill Revenue work or visit one of the more specialised offices in Boothle. These handle a variety of topics including Schedule E, the



black economy, claims and enquiries and if you would rather see one of them, we could ask the Revenue to give us some more information about what is on offer. You should also have time for another Party engagement, probably a women's function, although if faced with a choice, the North West Office would naturally give greater priority to the businessmen's lunch. The timetable does, however, seem to rule out the visit to the Knowsley Industrial Park, unless you're particularly keen to go.

6. The tour would finish with the Merseyside Chamber of Commerce dinner, enabling you to travel back to London by sleeper, unless you wanted to take up the offer from the North West Office of a Saturday morning engagement.

7. If you can let us know your preferences, we'll start to arrange the detailed programme and fix up some local radio programmes too.

mem

MISS M O'MARA

no!
I will
attend a
break!

back by
sleeper

yes
psc



FROM: MISS M O'MARA
DATE: 21 November 1983

MR PORTILLO

cc Mr Battishill
Mr Folger
Mr Hall
Ms Goodman
Mrs Reed
Miss Young
PS/Inland Revenue

MERSEYSIDE TOUR: 20 JANUARY

The Chancellor has approved the following outline for his Merseyside tour:

8.30am	Depart London Heathrow
9.35am	Arrive Liverpool
10am-	Merseyside Development Corporation
12 noon	
Lunch	Party speaking engagement in the Wirral
pm	Visit to Inland Revenue office, Bootle
7.00 for	Merseyside Chamber of Commerce
7.45pm	Dinner
00.15am	Depart Liverpool by sleeper

2. I should be grateful if you could write to Mr Purcell, letting him know of the Chancellor's plans. You will see that the Chancellor has ruled out the suggestion of an afternoon Party engagement. I should also be grateful if Mrs Reed could contact the Merseyside Task Force to let them know that while the Chancellor would be happy to visit the Merseyside Development Corporation, he will not be lunching with Plesseys and will not be visiting the Knowsley Industrial Park during the afternoon.



3. Mr Walker has mentioned to me that there is a variety of Inland Revenue offices which the Chancellor could visit in Bootle. Could he let me have a description of each so that the Chancellor can make his selection? The visit would last about an hour.

4. Finally, I should be grateful if IDT could look into the openings for local radio interviews in the gap between the visit to the Revenue office and the Chancellor's evening engagement.

MOM

MISS M O'MARA



H M Treasury

Parliament Street London SW1P 3AG

Switchboard 01-233 3000
Direct Dialling 01-233 4117

Miss O'Mara
12/2
pq

H Purcell Esq
Conservative Central Office
North West Area
Woolton House
31 Byrom Street
Manchester M3 4PJ

28 November 1983

Dear Mr Purcell

CHANCELLOR'S VISIT TO MERSEYSIDE : 20 JANUARY 1983

I confirm the Chancellor's programme for the day as far as has been settled already.

8.30am	Depart London Heathrow
9.35am	Arrive Liverpool
10-12 noon	Merseyside Development Corporation
Lunch	Party speaking engagement in the Wirral
pm	Visit to Inland Revenue office, Bootle
7.00 for	Merseyside Chamber of Commerce
7.45pm	Dinner
00.15am	Department Liverpool by sleeper

As I mentioned to you on the telephone, the Chancellor considered a further party engagement in the afternoon, but felt unable to undertake one.

I understand from you that the lunch should attract about 300 people, mainly party workers, from the Wirrall, Birkenhead and Wallasey.

Yours sincerely,

Michael Portillo

M D X PORTILLO



^{c/}
You take your pick,
Keep a visit to the
North West District
Office would clearly
go down best with
the troops.

mom
6/12

Weekend box

From A J Walker
THE BOARD ROOM
INLAND REVENUE
SOMERSET HOUSE

6 December 1983

PRIVATE SECRETARY TO THE CHANCELLOR OF THE EXCHEQUER (MISS O'MARA)

MERSEYSIDE TOUR : 20 JANUARY

You asked (your note of 21 November to Mr Portillo) for descriptions of our offices in Bootle so that the Chancellor can select which he wants to visit.

North West 1-6 Districts. These six tax offices are large (about 200 - mostly clerical - staff in each) and deal with PAYE taxpayers only. These Schedule E concentrations were set up as part of an earlier plan to computerise PAYE.

London Accounts Office 5 has over 100 staff dealing with routine collection work for London. There have been some difficulties recently with staff being transferred into LA05 from local Collection Offices which are being closed down as a result of the Review of the Collection Service.

Claims Branch has over 500 staff. They are specialists dealing with the taxation aspects of trusts and settlements. The branch also handles work on charities, deeds of covenant, foreign trusts and questions of residence and non-residence and for making payments to life offices and mortgage lenders now that life assurance and mortgage payments are made net of tax.

Special Office. This is very small, and staffed by relatively senior people (mainly at Principal and Senior Principal level). The office is fairly new and carries out specialist investigation work into both companies' and individuals' tax affairs. It is also involved in aspects of the Northern Ireland sub-contractors' taxation arrangements.

cc Chairman
Mr Gracey
Mr Rogers
Mr Waters

Taxes Training Centre. This caters for the training needs of Inspectors and clerical staff in the area. It is very small (11 staff).

North West Regional Office. This is the regional tier of line management for Tax and Collection Offices. Deals also with local personnel, accommodation and clerical recruitment.

All these offices are housed in two buildings within about 400 yards of each other.

We would recommend that the Chancellor visits one of the North West District offices, as this would probably be the most effective way of showing the flag. If, however, he is particularly interested in seeing a specialist technical office, he might prefer to visit Claims Branch, or if investigation work, the Special Office.

9

A J Walker

*(Handwritten initials)*

FROM: MISS M O'MARA

DATE: 12 December 1983

cc Ms Goodman
Mrs Reed
Miss Young
Mr Portillo

PS/INLAND REVENUE

MERSEYSIDE TOUR: 20 JANUARY

The Chancellor has read your minute of 6 December and would be happy to visit one of the North West District offices. May we leave it to you to select one and to provide us with briefing in due course?

Mom

MISS M O'MARA



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

CH/EXCHEQUER	
REC.	16 DEC 1983
ACTION	CST Deas.
COPIES TO	

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

b/f 18/1 pt
16 December 1983

MERSEYSIDE

In your minute of 14 September to the Prime Minister on the work of the Merseyside Task Force you suggested that colleagues in charge of other Departments might produce short accounts of their work in the Merseyside area and the impact that the Task Force has had upon it.

I should make the point, first of all, that my Department's services, and the programmes of the Manpower Services Commission, are provided nationwide on the basis of need within the resources available. We have not set out deliberately to give Merseyside special treatment. Nevertheless, high concentrations of those to whom our services and programmes are directed live in Merseyside and consequently the area attracts a large amount of employment and training assistance.

For example, in the current year the Youth Training Scheme will be making available training places for 17,500 young people at a cost of £44 million and the Community Programme aims to provide 6,600 temporary jobs for the longer-term unemployed costing about £20 million. Adult re-training schemes will provide 3,400 places in a wide variety of occupations. And the Young Workers Scheme, which subsidises the employment of those under 18 has so far supported nearly 4,000 young people at a cost of £3 million. When the cost of running MSC's Jobcentres and Employment Rehabilitation Services are included, the total of all this expenditure in Merseyside will be of the order of £110 million in 1983-84.

When the Task Force was set up a small number of MSC staff were seconded to it. This association did not, on the whole, materially increase MSC's intended long-term expenditure though several temporary or short-term schemes were mounted in the early stages. The improved liaison with other departments and the private sector did however stimulate the creation of a more flexible approach to training and enabled advantage to be taken of other sources of funding to provide better programmes more quickly.



Examples are:

- (a) **Young Peoples' Commercial Business Training Centres:** Three centres were set up to give young people a comprehensive 12 months of training largely related to the needs of banks, building societies and insurance offices. The premises were provided by local authorities and were re-furnished using Urban Programme funds. They were sponsored by a consortium of banks, building societies and private companies who provided management expertise and some funding with MSC providing the main operating costs;
- (b) **Adult Commercial Business Training Centre:** This centre was set up in Toxteth and was designed to provide training geared to the special needs of the black community. MSC again met the operating costs with the Local Authority providing premises via a housing association and Urban Programme funds. Sight and Sound Ltd developed the training package;
- (c) **Small Firms Workshops:** These are designed to provide a training workshop for young people, linked to a nursery for small firms with the workshops providing facilities for the nursery and if possible a supply of labour trained to meet their needs. They are sponsored by the private sector and financed through local authority, urban programme, private sector and MSC funds;
- (d) **Community Refurbishment Programmes:** These are designed to upgrade the physical environment of run-down council estates using Urban Programme funds coupled with MSC Community Programme funds to staff and support local survey and work teams recruited from the long-term unemployed.

From my Department's point of view the Task Force has been worthwhile, and from my own observations, I think it has enabled some most interesting new approaches to be developed which have been built on the basic national Schemes. Community Refurbishment is a classic illustration where the



Community Programme has been adapted to get unemployed building workers repairing their own badly maintained and rundown council estates, with a real enthusiasm, which is one of the rarer commodities in Merseyside.

I am copying this letter to the Prime Minister and to the other recipients of your minute.

2
—
1



03 JAN 1984

Merseyside Chamber of Commerce and Industry

Number One, Old Hall Street, Liverpool L3 9HG. Telephone: 051-227 1234 • Telex 627110/628702 Chacom G.

HMPR/RR

22 December 1983

Miss Donna Young,
Private Secretary to the Chancellor
of the Exchequer,
H.M. Treasury,
Parliament Street,
London SW1

Dear Miss Young,

Thank you for your telephone call of 21 December. Of course, the Chamber will arrange transport from the Adelphi Hotel to Lime Street Station for the Chancellor in time for him to catch the sleeper on Friday, 20 January.

We look forward to the Chancellor's visit to Liverpool. Nearer the time, our Mrs. Homolka will be in touch with you about the administrative arrangements for the evening. In this letter, I shall confine myself to certain facts about the Chamber and matters which are exercising the minds of the membership.

This Chamber was founded in 1850 by a group of merchants and its early name was the Liverpool Chamber of Commerce and Industry. In 1972, the name of the Chamber was changed to the Merseyside Chamber of Commerce and Industry. It is the regional Chamber for the counties of Merseyside, parts of West Lancashire, Cheshire west of the M6 and the two northern counties of Wales where no less than 150 Chamber members have their premises.

The Chamber is some 1850 members strong and comprises about 700 in manufacturing, 700 in distributive trades and the services, 300 in transport and the balance in the other sectors of the economy. 45% of the membership comprises firms with less than 15 employees and it can be said that 87% of the membership come within the Bolton classification of small firms having under 200 employees. Having said this, the membership does include such giants as ICI, the Royal Insurance Company, Glaxo and, of course, many "home-grown" firms such as Unilever, BICC and Pilkingtons. A high proportion of the membership is involved in the service sector - by this, I mean banking, insurance and other service industries which contribute so much to our invisible earnings.

The Chamber is very much involved in the refurbishment of the region and has close links not only with its many local authorities but also with such bodies as the Merseyside Task Force, the Merseyside Development Corporation and the various Departments of State's regional offices which are located either in Manchester or Liverpool.

We are very excited about the International Garden Festival 1984 and look to this event as being the harbinger of a new industry - that of tourism (strange though this may seem in such an industrial and commercial area!).

I sense that the membership would be pleased if the Chancellor could make mention of certain aspects of the economy and, in particular, such matters as:-

- Liverpool and its success/failure to obtain freeport status on the docks;
- energy prices and conservation;
- taxation - thoughts about the future, on business and the individual;
- indirect taxation, such as the increasing burden of rates upon commerce and industry and the process of cutting the Rates Support Grant as a proportion of the total spending which is tending to move the burden of taxation from the personal to business;
- costs such as the National Insurance surcharge;
- the justification for including expenditure by public authorities and utilities in the PSBR;
- the Chancellor's thoughts on the EMS;
- living with monetarism and its effect on the economy, despite its many detractors.

To give Mr. Lawson's staff a flavour of what goes on here, I enclose a small brochure about the Chamber and a copy of our Annual Report and latest edition of our journal. I hope that these will assist Mr. Lawson's staff. I am copying this letter to my colleague in the Task Force, Eric Sorensen, so that he is aware of what I have said.

With best wishes to you all for 1984. We look forward to seeing the Chancellor next month.

*Yours sincerely,
- Keith Robinson*

H.M.P. Robinson

cc. K.E.C. Sorensen, Merseyside Task Force.
T.F.J. Galley DBE, Chairman, Merseyside Chamber of Commerce & Industry
Mrs. R. Homolka, Merseyside Chamber of Commerce & Industry.

Wed box

(M)

^c
This is part of the Merseyside tour.
You'll be speaking in the evening
on "Son of NEDC-jobs".

MOM
sfi

FROM : M D X PORTILLO
DATE : 5 JANUARY 1983

CHANCELLOR

cc Mr Makeham
Miss Young

SPEECH TO CONSERVATIVES IN MERSEYSIDE : 20 JANUARY

You will be addressing a group of about 300 party workers drawn from the Wirral, Merseyside and Birkenhead areas over lunch in Ellesmere Port. If at this stage you have a clear idea of the subjects on which you would like to speak, I shall prepare for you an outline or first draft.

CONFIDENTIAL

*W. Lawrence & Partners
M.C.*

(Signature)

M D X PORTILLO

MISS O'MARA

FROM: MRS N REED
DATE: 6 January 1984cc Mr Battishill
Mr Folger
Mr Hall —
Ms Goodman
Miss Young
Mr Portillo
PS/Inland Revenue

MERSEYSIDE TOUR: 20 JANUARY 1984

You asked about the latest position on the Chancellor's visit to Merseyside on 20 January.

The timetable is as follows:-

8.30 am	Depart London, Heathrow
9.35 am	Arrive Liverpool (Speke Airport)
10.00-12.00 noon	Mer ^{sey} side Development Corporation
12.30- 2.30 pm	Party speaking engagement. Ellesmere Port Conservative Club Westminster Road Ellesmere Port.
3.00-4.00 pm	Visit to Inland Revenue Office. NW3 District Office St John's House Merton Road Stanley Precinct Bootle.
4.15 pm	Adelphi Hotel
7.00 for 7.45 pm	Merseyside Chamber of Commerce Dinner
00.15 am	Depart Liverpool by sleeper.

Mr Sorensen (Merseyside Task Force) has confirmed that he will arrange a car(s) for the party and that it will stay with you until after your arrival at the Adelphi Hotel. You will see that once you have left the Inland Revenue Office there is a gap of nearly 3 hours before the Chancellor needs to be on parade again for the Merseyside Chamber of Commerce dinner. You may wish to arrange radio/press interviews during this period.

Finally, should you need to contact Mr Eric Sorensen direct, his telephone number is 051-227 4111 X 580.

Noreen Reed

MRS N REED

FROM: M A HALL
DATE: 10 January 1984

MR BOSLEY

Dona
when we get the bad,
can you enter X for
Martin - Michael Portillo?
Paul
M.


cc Miss O'Mara
Mr Page
Mrs Reid
Miss Young
Mr Portillo

MERSEYSIDE TOUR

- I shall be accompanying the Chancellor to Merseyside on 20 January, and should be grateful if you would do the spade work in advance.
2. I attach the Chancellor's itinerary. The idea is that he will meet the press and do local radio and television interviews at the Adelphi Hotel at about 4.30pm. You should contact in the first instance Maureen Fenton at the COI in Manchester. I talked to her well before Christmas, and she is not familiar with the present shape of the itinerary. I would expect the Merseyside Development Corporation to want coverage by photographers and television, and I am in touch with Mrs Homolka at the Merseyside Chamber of Commerce dinner, where the Chancellor will make a major speech. This will probably be televised, and released under embargo for 9pm in London. I shall hope to take copies up with me, but it may be necessary to get these photocopied by the COI in Liverpool.
 3. The Inland Revenue do not wish to provide press facilities inside the building during the visit to the NW3 district office at Bootle.
 4. Mr Portillo will be accompanying the Chancellor to the party engagement, and you should liaise closely with him.
 5. Our objective should be to submit to the Chancellor on Friday a draft press notice for release in Liverpool on Monday. On previous form - and you can check precedents - this will give the Chancellor's itinerary. I have always had some trouble with the COI, who insist on omitting even to mention the fact that the Chancellor has a political engagement in the course of the day's activities. This always strikes me as unduly prissy. It is a matter of public interest where the Chancellor will be, and we would in no sense be aiding the Conservative Party or lending ourselves to political purposes in merely recording the fact of the Chancellor's whereabouts in the press notice. I say all this merely to warn you - it is not a

battle I have ever won with regional offices of the COI, but do your best.

6. Please have a word if there are any problems. It is particularly important that I get copies of any briefing that is going. After you have made initial contacts, I shall have to get in touch myself with the Development Corporation, and keep close to the Chamber of Commerce. The contact for Inland Revenue is Mr Waters on 438 2610. Unless something new blows up, he is content with the arrangements set out in this minute, and for the visit to the Revenue office to be mentioned on the press release, whilst it is at the same time made clear in the notes for editors that there will be no press facilities inside.


M A HALL

10/1/84

CHAMBER DINNER - 20TH JANUARY, 1984

Host: Merseyside Chamber of Commerce and Industry.
(Contact: Mrs R. Homolka - Office 051-227 1234 -
Hotel 051-709 7200 - after 3.00pm on 20.1.84)
Place: Britannia Adelphi Hotel, Lime Street, Liverpool.
Time: 7.00pm for 7.45pm.
Dress: Evening dress (Medals will be worn).

TIME-
TABLE

* * * * *

Room 100 has been reserved for the Chancellor prior to the Dinner.

- 7.00pm Mrs R. Homolka, Social Secretary of the Chamber, to meet Chancellor at Room 100 and escort to Room 159 for pre-dinner drinks and to meet Chairman and other invited guests - see list attached.
- 7.45pm Party to go to Banqueting Suite for dinner.
- Approx -
- 9.00pm Chairman to introduce Chancellor.
- 9.15pm Chancellor to speak.
- 9.45pm Chairman to thank Chancellor, and close the event.
- 10.00pm Chancellor and Chairman and other invited guests retire to Room 159.
- 11.30pm or later, as required, car from front of Hotel to take Chancellor to Lime Street Station for sleeper which departs 12.15am.

- - o o o o o - -



The Merseyside Chamber has a membership of nearly 2000 companies, the majority of which employ fewer than 50 people. It has nine linked member Chambers covering Merseyside, Warrington, and the Chester/North Wales area. It is affiliated to the Association of British Chambers of Commerce.

The Chamber has a reasonable record in providing basic services, (certificates of origin, business information, etc.) together with modest analyses of the business ~~of the business~~ climate on Merseyside. They also play a part in commenting on Inner City Partnership proposals and promoting hard Registers through their membership of the 'teams of three'.

The active membership however is dominated by the shipping, commodity trading and other traditional Liverpool business activities with little participation by the branch plant managers from major manufacturing industries. The retail sector has its own organisation, the Liverpool Stores Committee, which only has a loose association with the Chamber. The Chamber has proved relatively ineffective in drawing together these fragmented elements of the Merseyside industrial and commercial community.

The President, Trevor Galley is the retired (1981) managing director of a North Wales company, Graesser Salicylates Ltd. and former chairman of the Chester and North Wales Chamber. His grasp of current industrial and commercial affairs in Merseyside generally is well short of what might be expected from a man in his position and his personal standing within the local business community is unimpressive.

DENNIS MORRISON

10.01.84

HISTORY
of
C.o.C.

MERSEYSIDE CHAMBER OF COMMERCE DINNER 20 January 1984

Personalities

Chairman T F J GALLEY OBE Chairman of the Chamber. Now retired from business, but a trained chemist who was MD of Graesser Salicylates Ltd, a pharmaceutical company based in Deeside, between 1966-1981. Chairman of Chester and N Wales Chamber 1976-1978 and Member of Industrial Tribunal (Employers side) 1981. Appointed OBE 1980.

Guests G BARRIE MARSH First Deputy Chairman. A solicitor - Senior Partner in Mace and Jones, Liverpool, specialising in Employment Law. Fellow of the Institute of Arbitrators.

G KENNETH (KEN) MEDLOCK Second Deputy Chairman. Previously General Manager and Secretary, Venture Housing Association (1975-1982). Currently Chairman Radio City (Sound of Merseyside) Ltd.

JA BROWN Treasurer. Partner Thornton Baker and Co Chartered Accountants.

R C (ROBIN) PAUL With ICI since 1959. Deputy Chairman of ICI Mond Division for the last 4 years. A member of the CBI Health and Safety Group and also a member of the Advisory Committee of Dangerous Substances.

LESLIE YOUNG OBE Chairman Merseyside Development Corporation and until recently Chairman of J Bibby and Son Ltd. Until December 1981 was Chairman of the North West Industrial Development Advisory Board and has extensive knowledge of industry in the Region. Mr Young is also a Director of Granada TV, Regional Director of National Westminster Bank, Trustee of the Civic Trust for the North West, a Member of the Port Users Committee of the Chamber of Commerce and of Merseyside Enterprise Forum.

C MCNAUGHTON Managing Director, Kellogg Company of Great Britain Ltd.

D CAIL Deputy Chairman Pilkington Brothers PLC

D BRAY Group Director Metals Group BICC (Cables) Ltd.

J B FITZPATRICK Chairman Mersey Docks and Harbour Co.

D ORMAN Senior Director, Cunard Brocklebank Ltd

GUESTS

cc Mr Sorensen
cc Mr Portillo

C
You'll recall there's a risk
of a demonstration ^{cc}
Industrial relations brief below.
MOM

- Mr Gracey
- Mr Roberts
- Mr Gant
- Mr Walker
- Mr Hall (IDT)

Miss O'Mara
PS/Chancellor

CHANCELLOR'S VISIT TO NORTH WEST 3 TAX DISTRICT -
20 JANUARY 1984

I attach:

Appendix A - some background details on the office and its work.

Appendix B - an organisation chart of the District.

Appendix C - a suggested programme.

I understand that the Chancellor will arrive around 3 pm and depart at around 4 pm.

There are two entrances to St John's House, one on Merton Road and the other on the parallel Trinity Road. It is suggested that the Chancellor arrive at the main Merton Road entrance.

The Chancellor's car can then withdraw to an adjacent street accompanied by a security guard from St John's House who, as a matter of routine, is equipped with a two-way radio. It will then be possible to direct the chauffeur to the Trinity Road entrance when the Chancellor leaves in case any demonstrators are gathering in Merton Road.

Mr Hall will advise the press, etc, that facilities will not be available inside St John's House.

I would be grateful if you could look at the briefing material and suggested programme and let me know if they meet with the Chancellor's approval.

M. Waters

M WATERS

10 January 1984

APPENDIX A

LOCAL OFFICE VISIT - NORTH WEST 3 DISTRICT

1. North West 3 was set up in October 1968 as a preliminary to the formation of Centre 2 which was to be the second computer centre in the original scheme for the automation of PAYE. When these plans were abandoned the District continued to operate on a manual basis. It is currently responsible for 200,000 employees and pensioners of 5,000 employers all from the Manchester area. They range from public authorities to small concerns with varied businesses including engineering, brewing, importing and television. The District charge is approximately £220m.

2. The District has just under 200 staff and Inspectors. It is divided into three 'TO' sections in which groups of Tax Officers handle the affairs of basic rate taxpayers and two 'H' sections where some 6,500 higher rate taxpayers and directors are dealt with mainly by Tax Officers (Higher Grade) (E.O. equivalent). Each section is headed by an Inspector (H E O equivalent) who work to the Senior Manager (S E O equivalent). The Senior Manager is responsible to the District Inspector (Principal equivalent) for the day to day operation of the five sections. There are in addition two Inspector caseworkers who are concerned with the top range of personal taxation work and the investigation of situations where tax may be at risk through avoidance, evasion or the understating of benefits. An organisation chart is attached showing the names of the senior officers who will be introduced to the Chancellor.

LOCAL OFFICE VISIT - NORTH WEST 3, 20 JANUARY 1984TIME-
TABLE

SUGGESTED PROGRAMME

Elapsed time
(mins)

1. Arrival and Introductions at main entrance.
Mr S F Simpson, Regional Controller to introduce the
Chancellor to:-

R Sturmy	-	Group Controller
K V Shaw	-	District Inspector
N A Swift	-	Senior Manager.
 2. 5 Proceed to lift and then to 10th floor.
 3. 10 K V Shaw will introduce Chancellor to 7 Inspectors.
 4. 20 Tour of 'H' Sections - (Room 1002)
 5. 30 Tour of TO Section - (Room 1012)
 6. 40 Proceed to 8th floor and tour TO Section - (Room 802)
 7. 50 Tour of TO Section - (Room 812)
 8. 60 Conduct Chancellor to his car at appropriate exit.
- Note
- (a) Tea or coffee will be available if required at stage 2.
 - (b) Typing and telephone facilities will be available.
 - (c) The Chancellor will be introduced to officers at all levels on each Section although there may be a shortage of CA's because they are allowed to leave at 3-0 p.m. under flexi-time arrangements.

NORTH WEST 3 DISTRICT PROFILE 1984

District Inspector

K V SHAW
DISTRICT INSPECTOR

Senior Manager

N A Swift
Deputy
District Inspector

Inspectors Assisting

R D Goodwin
Inspector (T)

S M Henderson
Inspector (T)

E T Lupton
Inspector (O)

T J Cubbin
Inspector (T)

G Nicholas
Inspector (O)

P J Cantlay
Inspector (T)

D J Ordish
Inspector (T)

Inspector Duties

Section A1
TO(HG)
Caseworker
Manager

Section A2
TO(HG)
Caseworker
Manager

Section B
T.O.
Section
Manager

Section C
T.O.
Section
Manager

Section D
T.O.
Section
Manager

Compliance
Officer

Inspector
Casework

Work Content

5,300 Employees
Includes -
*3,800 Directors
1,100 Higher Rate
400 Direct
Collection
500 Minors
Claims
150 Accounts
* 2200 are TO CASES

4,000 Employees
Includes -
2,400 Directors
1,600 Higher
Rate

70,000 Employees
2,200 Employers
18,000 Local
Authority
14,000 Local
Authority
Pensioners
7,000 Police
3,000 Police
Pensioners

75,000 Employees
2,000 Employers
Includes
10,000 Local
Authority
9,500 Transport
6,000 Pensioners
3,000 Post
Office
3,000 Brewery

55,000 Employees
665 Employers
Includes -
17,500 Education
17,000 Pensioners
1,600 Water
1,100 Soap
800 Chemical
750 Oil

Visiting
Employers.
Investigating
PAYE failures
Expenses
Benefits
Dispensations

Inspector
cases.
Investigation
of
individual
omissions

Staff Responsibilities

12 TO(HG)
2 T.O.
10 CA

15 TO(HG)
8 Typists

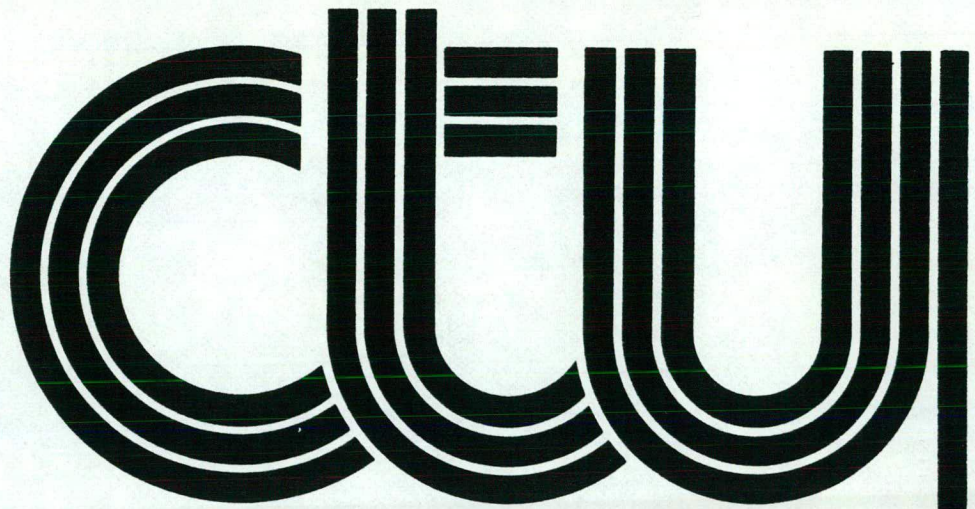
4 TO(HG)
25 T.O.
16 CA

4 TO(HG)
24 T.O.
15 CA

4 TO(HG)
21 T.O.
15 CA

Office
-15/17/84

Conservative Trade Unionists
32 Smith Square London SW1P 3HH
Tel 01-222 9000



Rt Hon Nigel Lawson MP
House of Commons
London SW1A 0AA

10th January 1984

Dear Mr Lawson,

The Chairman of the CTU Civil Service Group, Ken Still, has learned that you will be visiting Wallasey and District and North West 3 Inland Revenue offices on 20th January.

He thought it might be useful for you to know that Wallasey has an active Militant Tendency group led by Alan Runswick who will, he feels, be planning some sort of demonstration. Ken works at the North West 3 office.

I will let you know if I hear anything more.

Yours sincerely,

Liz Freeborn
Group Co-ordinator

CTU
→
C/EX

- 1. MR PAGE
 - 2. MR HALL
 - 3. CHANCELLOR
- I support this request. May 17,*

cc Mr Monaghan
Mrs McKinney o/r
Mr Portillo
Miss D Young
DF/IDCS

MERSEYSIDE TOUR: REQUEST FOR INTERVIEW

David Utting, political correspondent of the Liverpool Daily Post, the major regional morning newspaper on Merseyside, has asked for an interview with yourself for publication on the morning of your visit to Merseyside.

- 2. The interview would be mainly on the economy, but with some personal material as well. It would be conducted in London on Monday 16 or preferably Tuesday 17 January, and you would have the opportunity to check the text before publication. The newspaper would need the cleared text after lunch on Thursday 19 January.
- 3. I recommend you to accept this request.

c/
Looks quite a good idea.
We'll be letting you have
some more news of Merseyside
tomorrow evening.

MOM
12/1

MWN/T

M W N TOWERS

OK Mr. [unclear]
(I have spoken with [unclear] on [unclear])
page [unclear] [unclear]
on [unclear]

What with his a rate capping,
you're liable to be in for a
lively time that evening!

mom
13/1

(RP)

1/12

CH/EXCHEQUER	
REC.	12 JAN 1984
Action	MST.
EXPIRES	
TO	

262405 TRSY G
627110 CHACOM G
0116 84-01-12 11:24

TO: RT. HON. NIGEL LAWSON M.P., CHANCELLOR OF THE EXCHEQUER,
H.M. TREASURY.

RT. HON. PATRICK JENKINS M.P., SECRETARY OF STATE, DEPARTMENT OF
THE ENVIRONMENT.

RT. HON. MICHAEL HESELTINE M.P., SECRETARY OF STATE, MINISTRY OF
DEFENCE.

LIVERPOOL - A FREEPORT
=====

THE MERSEYSIDE CHAMBER OF COMMERCE AND INDUSTRY IS ALARMED AT PRESS
REPORTS THAT THE MERSEY DOCKS AND HARBOUR COMPANY'S APPLICATION HAS
NOT BEEN INCLUDED IN THE SHORT-LIST OF CANDIDATES WHO ARE TO BE
CONSIDERED BY H.M. GOVERNMENT FOR FREEPORT STATUS.

THE CHAMBER'S MEMBERSHIP HAS CLEARLY DEMONSTRATED ITS SUPPORT FOR THE
DOCK COMPANY'S APPLICATION WITH MANY MEMBERS STATING THEIR INTENDED
USE OF THE FACILITY ON ITS ESTABLISHMENT IN THE PORT OF LIVERPOOL.

THERE IS NO DOUBT THAT A FREEPORT IN THE PORT OF LIVERPOOL WOULD BE
OF BENEFIT TO LOCAL AND REGIONAL INDUSTRY AND THE MERSEYSIDE CHAMBER
OF COMMERCE AND INDUSTRY, THEREFORE, URGES YOUR SUPPORT FOR THE PORT
OF LIVERPOOL'S APPLICATION.

REGARDS,

H.M.P. ROBINSON
DIRECTOR
MERSEYSIDE CHAMBER OF COMMERCE AND INDUSTRY

262405 TRSY G
627110 CHACOM G



FROM: MISS M O'MARA
DATE: 12 JANUARY 1984

MISS LOW

cc Miss Noble
Ms Rutter
PS/CE

CHANCELLOR'S VISIT TO MERSEYSIDE: 20 JANUARY

As you know, the Chancellor will be visiting Merseyside on Friday 20 January. We have already commissioned briefing from the Merseyside Task Force but I should be grateful if you could supply us with a brief, consulting Customs as necessary, on Liverpool's application for freeport status. Could Miss Noble supplement any briefing from DOE on the Merseyside Development Corporation and could Ms Rutter let us have a brief on the current problems with Liverpool City Council?

2. Could all these briefs reach me by close of play on Wednesday 18 January.

MOM

MISS M O'MARA

17/1
FROM: MISS M O'MARA

DATE: 13 January 1984

cc Mr Hall o.r.
Miss Low
Miss Noble
Ms Rutter
Mr Portillo
Miss Young

MR TOWERS

MERSEYSIDE TOUR: REQUEST FOR INTERVIEW

The Chancellor has seen your minute of 11 January and has agreed to see Mr Utting. Perhaps you would liaise with Miss Young over the date.

2. The Chancellor has also asked for 1 page of key briefing on Merseyside in preparation for the interview. I should be grateful if you could co-ordinate this. We have already commissioned more detailed briefing from Treasury officials and from the DOE's Merseyside Task Force but this will not arrive in time for the interview with the Liverpool Daily Post. I imagine DOE could easily let you have information on local unemployment rates etc but you may want to contact others on the copy list for notes about Liverpool City Council and Merseyside's application for free port status etc.

MOM

MISS M O'MARA



FROM: MISS M O'MARA
DATE: 13 JANUARY 1984

PS/INLAND REVENUE

cc Mrs Reed
Miss Young

CHANCELLOR'S VISIT TO MERSEYSIDE: FRIDAY 20 JANUARY

I should be grateful if in addition to the material which Mr Walters has already provided, you could let us have a note on the industrial action being taken in relation to the introduction of COP, as background to the Chancellor's visit. Could this reach this office by close of play on Wednesday 18 January.

Mom

MISS M O'MARA

(PWF)

FROM: P MAKEHAM
DATE: 13 JANUARY 1984

CHANCELLOR

cc PS/Chancellor
Sir Terence Burns
Mr Kemp
Mr Monck
Mr Battishill
Mr Odling-Smee
Mr Folger
Mr Gordon
Mr Hall
Mr Smee
Mr Norgrove
Mr Portillo

**DRAFT SPEECH TO MERSEYSIDE CHAMBER OF COMMERCE:
20 JANUARY 1984**

I attach a first draft of your speech. As suggested it covers similar themes to your "New Jobs" paper for NEDC. I have omitted the detail on industrial and occupational changes and on work patterns. There is a section on pay bargaining which has drawn on the work for the Pay Press Notice.

2. The Merseyside Chamber of Commerce suggested that their membership would be pleased if certain aspects of the economy were mentioned. They are not covered in the present draft, although it would be possible to include a piece on the Autumn Statement which could mention taxation objectives.

*See note
attached*

Peter Makeham

P MAKEHAM

DRAFT SPEECH TO MERSEYSIDE CHAMBER OF COMMERCE

I was naturally delighted to be invited to speak to you tonight. Particularly at the start of 1984 which promises to bring many changes to Liverpool, notably the International Garden Festival.

2. Two things struck me when I read your Chairman's Annual Report. First, the concern over the level of unemployment. Second, the number of initiatives and changes in which this Chamber of Commerce is involved. Unemployment has to be tackled with change and adjustment.

3. It is all too easy to be pessimistic. I would like to draw a lesson from a quotation from the Thirties

"We are suffering just now from a bad attack of economic pessimism. It is common to hear people say that the epoch of enormous economic progress ... is over; that the rapid improvement of the standard of life is now going to slow down - at any rate in Great Britain; that a decline in prosperity is more likely than an improvement in the decade which lies ahead of us. I believe that this is a wildly mistaken interpretation of what is happening to us. We are suffering not from the rheumatics of old age, but from the growing pains of rapid change, from the painfulness of readjustment between one economic period and another."

4. These are the words of Maynard Keynes. They fit today. There are plenty of pessimists who question where the new jobs are going to come

from. Predicting the precise path of economic change is fraught with difficulty. So too is attempting to predict the future pattern of jobs. But we can learn from experience.

5. Our economy is not static. There are about 6 million job changes each year. About 350,000 people enter and leave unemployment each month. All the changes we observe are the balance of these vast ebbs and flows of people. The main trends in the pattern of jobs are well established. Manufacturing employment reached a peak in 1966 and since then has been falling. Employment in services has been rising - with 1½ million more employees in services in 1983 than there were in 1973. More than half your present members are in non-manufacturing industries. The shift from manufacturing to services has accelerated over the last decade. Such changes reflect fundamental economic and social forces. As incomes have risen, consumers have spent a greater proportion of their incomes on services. Technical changes have reduced the labour needed per unit of output in manufacturing compared with services. Increased competition in world markets and the effect of North Sea Oil on our exchange rate have put pressure on industries exposed to world trade. These forces are inevitable..

6. Our experience is not, of course, unique. In all the 7 major OECD countries, there has been an increase in the share of services in total employment and a reduction in the share of manufacturing. What has happened in the US is of particular interest. Not only has there been a change in the pattern of employment - the shift to services is in fact greater than elsewhere - but there has been a marked rise in total employment. Most of the growth was in services but manufacturing employment was fairly stable between 1973 and 1983 in contrast to the

UK. Manufacturing employment in the US is now expected to increase, or, at worst to remain stable. Why the difference in experience? Some have pointed to signs of a more flexible and adaptable environment in the US. Wages are more responsive - US hourly earnings have fallen in recent years. Labour mobility is much higher - more than twice the rate of job changing found in Britain.

7. Such changes in employment structure are an essential part of the process of economic growth. They reflect successful adaptation to the changes in consumers' tastes and available technology which provide the motive power for growth. A country which has not adapted will fail to secure a share in world markets and will fail to compete at home. This means searching out new areas for business with the best growth potential. It means learning new skills and working practices. It means encouraging the whole process of change. But there are obstacles to the process of adaptation - which are preventing the creation of new jobs. These have to be tackled.

8. Productivity and technological change are crucial. People have always had anxieties about the effect of fast technical change on their jobs. This fear motivated the Luddites. Again, we must learn from experience. The coming of automation some decades ago, showed us that rapid technical change can be combined with employment growth. Japan and the US are in the forefront in using micro-electronics, but even in recent years, a difficult time for all countries, they have enjoyed continued employment growth. If we fail to introduce technical changes and tolerate low productivity, we risk losing markets at home and abroad. We have been behind our competitors for a long time - productivity levels in British manufacturing industries are often a third below average European levels.

9. What is also required is a quick flexible response to the needs of the consumer. This is one of the lessons of the US, and one we must match. Large monopolies - particularly those in the public sector - do not respond quickly to changes in the market. In the non-trading public sector it is much harder to be aware of the needs of consumers of public services. The stimulus of the market is lacking. The increasing weight of the public sector in our economy in the 1960s and 1970s weakened our responsiveness to change. The controls put on business hampered its ability to adapt to consumer choice.

10. We need a labour market which works. Entrenched interests and regulations have weakened the adaptability of our labour force over time. Some restrictions have been imposed by trade unions - demarcation lines, entry restrictions and other unhelpful restrictive practices. Others followed the intervention of governments, especially in the housing market. Most important is the way in which attitudes have become entrenched. Pay expectations are particularly important here. The huge gap between people's pay expectations and what the country was producing was a major cause of our economic difficulties in the 1970s. For example in 1979-80 settlements averaged over 17 per cent even though productivity was not rising. This lack of flexibility extends to other attitudes, for example towards all sorts of mobility.

11. The task of all of us is to break this straitjacket of restrictions and stultified attitudes - to change expectations.

12. We have adopted a wide range of policies to reduce these obstacles to the creation of jobs. Indeed just because the range of policies used is so wide ranging, our strategy to improve the supply side of the economy does not get the recognition it deserves.

13. In the public sector, where we have direct responsibility, we are encouraging responsiveness to the needs of consumers. In some cases, this is best achieved by returning industries to the private sector, so letting the forces of competition in the marketplace work. In other cases, this can be done by bringing an element of competition into the public sector such as contracting-out. If competition cannot be directly introduced, we have to encourage and investigate efficiency directly. So we have a new watchdog on town hall spending, the Audit Commission. We have the Financial Management Initiative in the Civil Service to clearly identify responsibilities for spending.

14. In the private sector, we have dismantled controls and restrictions which clogged up markets. We have removed exchange controls, price and dividend controls, HP controls, and unnecessary planning constraints. We have encouraged market developments on clearly defined lines in the Stock Exchange rather than operating through slow bureaucratic procedures.

15. All these policies serve to bring a more open environment for industry to work in. An environment in which the needs of consumers are evident and in which industry can respond quickly and flexibly.

16. If these improvements are to be translated into more jobs, the labour market itself needs to become more responsive and flexible.

17. Education and training are vital. It is not just a question of money -it is more important that the education and training provided are attuned to the needs of commerce and industry. A number of initiatives are underway to improve the school curriculum and examination system, to fit pupils better for working life. The New Training Initiative emphasises our

determination to make the training system more relevant to the needs of industry and to the needs of trainees - it tackles the reform of skill training which is long overdue, it helps young people move from school to the requirements of work, and it opens up training opportunities for adults. This year we are spending £850 million on the New Training Initiative. That shows the high priority we give to training in our spending.

18. Providing skills and education is of course not enough. They have to be matched to jobs. The information system for matching people and jobs is there - Job Centres and private agencies achieve this. But there are many obstacles to mobility. We are doing what we can to overcome them. The way in which occupational pension schemes treat those who leave schemes early has discouraged mobility. We intend to legislate to improve the value of preserved pension rights and we are looking at the case for "portable" pensions. Geographic mobility is hampered by the difficulty and expense of finding new accommodation, particularly council housing. Owner occupation through council house sales will help such mobility and we intend to give council tenants a right to exchange their homes. The many restrictions imposed by the State on the private rented sector have considerably limited the availability to rent which could provide a stock of houses to enable greater mobility.

19. We need to see earnings respond more to changes in the labour market. This may encourage the employment of particular groups of workers. Setting wages of trainees and young people at more realistic levels will give employers more incentive to employ them. If labour costs are made more flexible through relating pay more closely to performance and output, employers may be more responsive to the changing demands of customers.

20. More important, realistic pay levels can help create higher employment. The exceptionally rapid growth of employment in the service sector in the USA is almost certainly related to lower relative wage costs. These lower costs encouraged the demand for services as the relative price of services fell. They may also have led to the adoption of more labour intensive techniques.

21. Unrealistic pay levels are not an obstacle which the government can tackle directly. That depends on employees and pay bargainers being aware of the consequences of pushing for higher wages and acting accordingly. We are helping by improving the legislative framework within which business and unions operate but it is the expectations and attitudes of those involved which is crucial.

22 So we aim to improve the supply side of the economy - by exposing more of the economy to the forces of competition, by increasing incentives and by removing obstacles to the operation of free markets. This is one essential element in our aim to create the conditions for sustainable non-inflationary growth. The other essential element is a sound medium term financial strategy that will keep inflation moving down. It aims progressively to reduce public sector borrowing as a proportion of total output and gradually to reduce monetary growth. Our ultimate objective is price stability.

23. These policies are helping to create the conditions for sustained growth in output and employment. They remove the fear that expansion will be brought to a halt by unacceptable rates of inflation.

24. Inflation has fallen dramatically. It is now around 5 per cent compared to an average rate of around 15 per cent for much of the 1970s. Interest rates are now at their lowest for five and a half years. GDP is now above the average level in 1979 and we expect further growth this year, of some 3 per cent. We are growing faster than any other European Community country.

25. There have been striking gains in productivity. Productivity in manufacturing has risen by approaching 20 per cent since the end of 1980, and is now 9 per cent above its 1979 peak. Manufacturers' unit wage costs are rising at only around 4 per cent a year. This low rate of increase in unit wage costs combined with higher output has improved markedly improved companies financial situation. Non-North Sea industrial company profits rose by about 30 per cent in the year to the third quarter of 1983. The Bank of England estimate that real profits in these companies increased by about a third between the first halves of 1981 and 1983. Real rates of return are expected to recover further this year but they remain well below the average for the 1960s.

26. All the signs are that these encouraging economic trends are now affecting the labour market. Adult unemployment has levelled out in recent months. In the fourth quarter of 1983 the adult seasonally adjusted total fell by an average 2,000 a month compared with increases averaging 25,000 in the first half of last year. And the number of people in jobs is rising; the employed labour force is estimated to have risen by 18,000 in the second quarter of last year, the first rise for nearly four years. All the other indicators are consistent with a tighter labour market -vacancies substantially up over the last two years, short-time working at its lowest level for four years, and overtime picking up sharply. [Inevitably the

changes in the labour market are patchy - evidence on recent changes in Merseyside.]

27. Such achievements are quantifiable. The change in expectations which has accompanied our strategy is not. But it is vital. The change to a climate of realism and commonsense has pervaded all levels of industry. Pay bargainers are now beginning to understand the crucial link between pay and jobs. The response through lower settlements and improved productivity underlies the recovery.

28. The combination of steady growth and low inflation has not been seen since the 1960s and is ample evidence that the strategy is working. I re-emphasised the Government's determination to maintain control over public spending and to hold to our strategy in my Autumn Statement.

29. Governments cannot themselves create jobs on a lasting basis. That depends on the actions and attitudes of individuals expressing choices, whether as employees, or employers, or as customers. And, of course, attitudes to pay bargaining are crucial.

30. Those involved in pay bargaining should bear in mind:

- the dramatic fall in inflation, now expected to reach 4½ per cent by the end of this year
- the level of real take home pay - higher today than it has ever been before for the great majority in work. It is a fallacy to say that people in work are worse off and have made big sacrifices. Just look around you: it is the unemployed who have borne the burden of the recession and who have suffered, while most others have done well.

- the recent rise in profits is not a signal for high wage increases. Profitability is still too low. Poor profitability leads to low investment and an unwillingness to expand, which costs jobs.
- the idea of a "pay league" where some people have to stay in step with others is old fashioned, irrelevant and destructive of jobs.
- any reduction in working hours, without a corresponding reduction in wages, is just the same as a pay rise and just as damaging if not justified by higher productivity.
- if pay bargainers genuinely have at heart the interests of the economy, of their fellow workers, and of the unemployed then settlements should continue to move downwards. If that happens, employment will continue to increase.

31. The responsibility for pay settlements lies with employers and employees. Managers who agree settlements higher than they can afford, have only themselves to blame if they get into difficulties. Employees who demand excessive settlements, put at risk not only their own jobs but also job prospects for the unemployed.

32. Many firms have shown considerable flexibility in responding to the difficult conditions of recent years. But we cannot relax in our efforts to match the productivity levels of competitors, especially in manufacturing. Greater responsiveness in the labour market and an education and training system more relevant to industrial needs will support such efforts. But it is the animal spirits of entrepreneurs which provide the enterprise and push needed to create new products and new jobs. [Refer to small firms and enterprise schemes?]

33. Economic change is a fact of life. Throughout history individuals, firms and economies have shown a remarkable ability to adapt to changing conditions - to the growth of new industries and the decline of old, to the discovery of new markets, new methods and new techniques. Above all, to the inexorable growth in people's aspirations for better living standards.

34. We cannot predict the precise path of economic change, nor the future pattern of jobs. What we can say is the process of change will continue.

35. The process of structural change will not be completely painless. It never has been, and it never will be. The disappearance of jobs in declining industries is rarely followed as quickly as we would all like by the creation of new jobs in industries that are expanding and rarely are they in the same place. The solution to this, and the route to more rapid employment in the future lies in greater flexibility and a readiness to adapt to changing conditions - by managements, unions and individual workers.

36. The Government can only provide the right framework of policies. It cannot determine the process of change, nor the number of jobs there will be. Job opportunities will be greatest when goods and services best meet consumer demands, and are priced competitively in national and world markets. Ultimately success depends on the skill, enterprise and foresight of management and workforce in many hundreds of thousands of individual firms.



S/S Defence
 S/S Environment
 AS/Chancellor
 Mr Bailey Mr Chivers
 Mr Munch Ms Laid
 Mr Llewellyn AS/CHE
 Mr Hall MST

Treasury Chambers, Parliament Street, SW1P 3AG

H M P Robinson Esq
 Director
 Merseyside Chamber of Commerce and Industry
 Number One
 Old Hall Street
 LIVERPOOL 3

13 January 1984

Dear Mr Robinson

The Minister of State, Mr Barney Hayhoe, has day-to-day responsibility for policy on freeports and has seen the telex you sent yesterday to the Chancellor of the Exchequer.

He is aware that there has been speculation in the press that the application by the Mersey Docks and Harbour Company for freeport status has not been included in the short-list of candidates to be considered by the Government. He has asked me to stress that Ministers have not yet considered these matters in detail and no decisions have been made. However, as he has indicated, it is hoped that decisions will be taken and announced soon and he has asked me to say that he recognises fully the support you, and indeed others, have given the application by the MDHC.

Yours sincerely
M E Corcoran

M E CORCORAN
 Private Secretary

MST
 REPLY
 TO
 CofC.

TREASURY ATTITUDE TOWARDS URBAN PROGRAMME AND MERSEYSIDE INITIATIVE

FROM: P J STREDDER
DATE: 13 January 1984

MRS ~~N~~ REED

VISIT BY THE CHANCELLOR TO MERSEYSIDE ON 20 JANUARY 1984

Thank you for letting me see a copy of the briefing for the above visit. None of the individual visits relate to the Urban Programme but it may be helpful if I were to let you have a few brief comments on the Treasury's attitude to the Urban Programme generally and the Merseyside initiative more specifically so that you can include them in any covering note for the Chancellor.

Urban Programme

2. The Urban programme has been used by the Department of the Environment as one of the two main vehicles (the other is the MDC) for funding the Merseyside Initiative. This programme operates through the local authorities by giving them a 75% Exchequer subsidy towards projects in inner urban areas. The expenditure on the programme overall is split roughly equally between environmental, social and economic projects although there is an increasing emphasis on the last of these. In particular the new Urban Development Grant is design to stimulate private sector investment.

3. We have substantial doubts about the value for money achieved from much of the Urban Programme, particularly from the social and environmental components. Certainly it provides evidence of government activity and the Chancellor will no doubt notice the many sign boards that Liverpool appears to have sprouted proclaiming that this or that piece of land has been reclaimed with support from the programme. What is lacking is any clear and measurable set of objectives, still less any assessment of whether the programme gives value for money in achieving them.

The Merseyside Initiative

4. The Merseyside Task Force was set up by Mr Heseltine following his visit to Merseyside in 1981. In September this year Mr Jenkin

TSJ
NOTE
ON
URBAN
PROG/
TASK
FORCE

circulated a report by the Task Force on its activities since then. This was a modest but realistic document which is descriptive rather analytic. But it did make a number of useful comments, in addition to listing the activities it had initiated. These can be summarised as follows:-

(i) That the problems of Merseyside are more pronounced and long standing if not different in kind from those of other urban areas.

(ii) That the decline in Merseyside's economy is likely to continue and that it is not realistic to hope to **arrest** it most sectors.

(iii) That a number of lessons can be drawn from the Task Force's experience. These are the importance of Ministerial involvement, of joint working between Government Departments, of a separate budget, of a local knowledge, of the involvement of private sector **secondaries** and of innovation and experiment.

5. Reading between the lines (and given the size of its budget), the Task Force see its role as being palliative rather than tackling **root causes**. It is helpful from a public expenditure point of view in stressing the importance of and scope for involving the private sector and that it is not so much the level of Government resources that is important as the flare and imagination that are used to harness the involvement of the community and the resources of the private sector.

P J Stredder

P J STREDDER

RECENT INDUSTRIAL INVESTMENT ON MERSEYSIDE AND MAJOR MTF PROJECTS.

Plessey's Liverpool Factory in Edge Lane has been given a major boost by Hull Telephone Department ordering the System X electronic telephone exchange. The order is worth £5 million initially and will lead on to a total value of some £20 million. Work has begun on infrastructure works for the establishment of Wavertree Technology Park. A 60 acre site which adjoins the Plessey Factory at Edge Lane. This is a joint venture between English Estates, the City Council, Merseyside County and Plessey Telecommunications Ltd.

Vauxhall Motors (Ellesmere Port) announced on 12 December that in a move to increase British production the Ellesmere Port Plant is to introduce a second shift next April, four months ahead of target.

KEY SITES.

Merseyside has a large number of vacant sites, many of which are on the Land Registers and are the subject of specific action to bring them back into use. Some large and prominent sites present particular problems and require special attention. An example is the 20 acre Anglican Cathedral Precinct, vacant for more than 20 years through inaction and indecision by the local authority. Now acquired by the Housing Corporation, who mounted a developer/architect competition to achieve a standard of development consistent with the location. Development now under way to provide over 200 homes close to the scene of the 1981 riots, over 170 for sale set in parkland, and with associated commercial development. A £15 million development, in a partnership of public and private funding.

The site of the disused Tate & Lyle refinery has been acquired by English Estates, who are responsible for clearing the site and over-seeing its development. Clearance is a major task which is well advanced. A sports centre has been established with UP funds in a former warehouse.

Exchange Station. Official contracts for the full side redevelopment of the Exchange Station site (in Liverpool) have recently been signed by English Estates (formerly EIEI) and Tyson's. Work on the site will maintain local employment for 200 construction workers. The site is to be redeveloped into an office and gardens complex and is expected to create space for 1000 job opportunities.

TRAINING.

A number of schemes providing high quality training for both unemployed young people and adults has been established. Two major examples are: eleven Information Technology Centres planned and eight are in operation; these provide training in micro computing, robotics and related skills. Unique to Merseyside are three Commercial Business Training Centres which provide training in business and commercial skills. A further Centre, provided by Sight and Sound Ltd., provides similar training for young adults in Toxteth. In both of these initiatives emphasis has been laid on using redundant buildings, improved as necessary with some UP support, and attracting sponsorship from private companies;

Cont'd.

Marconi, Plessey and Tandy are involved in ITEC's, banks and building societies have been active sponsors of the Commercial Centres.

HOUSING.

MTF initiatives have been aimed at tackling some of the worst housing problems on Merseyside, wherever possible seeking to engage the private sector.

Stockbridge Village - A very large council house estate (3,500 dwellings); unpopular, badly managed and designed and deteriorating fast. At the initiative of Secretary of State (Environment) the estate has been acquired by a Private Trust on a mortgage financed by Abbey National B.S., Barclays Bank and Knowsley MBC. The Trust objective is to upgrade the estate and attract private sector investment: this is the only example known of a disposal of a whole modern council estate to the private sector. The five year investment programme of £30 million envisages broadly equal shares of private and public funds, the latter principally through the Urban Programme and the Housing Corporation.

On a smaller scale Action Plans have been drawn up to rescue run-down council estates in Sefton and Wirral; these involve refurbishment of council dwellings and the opening up of opportunities for home ownership where non existed. Over 300 new houses for sale are to be provided. Elsewhere private builders are developing over 500 homes for sale on inner city sites, which would not normally have attracted private funds. Through a variant of shared ownership arrangements, a scheme has been developed to widen the market available for house purchase. Up to half of the houses in any development may go for shared ownership, if outright sale is not possible. There is no buy-in guarantee, however, the risk remains with the developer to market the housing and attract purchasers whether for outright sale or shared ownership.

To tackle rapidly deteriorated council estates Community Refurbishment Schemes have been set up on nine estates on Merseyside covering over 5,000 houses. Through a package of Urban Programme and MSC funding, local unemployed people are recruited to undertake the work of refurbishing their own estates. Tenants are closely involved and local estate offices are established.

(DRAFT)

4. JP

2. MH (by Thurs 12 Dec)

may 12/1

TO NEWS EDITORS AND PICTURE AGENCIES

FOR OPERATIONAL GUIDANCE

[16] January 1984

CHANCELLOR OF THE EXCHEQUER

MERSEYSIDE VISIT: FRIDAY 20 JANUARY

The Chancellor of the Exchequer, the Rt Hon Nigel Lawson MP, will be visiting Merseyside on Friday 20 January. His timetable is as follows:

- TO BE CONFIRMED FRIDAY 13 JAN.
- 10.00am The Chancellor will be guest of the Merseyside Development Corporation. He will visit [the International Garden Festival site, the BAT New Enterprise Workshops scheme and the Albert Docks warehouses restoration project]. There will be opportunities for photographs and filming.
 - 12.30pm Party political engagement in Ellesmere Port.
 - 3.00pm Visit to Inland Revenue District Office, Bootle.
 - 4.15pm Meeting with the press at the Britannia-Adelphi Hotel, Liverpool. An embargoed press notice of the Chancellor's speech will be available (please see below). The Chancellor will be available for radio and television interviews.
 - 7.45pm Dinner with the Merseyside Chamber of Commerce at the Britannia-Adelphi Hotel. The Chancellor will address the Chamber at about 9.00pm.

For further information and help in regard to the Chancellor's official engagements please contact Mr Oliver Prince-White, COI Press Office, Manchester - telephone 061-832 9111 Ext 361/350; or HM Treasury Press Office, London, 01-233 3415 or 7418. The Chancellor's Press Secretary, Martin Hall, will accompany the Chancellor on official engagements. The Chancellor's speech will also be released in London under embargo.

PRESS OFFICE
HM TREASURY
PARLIAMENT STREET
LONDON SW1P 3AG
01-233 3415

6/84

Chancellor,

For approval please, to issue in the North West and in London

on Monday.

may 12/1

Merseyside Task Force
Graeme House, Derby Square
Liverpool L2 7SU

Telephone 051-227 4111 ext 580

*C Mr Hall
Mr Yang
Mr Portillo*

Margaret O'Mara
Private Secretary
Chancellor of the Exchequer
H M Treasury
Parliament Street
LONDON SW1P 3AG

Your Reference

Our Reference

Date 16 January, 1984

Dear Margaret,

Re: Chancellor of the Exchequer's visit to Merseyside :
Friday 20th January 1984

I think it would be useful to compare notes about one or two details.

CAR - The Chancellor's car is a grey Ford Granada, registration number ULS 963X. The Driver is Marjorie Strong. If the Chancellor is content, I am proposing to meet him when he arrives at Speke Airport and will take him to the Merseyside Development Corporation Site. Therefore we shall need a second car for the journey from the Airport to the M.D.C., and perhaps one of the Chancellor's party could travel in that second car, while I travel with the Chancellor.

For the remainder of the visit I do not propose to accompany you, and therefore the one car, just with the Chancellor's party, will travel to and from Ellesmere Port, and to and from the Inland Revenue Offices at Bootle. Of course, if you would prefer me to stay with the party I should be happy to do so and arrange a second car accordingly.

Unless you advise otherwise, I propose to meet you again on arrival at the Adelphi, at about 4.30pm, just to check there is nothing else you require. I shall be attending the Chamber of Commerce dinner in the evening.

POLICE AND JOURNEY - We have alerted the Police about the routes the Chancellor will follow. It is assumed that you will wish to travel the most direct route to cut down travelling time.

The journey from the M.D.C. to the Ellesmere Port Conservative Offices should not take more than half an hour and it will take roughly the same length of time to travel from Ellesmere Port to the Inland Revenue Offices at Bootle. It takes about 15/20 minutes from Bootle to the Adelphi Hotel in the heart of Liverpool. The Railway Station is right next door to the Adelphi.

CHAMBER OF COMMERCE DINNER - I understand that you, together with Martin Hall will attend the dinner, but not Mr Portillo.

/Continued.....

16 January 1984

As we have tried to indicate in the Brief, we do not have a high regard for the Chamber as a really effective organisation representing Merseyside businesses and, frankly, I have not been impressed by the performance of the Chairman, Mr Galley.

PRESS - I do not have precise details about Press arrangements. Would you confirm whether the Chancellor would welcome a photo-call during his visit to the Festival Site? I understand that the period between his arrival at the Adelphi and the Dinner (pre-dinner drinks begin at 7pm) will be partly taken up by Press interviews.

If there are any further points perhaps we can have a word on the telephone.

I also attach telephone numbers for the various visit points throughout the day.

Yours,

K E C Sorensen

K E C SORENSEN

CHANCELLOR OF THE EXCHEQUER'S VISIT TO MERSEYSIDE :

FRIDAY 20 JANUARY 1984

TELEPHONE NUMBERS

Merseyside Development Corporation (10am - 12noon)	051 236-0422
Conservative-Party-Offices, Ellesmere Port (12.30pm - 2.30pm)	051 355-3184
Inland Revenue Offices, Bootle (3.00pm - 4.00pm)	051 922-6363 ex 2135
Adelphi Hotel, Liverpool (4.30pm onwards)	051 709-7200 (Chancellors Suite Room No: 100)
Merseyside Task Force	051 227-4111 ex 512 (Chris France)
	051 227-5830 (Eric Sorensen, direct line)

FROM : M D X PORTILLO
DATE : 16 JANUARY 1984

CHANCELLOR

cc PS/Chancellor
Sir T Burns
Mr Kemp
Mr Monck
Mr Battishill
Mr Odling-Smee
Mr Folger
Mr Gordon
Mr Hall
Mr Smee
Mr Norgrove
Mr Makeham

DRAFT SPEECH TO MERSEYSIDE CHAMBER OF COMMERCE : 20 JANUARY 1984

You asked to see a shorter draft of the speech to read alongside that submitted by Mr Makeham on 13 January. I attach such a draft.

M D X PORTILLO

Don't make paragraphs of Tyre & Speed Cars

DRAFT (MPL) SPEECH TO MERSEYSIDE CHAMBER OF COMMERCE: 20 JANUARY 1984

I wish to talk this evening about a subject of ~~enormous interest~~ ^{importance & concern} to the nation as a whole - but perhaps to Merseyside in particular. That is the question of how we can expect to generate new employment - where ^{the} new jobs are likely to come from.

?omit
2. Our present level of unemployment is highly unsatisfactory. To be without a job is a cause of great unhappiness and strain to many. The unemployed are, from the national economic point of view, an under-utilised asset of considerable value, and a substantial additional drain on the social security budget.]

3. The Government requires no goading into action on ~~unemployment~~ ^{economic &)} jobs. Every consideration - compassionate, ~~political and economic~~ - points in the same direction: towards doing everything sensible that can help to create jobs. ^{Business Plan with bank.}

4. I am not pessimistic. The problems of the day always seem more intractable than those of yesterday. In the 1960s and early 1970s it seemed impossible to imagine that Britain could ever overcome her balance of payments problem. We did. In the 1970s inflation seemed untameable. We have tamed it. Back in the 1930s unemployment itself - as today - seemed permanent. The passage of time proved otherwise.

5. Keynes - who knew better even then - reported the mood of the time. He said:

"We are suffering just now from a bad attack of economic pessimism. It is common to hear people say that the epoch of enormous economic progress... is over; that the rapid improvement of the standard of life is now going to slow

This was used by G.H., several times!

~~down~~.

6. ~~Economic pessimism then. Economic pessimism today. As plausible today as then. And in my view, no better founded today than then. And perceptions change very quickly. During the election I was chastised for saying that unemployment might soon level off. Today we have good reason to think that it may in fact already have done so.~~

Juny m

7. ~~It is impossible to summarise the causes of today's unemployment. in a single word: but if I were required to, that word would be "inflation". "The mother and father of unemployment" one of my predecessors called it, and so it is. It destroyed our competitiveness, our profits, our investment, and it undermined incentives and industrial relations.~~

There is no single cause of

But there is no doubt that a major contributor factor has been the sharp rise in inflation in the recent past. Inflation

8. The reduction of inflation to its present ^{low} levels and its further reduction, are the pre-conditions for creating new ^{jobs.} employment. There is no choice to be made between tackling inflation or unemployment, as some suppose, and no trade-off between the two. In ^{acting to reduce} reducing inflation we have been attacking a root cause of unemployment; and that indeed has been one of our strongest ~~motives.~~ *reasons for pursuing this policy.*

9. The reduction of inflation and the restoration of sound money

And inflation has gone down dramatically - Since 1981 it has fallen from a peak of more than 20% to around 5%, and interest rates are now lower than for 5 1/2 years. Margaret Thatcher's first government was the first for a quarter of a century to go to the polls on a record of average inflation lower than under its predecessor. And her second government is not, I assure you, planning to let up: we shall hold inflation down, and by sound economic policies, not the devices of incomes policies, pay freezes, pay norms, price freezes - all that range of quack patent medicines that provide temporary relief while the patient's condition actually worsens.

~~are necessary~~ ~~but they are not~~ ~~sufficient conditions~~ ~~for~~
are necessary but are not sufficient conditions for
the creation of jobs.

to create new employment. That will depend on how our
labour market develops: for example on how flexible
employees become about where they work and for how much;
and whether they can adapt their skills and acquire new ones.

WG cannot know the future, as anyone who
10. Flexibility is necessary because we cannot predict the
future. But two things enable us to make an intelligent guess
of the direction in which we are moving.

11. One is to observe the trends in employment in this country
which are already established. The other is to examine
developments in other countries, particularly the United States
whose economic experience is often reflected subsequently in
Britain.

12. Change is continuous. It is not change we have to fear,
but resistance to change. Certain changes are already clear
to see.

13. Manufacturing employment reached a peak in 1966 and has been
falling since then. Employment in services has been rising - with
1 1/4 million more employees in services in 1983 than there were
in 1973. More than half your present members are in non-
manufacturing industries. The shift from manufacturing to services
has accelerated over the last decade.

13. Such changes reflect fundamental economic and social forces.
As incomes have risen, consumers have spent a greater proportion
of their incomes on services. Technical changes have reduced the

labour needed per unit of output in manufacturing compared with services. Increased competition in world markets and the effect of North Sea Oil on our exchange rate have put pressure on industries exposed to world trade. These forces are unavoidable.

14. Our experience is not, of course, unique. In all the ~~the~~ ^{strong} major OECD countries, there has been an increase in the share of services in total employment and a reduction in the share of manufacturing. In the ~~USA~~ ^{United States} there has been a faster shift to services than elsewhere - ~~but there has also been~~ ^{and} a marked rise in total employment.

15. While the service sector is growing, manufacturing employment also in the US is now, expected to increase, or, at worst to remain stable.

16. Why ~~the difference from our own experience of a rise in employment in services, but a fall in total employment?~~ ^{Why has America shown to do better than us so far as new jobs are concerned?}

~~Some have pointed to signs of a more flexible and adaptable environment in the US. Labour mobility for example, is much higher - more than twice the rate of job changing found in Britain. And wages are more responsive. US hourly earnings have ~~fallen~~ ^{actually} ~~fallen~~ ^{in real} terms in recent years.~~ ^{One factor is surely}

17. ~~Such changes in employment structure are an essential part of the process of economic growth. They reflect successful adaptation to the changes in consumers' tastes and available technology which provide the motive power for growth. A country which has not adapted will fail to secure a share in world markets, and will fail to compete at home. Our success in defeating unemployment is also likely to depend on the adaptability of our workforce and on the level of wages.~~ ^{the structure of} ^{its market} ^{and abroad} ^{to} ^{industrial} ^{new jobs}

18. In Britain there are ^{(a number of) vital} obstacles to the process of adaptation - which are preventing the creation of new jobs. These have to be tackled.

19. People have always had anxieties about the effect of ~~fast~~ technical change on their jobs. This fear motivated the Luddites.

But the coming of automation some decades ago, showed us that ^{in the long} rapid technical change ^{creates more jobs than it destroys.} ~~can be combined with employment growth,~~

^{mm} [Many companies can only stay in business by meeting the competition by adopting new technology.] New technology should therefore be seen as a job protector rather than a job destroyer. But I would not deny that such rapid change often requires people to change their job.]

~~it means changes in employment~~

20. ^{But} ~~That is why~~ we urgently need to improve the way in which our labour market works. For too long it has been weighed down by ^(vests) entrenched interests and ^{restrictive practices of our kind or another.} regulations. Some of the worst restrictions have been imposed by trade unions in the mistaken belief that they would save jobs: demarcation lines, entry restrictions and other unhelpful ~~restrictive~~ practices. I do not need to labour the point ^{here} while ~~talking~~ in Merseyside.

21. But other restrictions result from ~~the~~ misguided ^{of past} intervention of governments. ^{This government aims}

22. ~~Our task as a government is to remove this straitjacket of restrictions, as much as we can, and work on attitudes too, in order to change expectations and produce the needed flexibility and mobility.~~ ^{to encourage change in} [and work on attitudes too, in order to change expectations and produce the needed flexibility and mobility.]

^{we have} ~~The government has~~ already taken a number of very important steps ^{we have} ~~And our record so far is a good one~~

this Gov.

towards the removal of restrictions. We have removed exchange controls, ^{paye} price and dividend controls, HP controls, and unnecessary planning constraints. We have agreed ^{to} the removal of minimum commissions with the Stock Exchange and enabled it to make rapid changes in response to competition - changes which it felt unable to make while there was a case pending in the Restrictive Trade Practices Court.]

24. We are making good progress with the removal and limitation of monopolies in the state sector, through privatisation where possible, or by the introduction of competition by other means.

// So far so good. But a change in public attitudes is also required, particularly in

[25. We have examined the need for better education and training.

We have taken a number of initiatives to improve the school curriculum and examination system, to fit pupils better for working life. The New Training Initiative ^{- on which we are this year spending £850 million -} tackles the reform of skill training which is long overdue, it helps young people move from school to the requirements of work, and it opens up training opportunities for adults. ~~This year we are spending £850 million on the New Training Initiative.~~

are also tackling

26. We have also given a lot of thought to the obstacles to labour mobility, which exist. The way in which occupational pension schemes

the early-leavers

treat those who leave schemes early has discouraged people who would otherwise change jobs. We intend to legislate to improve the value of preserved pension rights and we are looking at the case for "portable" pensions. [Geographic mobility is hampered by the difficulty and expense of finding new accommodation, particularly council housing.] Increased

owner occupation through council house sales has helped such ^{increasing} ~~labour~~ mobility, and we intend to give council tenants a right to exchange their homes. ~~[The many restrictions imposed by the State on the private rented sector have clearly limited the availability of homes to rent and that too has hampered people's ability to move to where the jobs are.]~~

27. New jobs will depend on earnings flexibility too. For example, ^{the} setting wages of trainees and young people ^{need to be set out} at more realistic levels, will give employers more incentive to employ them. Realistic pay levels generally can help create higher employment. The exceptionally rapid growth of employment in the service sector in the USA is almost certainly related to lower relative wage costs. These lower costs encouraged the demand for services as the relative price of services fell. ^{the price fell} As in everything else there is a clear relationship between the price of labour and the demand for it. Other things being equal, cheaper jobs will mean more jobs.

duplicate
para 16

28. Unrealistic pay levels are not an obstacle which the government can tackle directly. That depends on employees and pay bargainers being aware of the consequences of pushing for higher wages and acting accordingly. To that extent the prospects for the unemployed will depend not on the actions of government, but on the actions of those in work, ^{on some sides of industry.}

29. If we take out too much in pay we put our economic growth at risk. Our goods and services will be uncompetitive. ~~Employers will have to cut costs.~~ Jobs that depend on exports, and jobs involved in supplying the home market, will be lost.

30. Those who manage to secure excessive pay increases will put at risk their own jobs, the jobs of others, and the job prospects of the unemployed.

31. Economic change is a fact of life. It is the necessary result of the inexorable growth in people's aspirations for better living standards, which leads them to embrace the new, and to put aside the old.

32. The process of structural change cannot be painless. It never has been, and it never will be. The disappearance of jobs in declining industries is rarely followed as quickly as we would all like by the creation of new jobs in industries that are expanding and rarely are they in the same place. The problem must be met by a readiness to adapt to changing conditions - by managements, unions and individual workers.

33. I revert to that quotation from Keynes: not because I agree with his prescription, but because I think he saw this particular point clearly. He said:

"We are suffering not from the rheumatics of old age, but from the growing pains of rapid change, from the painfulness of readjustment between one economic period and another".

to
I commend that thought to you and the people of Liverpool.

? Missing = an upbeat ending, stressing output growth, productivity up, profits up, world moving out of recession, knocked (eg in '81) refuted, 2 elections. [Steady as she goes, onto the sunlit uplands, with only the occasional hiccup on the hills.]

99

4.61

FROM: M D X PORTILLO
DATE: 17 January 1984



*I have now at last
draft with this.
for house typ
process, etc.*

cc Mr Battishill
Mr Folger
Mr Norgrove
Mr Makeham

CHANCELLOR

DRAFT PRESS RELEASE FOR CHESHIRE: 20 JANUARY

.. I attach a draft. There is some feeling that paragraph 8 "sets you up" unnecessarily. I should be grateful if copy recipients could let me know of anything they cannot live with.

Mon
for M D X PORTILLO

Daniel

COVERING CONFIDENTIAL

Could we pl. start making up his binder? No need for the covering minute, where we have Annex A etc. Could we also put the title of the binder? Has it's basic to show?

FROM: MRS N REED
DATE: 18 January 1984

- 1. MR KALEN ^{BSK 18/1}
- 2. CHANCELLOR OF THE EXCHEQUER ^M cc

- Mr Monck
- Mr Gordon
- Miss Low IAE2
- Miss Noble LG1
- Mr Stredder LG2
- Miss Young

→ He also need to include the binder pages on the Inland Revenue I'd do the order.

- Programme (A)
- MDC (B) +
- Ellsmere Port (E)
- Inland Revenue
- Chamber of Commerce F

Background (with attachment A only)
under the Annexes are referred to in the letter, I'd mention A, B, C etc all together. (with all attachments)

- Mr Hall
- Miss O'Mara
- Mr Portillo

VISIT TO MERSEYSIDE FRIDAY, 30 JANUARY 1984

I attach briefing prepared by the Merseyside Task Force (with Treasury comments in certain areas) for your visit to Merseyside on Friday 20 January as follows:

- A. Programme and Timetable.
- B. Programme and background note for your visit to Merseyside Development Corporation including a short personality note on the Chairman, Leslie Young.

Annex A - Treasury comments on briefing material provided (note by Miss Noble LG1).

Annex B - Application for a freeport in Liverpool (Note by Miss Low IAE2).

- C. Background note on Merseyside, covering:

Annex A - brief on the abolition of Merseyside County Council.

Annex B - Employment figures.

Annex C - Public expenditure on Merseyside. (Michael Woodcock's PQ)

Annex D - Industrial investment and Merseyside Task Force Projects.

- D. Merseyside Background - Treasury Viewpoint
Annex A Urban Programme and the Merseyside initiative (note by Mr Stredder
LG2 Division).
- E. Background note on Ellesmere Port, where you have a lunchtime speaking
engagement with the local conservatives.
- F. Programme and background note for the Merseyside Chamber of Commerce
Dinner including short personality notes on the Chairman and some of the guests
attending the Dinner.

You will be accompanied by Mr Hall, Miss O'Mara and Mr Portillo.

Noreen Reed
MRS N REED

UNCLASSIFIED

John
9 papers to you
his!

FROM: D B ANDREN
DATE: 18 JANUARY 1984

MR MAKEHAM

cc PS/Chancellor 12/2.
Sir T Burns
Mr Kemp
Mr Monck
Mr Battishill
Mr Odling-Smee
Mr Folger
Mr Gordon
Mr Hall
Mr Smee
Mr Norgrove
Mr Partillo

M.
Right
JW.

CHANCELLOR'S SPEECH TO MERSEYSIDE CHAMBER OF COMMERCE

Mr Gordon has asked me to pass you direct any comments I have on this speech. I have also seen the draft attached to Mr Partillo's minute of 16 January.

Given the unemployment situation on Merseyside and Mr Heath's speech yesterday, it seems to me the Chancellor's critics could argue this speech demonstrates the Government is insensitive to the problem of unemployment. This is very much a matter for the Chancellor's political judgement, but it might be worth including a section which specifically states (again) that the Government is not insensitive to the problem of unemployment, but that experience has shown there are no easy solutions.

It is also perhaps worth reminding the Chancellor that if he quotes from Keynes his critics may do the same. In 'the Means to Prosperity' for example Keynes suggested there was a simple "device" which could be used to lower unemployment, namely public works, and the General Theory, of course, provides the theoretical underpinning for all those who argue that additional public investment provides a means of lowering unemployment permanently.

Nevertheless, the two quotations from Keynes are good ones. If the Government's critics start quoting selectively from Keynes' workings I suggest the Chancellor could reasonably point out that many believe that towards the end of his life Keynes did believe contemporary economists were tending to forget the essential truths underlying the teachings of the classical economists. In an article which appeared in

the Economic Journal in 1946 Keynes wrote:

"I find myself moved, not for the first time, to remind contemporary economists that the classical teaching embodied some permanent truths of great significance, which we are liable today to overlook because we associate them with other doctrines which we cannot accept without much qualification. There are in these matters deep undercurrents at work, natural forces, one can call them, or even the invisible hand, which are operating towards equilibrium."

D. B. Andren

D B ANDREN



10 DOWNING STREET

From the Private Secretary

18 January 1984

Jean Tuckey,

The Prime Minister has received the attached correspondence from Allan Roberts, MP and a number of other Members about free port status for Liverpool Docks. Mr. Roberts asks if the Prime Minister would be willing to receive an all-Party delegation. It is unlikely that the Prime Minister would wish to do so but I should be grateful if you could consider whether a Treasury Minister could offer to meet the delegation.

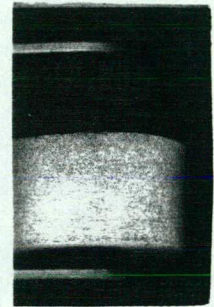
Could I ask for your advice on this point and a draft reply for the Prime Minister's signature to reach me by Wednesday 1 February.

I am sending a copy of this letter and the enclosure to Andrew Lansley (Department of Trade and Industry) and Lucy Robinson (Department of the Environment).

*Yours ever
Tim Flesher*

TIM FLESHER

Miss Judith Simpson,
H.M. Treasury.



ALLAN
ROBERTS
LETTER
TO P.M.

To: Rt Hon. Mrs M. Thatcher M.P.
The PRIME MINISTER.



HOUSE OF COMMONS
LONDON SW1A 0AA

18.1.1984

Re: Liverpool Free Port

Dear Mrs Thatcher,

We recently sent you a letter asking for you to receive an all party delegation of M.P.'s about our case for Free Port status for Liverpool Docks.

We would be pleased if you would receive such a delegation, we now enclose a copy of the special supplement on Liverpool's case for a Free Port which we hope you will find time to read as it very clearly explains the case and reasons why it is so important for the whole of Merseyside.

I am sure that having read it you will agree that the Liverpool Echo newspaper has produced a first class case for Liverpool's free port status.

Yours sincerely
Allan Roberts M.P.
ECB Party M.P.

Allen Roberts, M.P.
 David Alton, M.P.
 Harold Hill

John H. Mason
 Robert M. ...
 David ...
 Don ...

It was revealed on ... in the "Liverpool Echo" last week, (copy enclosed), that a short list of ... applications has been drawn up by ... and that the Liverpool application has not been ... It is widely ... that the Messer Dock and ... Board submitted a ... case for ... status for Liverpool Dock. The ... is now ... a ... through Government recommendations. All the efforts of the ... could be lost if present status is granted elsewhere and not in Liverpool, and ... with the relative levels of unemployment is left to compete on a disadvantaged basis.

It would be ... therefore, as you would be prepared to meet in all Party ... to hear our case before a final decision is made by Cabinet or Cabinet Committee.

Dear ...

RE: ...

14th January, 1964

The Rt. Hon. ...
 The ...
 London SW1A 0AA

HOUSE OF COMMONS
 LONDON SW1A 0AA



FREEPORT BID BLOW

FEARS are growing that Merseyside's bid for a Freeport has already been thrown out by the Government.

A secret shortlist of sites has been drawn up by the Treasury but it is believed that the Port of Liverpool application is not on it.

A Treasury spokesman to-day refused to discuss the shortlist and said an announcement would be made shortly, but not before M.P.s return to Parliament next week.

The application to set up a Freeport on 650 acres at Seaforth Docks, drawn up by the Mersey Dock & Harbour Company, has won the support of local M.P.s from all parties.

These include Labour M.P.s Allan Roberts, Frank Field and Robert Kilroy-Suk. Tory M.P.s Barry Porter and Keith Raffan, and Liberal M.P. David Alton.

CONCESSIONS

Just before the Christmas recess they backed the Liverpool application in the Commons, arguing that the chosen site was within an area already handling millions of tons of cargo, unlike other applications which would have to start from scratch.

Only yesterday, a group of Liberals led by Mr. Alton toured the Port and said a Freeport would be a shot in the

Exclusive

By Ian Craig

arm for the local economy.

The Port would be severely hit, they said, if it failed to win Freeport status.

PROBLEMS

That status brings with it tax-free concessions and allows firms to operate virtually free of red tape. The Mersey Docks Company has put forward an impressive case for the Liverpool Freeport which is also being backed by Liverpool Airport.

The backers believed that the Government would recognise Merseyside's special problems

and take the opportunity to demonstrate its concern by giving the green light to a Freeport.

But at a reception for Tory Euro M.P.s in London last night it was being said openly that Liverpool's application hadn't a chance and was not on the shortlist.

Euro M.P.s also claimed that apart from Felixstowe, a bid from Ulster was getting preferential treatment along with an application from Scotland, possibly at Prestwick, and that the Midlands, too, would get a Freeport.

In all, 45 applications were received by the Treasury at the end of October and they have been fully investigated.

18/1/84

CHANCELLOR'S VISIT TO MERSEYSIDE

18.1.84

INDUSTRIAL ACTION BEING TAKEN IN RELATION TO THE
INTRODUCTION OF COP

The Inland Revenue Staff Federation has started legal proceedings against the Board of Inland Revenue over the operation of COP in the West Midlands.

The background to this action is that agreement has not been reached on the terms of the introduction of the new technology embodied in the COP system. The major point of difficulty is the question of a guarantee of no compulsory redundancy. The Board have made it clear all along that they will continue to make every effort to avoid compulsory redundancies, but they cannot give an absolute guarantee. In this, their position is no different from that of other Government Departments.

The main point on which the legal action is being taken is whether under their existing terms and conditions of service, staff can be required to operate PAYE through the COP system. The Board's legal advice is that they can.

The IRSF have received contrary advice and accordingly advised their members in PAYE sections in the 14 COP pilot Districts to confine their work to the operation of the manual system.

A secret ballot was held amongst the staff by the IRSF on 3 January to see if staff wanted to support the Executive Committee recommendation that staff in the 14 Districts

should "work normally" (ie without making use of keyboards, visual display units and the linked computer). 320 staff were in favour of the recommendation and 109 against.

The Board told staff in these Districts that if they refused to operate the COP system this would be regarded as a serious and material breach of their terms and conditions of service, and that they would not be permitted to remain at their place of work, or be paid, until they were prepared to fulfil all their terms and conditions of service, and, in particular operate the COP system. Staff who were not prepared to work on this basis were sent home. This does not amount to dismissal and is not a disciplinary procedure. The staff concerned are free to return to work at any time provided they are prepared to operate the COP system. 437 IRSF members are currently at home because they have been temporarily relieved from duty.

A preliminary Court hearing of the IRSF action was held on the 11 January and the hearing was adjourned for a full trial due to start on the 23 January 1984. It is expected the trial will last five days, and will proceed by way of examination of witnesses.

The Board have offered the staff a return to work with full pay and pay for the period of absence provided they operate, as previously the COP systems. The Board have made it clear that this return to work would be without prejudice to the legal action. The IRSF have so far refused the offer.

The IRSF have themselves offered a return to work but only if staff can operate manual procedures. This would mean reverting to procedures which were dropped - between

3 October and 5 December - as each of the cases in the pilot Districts was set up on the computer record. This would be a highly inefficient method of operation and would in many instances result in incorrect treatment of taxpayers. The offer has accordingly not been accepted by the Board.

Work is being severely disrupted in the 14 affected Districts, output is down to about 25% of normal.

COP goes live in the North West Region on the 20 October 1986 and it is hoped that the Region will be fully operational by 15 July 1987. No actual date for North West 3 is available.

Inland Revenue

18/1/84.



CH/ YLMEQU	
DATE	18 JAN 1984
INFO	MR HALL
	MR PORTILLO

From : M Waters
INLAND REVENUE
MANAGEMENT DIVISION
SOMERSET HOUSE

Miss O'Mara

18 January 1984

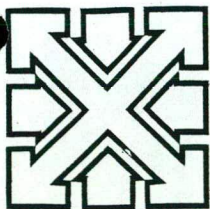
CHANCELLOR'S VISIT TO MERSEYSIDE

I enclose, as requested in your memo of 13 January,
a background note on the industrial action being taken
over COP.

M. Waters

M WATERS

POSSIBLE
IND-
ACTION



The Association of British Chambers of Commerce

Sovereign House, 212a Shaftesbury Avenue
London WC2H 8EW

Telephone: 01-240 5831/6

DIRECTOR-GENERAL: W.A. NEWSOME

The Rt Hon Nigel Lawson MP,
Chancellor of the Exchequer,
Treasury Chambers,
Parliament Street,
LONDON SW1P 3AG

Action

9 JAN 1984 ✓ 19/1
FST.

19 January 1984

Dear Chancellor,

On behalf of our member Chambers of Commerce, I enclose the ABCC's representations for the 1984 Budget.

At the opening of the paper, we review the present economic situation and the prospects for the next few years. We express concern at the trend over the past year in the figures on external trade, particularly the declining surplus on visible trade balance and the substantial deficit, for the first time in 400 years, in trade in manufactures. A central theme of our representations, therefore, is that Government and industry should give the highest priority to working together, in the context of a coherent industrial policy, to reduce business costs. It is no coincidence that this particular item features strongly in this year's representations, as for previous years.

We are, indeed, concerned that the Government's efforts over the past few years, to reduce the PSBR, and fund the increased spending caused by the recession and increases in the defence budget, should have involved such tax and other financial burdens on business.

The forecasts, whether from our own Chambers of Commerce or other sources, remain confident for 1984. If Britain can obtain 3% annual growth on average over the next 4 years, with inflation remaining below 7%, this achievement may well rank with that of Lord Butler's Chancellorship in the early 1950s. There appears however, to be some concern over a slowing down of growth for 1985 and beyond. Our Budget Representations are therefore also directed to sustaining growth beyond 1984, and to this end, we urge that there should be no hasty measures to curb what appears, on a careful examination of the figures over the past 6 months, to be a modest monetary expansion which has undoubtedly contributed to the improvement in output during 1983.

Finally, our approach is based on the clear assumption that the Government will continue to ensure only modest increases in wages and salaries in the public sector. Firm action here, serves to restrain public sector spending overall and to present a compelling example to the private sector, and we recognise and applaud the success in this field over the past 3 years.

Yours sincerely,

Sir David Nicolson

Sir David Nicolson
President

Enc

1984 — A BUDGET FOR GROWTH?

The 1984 Budget Representations of
The Association of British Chambers of Commerce

The Economic Situation and Prospects

1983 was characterised by three main developments, two favourable and one less so. Growth of output was higher than had been forecast; the inflation rate came down to its lowest for 13 years and, despite fears of a rise towards double figures, stayed well down; but there have been worrying trends in the balance of non-oil trade, owing to a tendency for the continuing boom in domestic consumption to draw in imports at a disturbing rate, unmatched by the trend in exports. A current account surplus of £6½bn in 1981 has sharply declined to a surplus (at an annual rate) of £1½bn over the first three quarters of 1983, despite an improvement of about £3bn in the oil balance. The deterioration in the current account balance that was becoming alarming in the second quarter of 1983 (a deficit of £171m for the quarter) has been reversed by a significant improvement on trade in invisibles, but a **deficit** of £468m on visible trade in the 6 months June-November 1983 contrasts with a **surplus** of £1818m in the last 6 months of 1982. Trade in manufactures has moved from a **surplus** of over £2400m in 1982 to a **deficit** of over £1600m in the first three quarters of 1983.

This has served to illustrate and emphasise the decline in manufacturing industry capacity in Britain. Further, if the trend in general trade continues, a balance of payments crisis clearly threatens in the medium term, even before revenue from North Sea oil is significantly diminished (it is expected to start declining from 1986). The trend in trade in manufactures has grim implications for surviving manufacturing industry on which all parts of Britain depend for wealth creation and jobs.

However, the Chancellor's judgement will be made in the light of the forecasts for all the above three economic factors, and the most important of the three, although clearly influenced by the prospects for inflation and trade, is output. The latest forecasts, as summarised in *The Economist* of 7 January 1984, suggest growth of

between 2 and 3% in 1984 (similar to 1983). The latest Chamber of Commerce surveys to be published (West Midlands, East Midlands and Merseyside) show the best returns and prospects on domestic and export trade for well over a year and very considerable confidence for the future. The West Midlands survey shows that the number of firms which have increased their workforce has doubled over the year to 32% of respondents. The good news from Merseyside, after a year of relative gloom there while the national picture brightened, is especially pleasing.

If Britain can obtain 3% annual growth over the next 4 years, with inflation remaining below 7%, this achievement may well rank with that of Lord Butler's Chancellorship in the early 1950s. The medium term forecasts, however, are not as cheerful as those for 1984. Consumer spending has been the driving force behind the recovery so far. The removal of hire purchase controls and the easier terms available for borrowing on mortgage caused personal expenditure on durables, including cars, to be 22% higher in the first half of 1983 than in 1981. Lower inflation and rising real incomes contributed to this, together with a falling savings rate (8.7% of incomes were saved in the first half of 1983, compared with 15.6% in the second half of 1980). Further stimulus from still lower savings is unlikely. With the consumer boom thus expected to decline over the next year or so, the hopes for growth in late 1984 and 1985 depend on increases in exports and private capital investment. Improving world trade, Britain's greater competitiveness, higher profits and generally improving business confidence indicate that exports and investment should increase. Few forecasts, however, expect these two factors to maintain growth at 3%: the estimates so far for 1985 suggest growth of below 2%.

Even if there were to be growth of 3% for the next 4 years, unemployment will not decline significantly. It will, however, remain a **social** and **regional** problem,

£1.50

ABCC



The Association of
British Chambers of Commerce
Sovereign House, 212a Shaftesbury Avenue
London WC2H 8EW, Telephone: 01-240 5831/6

to be met by social measures of relief, by changes in working practices, and by a more effective regional policy set out in the ABCC's publication "Fair Deal for the Regions" (November 1983). If, however, the rate of growth declines to below 2%, unemployment will inexorably rise towards 4 million.

Budget Objectives

The present recovery has thus not happened by accident; it owes a considerable amount to Government policy. As the ABCC pointed out in its policy paper 'Going for Growth' (published in October 1983), recovery in the UK followed a period of remarkable monetary expansion: "real" money supply rose by 7% in the year to May 1983. The even greater monetary expansion in the USA has had even more dramatic effects on the American growth rate, and thus on the world economy.

As strongly argued in "Going for Growth", the highest priority for Britain is to ensure that the present recovery from the worst recession in 50 years is sustained through 1984 and beyond. International factors are often decisive in determining domestic rates of growth, but, as was made clear in the Chancellor's Autumn Statement of 17 November, the prospects for the world economy in 1984 are good. What is essential, therefore, is that measures taken by the British Government ensure that British industry and commerce are able to exploit to the full the opportunities now available, and maintain their competitive position when and if a further slowing down of world trade expansion occurs.

To this end, the 1984 Budget should pursue, in a balanced and coherent sense, the following objectives mostly foreshadowed in "Going for Growth":—

1. Avoid any hasty measures to curb the present beneficial monetary expansion. Britain's PSBR, as a proportion of GDP, is still one of the lowest in the industrialised world. As the OECD have argued, the world recession increased this ratio as social security spending rose and tax revenues fell. Indeed, a large part, if not all, the present deficit is accounted for by the recession. Our Budget recommendations therefore allow for a slight increase in the PSBR.

2. Reduce business costs. This must include a fall in interest rates, which have been well above the inflation rate for over 2 years. The case for a transfer of the burden of taxation from corporations and individuals to consumption was expertly argued by Messrs Bill Robinson and Geoffrey Dicks of the London Business School in their article "Employment and Business Costs" (Economic Outlook 1983-87, Vol 8 No 1, October 1983).

3. Improve incentives at all levels of earnings, so as to reward skill, risk-taking and hard work, and progressively remove the poverty and employment "traps".

4. Sustain economic growth by sensible increases in public sector **capital** spending, and by avoiding public spending decisions which are detrimental to industrial and commercial order books.

5. Maintain downward pressure on public sector **current** spending. The ABCC is convinced that further savings can be found throughout the public sector by eradicating waste, improving staff productivity, and privatising functions which can efficiently be performed by free enterprise. The ABCC hopes to publish the results of a major study of public expenditure, in the context of growth prospects and taxation priorities, before the Budget.

6. Sustain a competitive exchange rate, taking into account the desirability of lower interest rates. The ABCC has already argued for urgent consideration to be given to Britain's entry into the European Monetary System as a means of reducing fluctuations in the value of sterling caused by rumours over the price of oil.

7. Sustain the fight against inflation by continuing to hold down pressures for pay increases particularly in the public sector, and thus build on the Government's successes in this field over the past two years.

Recommended Budget Measures

1. Abolish the **National Insurance Surcharge**, which Chambers of Commerce have pressed for throughout the period of the last Government. Its material burden is still significant; more particularly, its retention belies Government intentions of helping business by providing a beneficial environment, and its abolition would be significant evidence that the Government was prepared to back industry in its fight to restrain costs.

2. Cut business's **national insurance contributions** for 1985-6 by one percentage point. This would be a further contribution to improved competitiveness.

3. Reduce **business rates** which, as the ABCC has already pointed out on other occasions, are likely to increase sharply in many areas in 1984-5 as a result of, first, the operation of the Government's penalty hold-back arrangements, and, second, of high spending councils seeking to improve their revenues before the Government's rate capping proposals come into force in 1985-6. Increases in business rates should not exceed the current rate of inflation, and until the Rates Bill is effective, the Exchequer should meet this cost. The Government's progressive reduction of rate support grant from 61 percent of local government spending targets to 52 percent in 1984-5 is a clear example of how the burden of direct taxation has been moved **from** taxes on individuals **to** taxes on business, as business

pays nearly 60% of rates income. We have already welcomed the provision of empty property derating for industrial premises and the right for **all** businesses to pay rates by instalments and we reiterate Chambers' previous recommendations that partially used ("mothballed") premises and plant be given rate relief.

4. **Gas** contract rates for industry should be frozen beyond April 1984. As the ABCC has already indicated, increased charges which directly contribute to industrial costs amount to a form of disguised taxation. The ABCC was delighted that the Electricity Council appears able to avoid increasing its own prices to industry. In view of the continuing disadvantage suffered by British companies compared with their European competitors in energy costs, there remains a case for further help for intensive **electricity** users. We would also wish to see the rate of duty on **heavy fuel oil** reduced.

5. Increase **capital investment** in the infrastructure, particularly in improved communications, measures to restore derelict land and buildings and modernisation of the sewage system which is becoming increasingly urgent in many older industrial areas. The ABCC's paper "Fair Deal For the Regions" argued for such priorities, some of which are capable of immediate implementation and most of which would have minimal import content. Investment in link roads to the East and South Coast ports, and in railway electrification remains vitally important.

6. Introduce measures to improve **incentives**. The progressive reduction of the poverty and employment "traps" is as important to the efficiency of the economy as the improvement of incentives to middle management (any individual earning £13,000 or over is penalised by the increase in National Insurance contributions announced on 17 November, in addition to the increased taxation on company cars). A larger increase in tax thresholds than warranted by the rise in prices would be a better way of pursuing these various purposes than a reduction in the basic tax rate.

7. Implement the following measures, mainly on **capital taxation**, for which the Association has pressed in previous years, details of which have been submitted separately to the Inland Revenue:

- a) a full and proper indexation of capital gains, removing the one year's delay and allowing indexed losses
- b) Remove anomalies in taxation of benefits in kind (particularly car and petrol benefits).
- c) Abolition of the investment income surcharge
- d) Reductions in rates of Capital Transfer Tax
- e) Abolition of the Development Land Tax, the administration of which is absurdly wasteful
- f) Various measures on Corporation Tax

8. **Help for Small Firms**

Many of the above measures would be of great assistance to smaller firms in starting up and, more importantly, "taking root" and steadily expanding. The

1983 Budget contained a most welcome "Small Firms Package" of measures, notably re-introduction of SEFIS. The ABCC's paper "Small Firms — Taking Stock", published in September 1983, also urged the Chancellor to:

- a) Extend capital allowances to new buildings and extensions which are to be used for commercial as well as industrial purposes.
- b) Widen the scope of the Business Expansion Scheme so as to permit reasonable participation by, and remuneration of, non-executive directors.
- c) Extend VAT zero-rating to building repairs and refurbishment to business premises.
- d) Allow VAT relief for bad debts, whether or not insolvency has been established. At present a large number of bankruptcies and liquidations have to be initiated simply to enable creditors to recover VAT.

In addition, ABCC has asked that serious consideration be given to reducing the Small Business Loan Guarantee Scheme premium from 3% to 2%. ABCC does not believe that the upper limit for assistance under the Loan Guarantee Scheme should be raised higher than £100,000.

The VAT registration threshold should continue to be raised in line with inflation; so as to help reduce small firms' administrative burdens.

Meeting the Cost

It should not be difficult to accompany the above generally welcome measures with economies of, say, £750 million in current spending in 1984-5 and £1.75 billion in 1985-6. Not only is Britain's PSBR, as a proportion of GDP, one of the lowest of the advanced industrial nations, but we also note that Treasury Ministers have argued to us that there is little prospect of lower interest rates in Britain while the US deficit remains so high. Thus, holding down Britain's PSBR rigidly on the lines prescribed in the Medium Term Financial Strategy is unlikely to produce **lower** interest rates and a degree of slippage on the PSBR, therefore, is unlikely to have a significantly adverse effect on interest rates.

If, however, in the Chancellor's judgement, PSBR increases on the lines indicated would jeopardise sustained recovery in national output, we would urge him to examine closely the case for increases in indirect taxation. An increase in VAT of, say, 1%, would not enter directly into **industrial** costs and would produce £550 million in the first year and £740 million in a full year. If matched by substantial reductions in business costs, as we have requested, it could be represented as helping the British producer against foreign competition. If real personal tax thresholds were raised, as we also suggest, consumer spending would not significantly be hit. There may even be a case for a further increase in the duties on tobacco and alcohol, beyond the revalorisation assumed in the Treasury's figures.

(continued)

Summary of Recommended Measures (£ billion) *

	1984-5	1985-6
Abolition of NIS	0.9	1.1
Reduction of Employers NIC by one percentage point	—	0.9
Cuts in Business rates, public utility costs and heavy fuel oil duty	1.0	0.7
Extra Public Capital Expenditure	0.75	1.75
Further indexation of Income Tax allowances and thresholds (by 7½% instead of 5% as justified by the going rate of inflation)	0.4	0.55
Capital Tax Changes and Small Firms Package	0.2	0.65
Total Tax Changes	3.25	5.65
Public spending savings	—0.75	—1.75
Feed back effect	—0.75	—1.50
Net effect on PSBR	+ 1.75	+ 2.40

*In comparison with no changes in policy using the Treasury definition: i.e. assuming indexation of tax thresholds and revalorisation of duties.

January 1984

262405 TRSY G
627110 CHACOM G
0211 84-01-19 11:15

4/19.

cc Mr Balfourhill
Mr Parkillo
Mr Makham

FOR MARTIN HALL, PRESS SECRETARY TO THE CHANCELLOR OF THE EXCHEQUER.
FROM DIRECTOR, MERSEYSIDE CHAMBER OF COMMERCE AND INDUSTRY.

TEXT OF SPEECH BY MR. TREVOR GALLEY, CHAIRMAN, MERSEYSIDE CHAMBER OF
COMMERCE AND INDUSTRY TO BE MADE AT DINNER BRITANNIA ADELPHI HOTEL
20TH JANUARY FOLLOWS.

MR. CHANCELLOR, DISTINGUISHED GUESTS, LADIES AND GENTLEMEN,

THERE ARE TIMES, IN THE DARK-NIGHT OF THE SOUL, WHEN WE ON MERSEYSIDE
MIGHT REASONABLY FEEL THAT WE ARE DESERTED IF NOT BY GOD AND MAN,
THEN AT LEAST BY MEMBERS OF HER MAJESTY'S GOVERNMENT. IT IS CERTAINLY
THEREFORE GRATIFYING THAT TONIGHT, WE ARE ABLE TO WELCOME NO LESS A
PERSON THAN THE CHANCELLOR OF THE EXCHEQUER, THE RT. HON. NIGEL
LAWSON. WE WOULD BE LESS THAN HUMAN IF, HAVING BEEN SUCCESSFUL IN
LURING HIM FROM THE FASTNESSES OF RURAL LEICESTERSHIRE AND FROM THE
HEIGHTS OF WESTMINSTER, TO VISIT OUR CITY, WE DID NOT AVAIL OURSELVES
OF THE OPPORTUNITY OF DOING A BIT OF LOBBYING ON THE SIDE.

YOU WILL NOTICE THAT WHEN SEATING THE CHANCELLOR, WE FLANKED HIM BY
ME ON ONE SIDE AND THE SENIOR VICE-CHAIRMAN ON THE OTHER, THE IDEA
BEING TO GIVE THE POOR MAN NO RESPITE DURING DINNER.

YOU WILL DOUBTLESS OBSERVE FROM MR. LAWSON'S RELAXED ATTITUDE, THAT
HE HAS SURVIVED THIS CROSSFIRE. I SUSPECT THAT THIS CHANCELLOR IS NOT
SUSCEPTIBLE TO PRESSURE TACTICS, UNLIKE THAT OTHER KIND OF CHANCELLOR
IN THE GONDOLIERS WHO WAS, YOU WILL REMEMBER, A RATHER SUSCEPTIBLE
CHANCELLOR.

I HAVE REALLY NO IDEA WHAT MR. LAWSON IS GOING TO SAY TONIGHT.
HOWEVER, TO INDULGE IN A LITTLE FANTASY, IF I WERE HE, I WOULD SAY
SOMETHING ON THE FOLLOWING LINES:-

" IN MY BUDGET STATEMENT NEXT MARCH (OR THEREABOUTS) I PROPOSE
TO LEGISLATE IN SUCH A WAY AS TO REDUCE BUSINESS COSTS, PRIME
AMONGST WHICH MUST BE A FALL IN INTEREST RATES, WHILST
AVOIDING MUCH FURTHER FALL IN THE DOLLAR STERLING PARITY; TO
IMPROVE INCENTIVES AT ALL LEVEL OF EARNINGS; TO SUSTAIN
ECONOMIC GROWTH, IF NECESSARY, EVEN BY PUBLIC SECTOR CAPITAL
SPENDING; TO MAINTAIN PRESSURE TO REDUCE PUBLIC SECTOR CURRENT
SPENDING AND TO CONTINUE THE BATTLE AGAINST INFLATION.

IT WOULD NOT BE IN ACCORD WITH THE TIME-HONOURED TRADITION OF
TIGHT-LIPPED CHANCELLORS, IF I FILLED IN THE DETAILS OF HOW I
PROPOSE TO DO THIS. SUFFICE TO SAY THAT I WILL GIVE SERIOUS
CONSIDERATION TO THE FOLLOWING MEASURES -

- (1) ABOLISH THE NATIONAL INSURANCE SURCHARGE.
- (2) ACT UPON BUSINESS RATES IN A MORE DIRECT FASHION THAN SIMPLY BY CAPPING THE RATES OF HIGH SPENDING AUTHORITIES, WHICH AT BEST, MERELY FREEZE AN ALREADY INTOLERABLE SITUATION, PERHAPS BY A PROCESS OF INDUSTRIAL DE-RATING, OR DIRECT INDUSTRIAL RATE SUBSIDY.
- (3) ABANDON THE PROPOSAL TO INCREASE ELECTRICITY CHARGES AND REVERSE THE INCREASE IN GAS CHARGES.
- (4) MODESTLY INCREASE CAPITAL INVESTMENT IN INFRASTRUCTURE IMPROVEMENTS SUCH AS ROADS, RAILWAYS, SEWERAGE, ALL OF WHICH COULD BE EXPECTED TO BE COST EFFECTIVE.
- (5) CUT BUSINESS NATIONAL INSURANCE CONTRIBUTIONS.
- (6) HELP SMALL FIRMS, BY FIRSTLY IMPLEMENTING THE ABOVE MEASURES BUT ALSO BY ADOPTING OTHER SPECIFIC MEASURES, WHICH I WILL NOT DETAIL HERE, BUT WHICH I HAVE SEEN IN THE ASSOCIATION OF BRITISH CHAMBER'S OF COMMERCE'S PAPER 'SMALL FIRMS - TAKING STOCK'.
- (7) AND NOT LEAST, BY LOOKING AT INCOME TAX: NOT PERHAPS THIS TIME BY REDUCING THE STANDARD RATE, BUT PERHAPS BY INCREASING THE THRESHOLDS BEYOND THE INDEXATION LEVELS, WITH THE AIM OF REDUCING BOTH POVERTY AND EMPLOYMENT 'TRAPS'.

ALL THIS WOULD AMOUNT TO A MODEST REFLATION.''

IF MR. LAWSON SAYS SOMETHING ALONG THESE LINES TONIGHT, WE WOULD, I IMAGINE, BE VERY SURPRISED, BUT ALSO VERY DELIGHTED AND EVEN MORE SO, IF HE CARRIED THESE THOUGHTS THROUGH IN TO HIS 1984 BUDGET.

NOW, OUTSIDE OF HIS BUDGET GESTATION PERIOD, WE KNOW THAT THE CHANCELLOR IS NOT IDLE; AS HE IS ACTING UPON THE ECONOMY IN A THOUSAND DIRECT AND INDIRECT WAYS, AND PHILOSOPHISING, DOUBTLESS, ABOUT FUTURE POLICIES. MAY WE ASK HIM AT SUCH TIMES TO SPARE A THOUGHT OR TWO FOR THE SPECIAL PROBLEMS OF MERSEYSIDE, WHICH HE MAY BE INTERESTED TO LEARN, ARE NOT ALL POLITICAL ONES, BUT ARISE IN LARGE MEASURES FROM WHAT MANY PEOPLE CONSIDER TO BE IRREVERSIBLE ECONOMIC CHANGES CONSEQUENT UPON, OR SO I AM INFORMED, THE FACT THAT THE MERSEY, IN ITS HEYDAY, USED TO POINT IN THE RIGHT DIRECTION, I.E. TOWARDS THE WORLD, BUT NOW, IN ITS DECLINE, POINTS IN THE WRONG DIRECTION I.E. AWAY FROM THE E.E.C.

LET HIM GIVE US THAT SMALL BUT POTENTIALLY IMPORTANT FILIP, A FREE PORT; THERE IS NO BETTER PLACE THAN MERSEYSIDE FOR THIS; LET HIM PERSUADE HIS COLLEAGUES THAT IT WOULD NOT BE A GOOD IDEA TO REDUCE PUBLIC SPENDING BY REDUCING THE AMOUNT OF REGIONAL AID FLOWING TO MERSEYSIDE; LET HIM ENSURE THAT FUNDING IS AVAILABLE FOR AID TO SERVICE INDUSTRIES, OF WHICH MERSEYSIDE IS PROUD TO HAVE MORE THAN ITS FAIR SHARE, AND LET HIM KEEP IN MIND WHEN HE INTRODUCES NEW FISCAL AND ECONOMIC MEASURES, THE SPECIAL CIRCUMSTANCES OF THIS PROUD, PRICKLY BUT POTENTIALLY PROSPEROUS AREA, MERSEYSIDE.

I AM CONSCIOUS THAT UP TO NOW, I HAVE NEGLECTED TO INTRODUCE THE CHANCELLOR TO YOU; SUFFICE TO SAY THAT NIGEL LAWSON WAS A DISTINGUISHED, OUTSPOKEN AND PROVOCATIVE JOURNALIST, EDITOR OF THE SPECTATOR, AND A REGULAR CONTRIBUTOR TO THE SUNDAY TIMES, THE TIMES AND EVENING STANDARD, AND A SOUGHT-AFTER BROADCASTER; THAT HE ABANDONED JOURNALISM, AS DID MANY DISTINGUISHED PEOPLE BEFORE HIM, FOR POLITICS, BEING ELECTED M.P. FOR BLABY, LEICESTERSHIRE IN 1974, BECOMING AN OPPOSITION WHIP IN 1976 AND OPPOSITION SPOKESMAN ON TREASURY AND ECONOMIC AFFAIRS IN 1977.

THEN, WHEN THE CONSERVATIVES WERE RETURNED IN 1979, HE BECAME FINANCIAL SECRETARY TO THE TREASURY AND IN 1981, ENERGY SECRETARY.

AFTER THE LAST ELECTION, HE BECAME, AS I AM SURE HE ALWAYS INTENDED, CHANCELLOR OF THE EXCHEQUER, AND NOW ON THE THRESHOLD OF HIS FIRST BUDGET.

ALL THIS WAS BUILT UPON THE SURE FOUNDATION OF AN EDUCATION AT WESTMINSTER SCHOOL, AND AT CHRIST CHURCH, OXFORD, WHERE HE GOT A FIRST IN PHILOSOPHY, POLITICS AND ECONOMICS.

I NOW ASK YOU TO WELCOME HIM AND TO LISTEN WITH ATTENTION TO WHAT HE HAS TO SAY TO US, EVEN IF IT DOES NOT ACCORD ENTIRELY WITH MY LITTLE FANTASY.

END OF SPEECH

REGARDS
MERSEYSIDE CHAMBER OF COMMERCE AND INDUSTRY

262405 TRSY G
627110 CHACOM G

1 Document
enclosed

For my kid's Ellesmere Port section

FROM : M D X PORTILLO
DATE : 19 JANUARY 1984

CHANCELLOR

MERSEYSIDE TOUR : NOTES ON MPs

Michael Woodcock's victory in Ellesmere Port and Neston was a great surprise. The new seat had been calculated to have a Labour majority of 3,000. Woodcock was returned with a majority of 7,000 over Labour, taking 46% of the vote. It is reckoned to have been a "marvellous" campaign and owed a great deal to the very generous mutual aid from the two Wirral seats. Woodcock is a businessman, being Managing Director of four companies which he founded. His background shows a considerable interest in trading matters. He is 39.

2. Barry Porter's majority of 14,000 was much as expected, although the seat was massively redistributed, losing Ellesmere Port to the new constituency. He is a solicitor and Company Director with interests in tourism and transport in particular. He is a local man and came up through local government.

3. David Hunt is of course the member for the other Wirral seat, but cannot be present: interviewing at CCO all day.



M D X PORTILLO

NOTE
ON
MUSIC
MPs

ELLESMERE PORT: LOCAL INDUSTRY

1. Industrial Structure

1.1. Manufacturing is unusually prominent and dominated by three major sectors, vehicles, petroleum, and chemicals. Major companies, include the Shell Group, Vauxhall, Consolidated Bathurst (Bowater successors) and Associated Octel (lead additives).

1.2. Unemployment/redundancies and closures

Unemployment as at December 1983 in the Birkenhead TTWA area is 31,159. Redundancies in the Ellesmere Port local office for the last 12 months have been 1,111.

1.3. New Developments

Shell are continuing to invest in their Stanlow Premises. Vauxhall Motors have recently announced that it is to reintroduce double shift working in April 1984, four months ahead of original schedule, and a re-tooling programme. UKF Fertilisers has placed a £10m contract for a new ammonium nitrate plant at Ince.

2. MTF Initiatives

2.1. The Boat Museum

Reconstruction and refurbishment of the site (owned by the Local Authority except for the Canals themselves) has been helped by finance from Cheshire County Council, MSC, English Tourist Board, Historic Buildings Council and EEC Regional Development fund grant. The major contribution, however, has been provided by Derelict Land Grant and the Urban Programme. The total cost of DOE aided items is over £3½m, (of which Derelict Land Reclamation is £2.4m).

A major project initiated by MTF secondees from private industry is the Energy Exhibition, which is the first in Britain on a permanent basis to be devoted exclusively to the subject of energy.

Ellesmere Port: Colas Site

In a partnership between the local authority and the private sector, land and buildings previously owned by Colas Ltd, a subsidiary of Shell, were redeveloped. Shell leased the site, rent free to Entep Ltd, a trust sponsored by Shell, Lloyds Bank and Associated Octel. With assistance through the Urban Programme a £300,000 scheme was undertaken to convert former premises into 22 industrial units. The former Colas office block has been converted for use as an ITEC and also on site is a 40 place training workshop, sponsored by Shell Cheshire and Ellesmere Port Councils.

On 15 July 1983 the Secretary of State for the Environment announced £381,000 assistance through the Urban Programme for further work to develop a further 27 small industrial units.

TASK
FORCE
BRIEF

2.4. Port Side I, II, Ellesmere Port

These two sites. lie between the Manchester Ship Canal and the M53 motorway. They were major areas of derelict land in Ellesmere Port but reclamation of both sites is now nearing completion. When the schemes are finished they will provide much needed serviced industrial land in the Borough.

for of Row

FROM : M D X PORTILLO
DATE : 19 JANUARY 1984

CHANCELLOR

cc Miss O'Mara
Mr Hall
Miss Young

LUNCH
SPEECH
ARRANGEMENTS

MERSEYSIDE : SPEECH IN ELLESMERE PORT

You will be met by Bill Duncan (Chairman of the Federation of the three Conservative Associations), Alf Tunstall (Chairman, Ellesmere Port Conservative Club), and Peter Robinson (Agent for the three seats).

2. You will also meet Mike Woodcock MP, who will give a short vote of thanks to you and Barry Porter MP. You are asked to speak for about 15 minutes, to an audience of about 130. After speaking, you will be able to circulate from table to table.

M D X PORTILLO

*Mr Legrand
adjusts a couple of statements
about figures*

(plf)



FROM: MISS M O'MARA
DATE: 19 January 1984

*MSM
20/1*

AB
Mr Battishill

cc Mr Folger

SPEECH TO MERSEYSIDE CHAMBER OF COMMERCE

The Chancellor has worked further on the draft speech
... for Merseyside and I attach the final product. If you have
comments of substance, I should be grateful if you could give
them to Miss Simpson as soon as possible tomorrow morning.

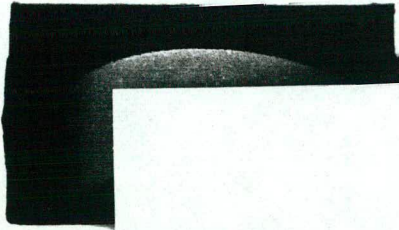
MSM
MISS M O'MARA

14/46


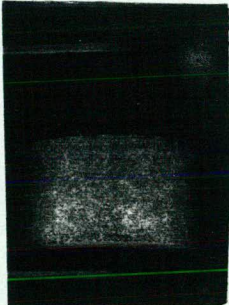
SPEECH TO MERSEYSIDE CHAMBER OF COMMERCE:
20 JANUARY 1984

I WISH TO TALK THIS EVENING ABOUT A SUBJECT OF IMPORTANCE AND CONCERN TO THE NATION AS A WHOLE - BUT PERHAPS TO MERSEYSIDE IN PARTICULAR. THAT IS THE QUESTION OF HOW WE CAN EXPECT TO GENERATE NEW EMPLOYMENT - WHERE THE NEW JOBS ARE LIKELY TO COME FROM.

THE GOVERNMENT REQUIRES NO GOADING INTO ACTION ON JOBS. EVERY CONSIDERATION - COMPASSIONATE, ECONOMIC AND POLITICAL - POINTS IN THE SAME DIRECTION: TOWARDS DOING EVERYTHING SENSIBLE THAT CAN HELP TO CREATE JOBS THAT WILL LAST.



I AM NOT PESSIMISTIC. THE PROBLEMS OF THE DAY ALWAYS SEEM MORE INTRACTABLE THAN THOSE OF YESTERDAY. IN THE 1960S AND EARLY 1970S IT SEEMED IMPOSSIBLE TO IMAGINE THAT BRITAIN COULD EVER OVERCOME HER BALANCE OF PAYMENTS PROBLEM. WE DID. IN THE 1970S INFLATION SEEMED UNTAMEABLE. WE HAVE TAMED IT. BACK IN THE 1930S UNEMPLOYMENT ITSELF - AS TODAY - SEEMED PERMANENT. THE PASSAGE OF TIME PROVED OTHERWISE.



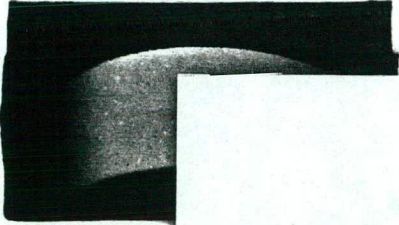
THERE IS NO SINGLE CAUSE OF UNEMPLOYMENT. BUT THERE IS NO DOUBT THAT A MAJOR CONTRIBUTORY FACTOR HAS BEEN THE SHARP RISE IN INFLATION IN THE RECENT PAST. INFLATION DESTROYED OUR COMPETITIVENESS, OUR PROFITS, OUR INVESTMENT, AND UNDERMINED INCENTIVES AND INDUSTRIAL RELATIONS.

THE REDUCTION OF INFLATION TO ITS PRESENT LOW LEVELS AND ITS FURTHER REDUCTION, ARE THE PRECONDITIONS FOR CREATING NEW JOBS. THERE IS NO CHOICE TO BE MADE BETWEEN TACKLING INFLATION OR UNEMPLOYMENT, AS SOME SUPPOSE, AND NO TRADE-OFF BETWEEN THE TWO. IN ACTING TO REDUCE INFLATION WE HAVE BEEN ATTACKING A ROOT CAUSE OF UNEMPLOYMENT; AND THAT INDEED HAS BEEN ONE OF OUR STRONGEST REASONS FOR PURSUING THIS POLICY.

AND INFLATION HAS GONE DOWN DRAMATICALLY. SINCE 1981 IT HAS FALLEN FROM A PEAK OF MORE THAN 20 PER CENT TO AROUND 5 PER CENT, AND INTEREST RATES ARE NOW LOWER THAN FOR 5½ YEARS. MARGARET THATCHER'S FIRST GOVERNMENT WAS THE FIRST FOR A QUARTER OF A CENTURY TO GO TO THE POLLS ON A RECORD OF AVERAGE INFLATION LOWER THAN UNDER ITS

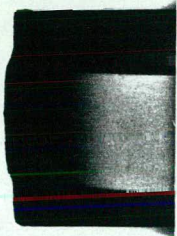
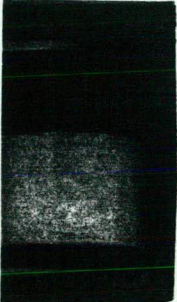
PREDECESSOR. AND HER SECOND GOVERNMENT IS NOT, I ASSURE YOU, PLANNING TO LET UP: WE SHALL HOLD INFLATION DOWN, AND BY SOUND ECONOMIC POLICIES, NOT THE DEVICES OF INCOMES POLICIES, PAY FREEZES, PAY NORMS, PRICE FREEZES - ALL THAT RANGE OF QUACK PATENT MEDICINES THAT PROVIDE TEMPORARY RELIEF WHILE THE PATIENT'S CONDITION ACTUALLY WORSENS.

THE REDUCTION OF INFLATION AND THE RESTORATION OF SOUND MONEY IS A NECESSARY BUT NOT A SUFFICIENT CONDITION FOR THE CREATION OF NEW JOBS. THAT WILL DEPEND ON HOW OUR LABOUR MARKET DEVELOPS: FOR EXAMPLE ON WHETHER EMPLOYEES ARE PREPARED TO WORK FOR WAGES EMPLOYERS CAN AFFORD TO PAY, AND WHETHER THEY CAN ADAPT THEIR SKILLS AND ACQUIRE NEW ONES.

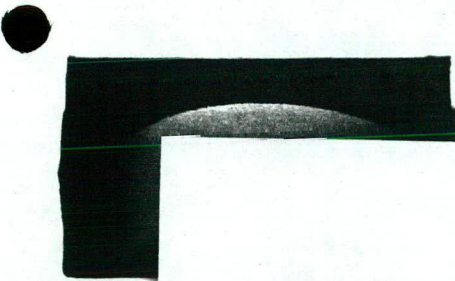


WE CANNOT KNOW THE FUTURE, AND ANYONE WHO
PRETENDS HE DOES IS A CHARLATAN. BUT TWO
THINGS ENABLE US TO MAKE AN INTELLIGENT
GUESS ABOUT THE DIRECTION IN WHICH WE
ARE MOVING.


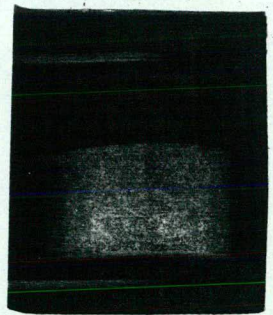
ONE IS TO OBSERVE THE TRENDS IN EMPLOYMENT
IN THIS COUNTRY WHICH ARE ALREADY ESTAB-
LISHED. THE OTHER IS TO EXAMINE
DEVELOPMENTS IN OTHER COUNTRIES,
PARTICULARLY THE UNITED STATES WHOSE
ECONOMIC EXPERIENCE IS OFTEN REFLECTED
SUBSEQUENTLY IN BRITAIN.



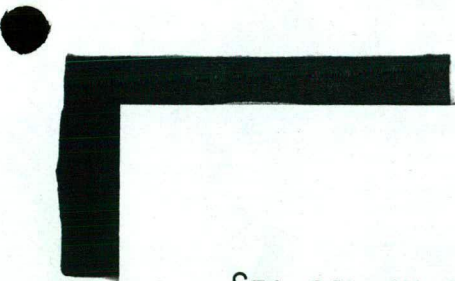
CHANGE IS CONTINUOUS. IT IS NOT CHANGE
WE HAVE TO FEAR, BUT RESISTANCE TO CHANGE.
CERTAIN CHANGES ARE ALREADY CLEAR FOR ALL
TO SEE.



MANUFACTURING EMPLOYMENT REACHED A PEAK AS FAR BACK AS 1966 AND HAS BEEN ON A FALLING TREND EVER SINCE. EMPLOYMENT IN SERVICES HAS BEEN RISING - WITH 1¼ MILLION MORE EMPLOYEES IN SERVICES IN 1983 THAN THERE WERE WERE IN 1973. MORE THAN HALF YOUR PRESENT MEMBERS ARE IN NON-MANUFACTURING INDUSTRIES. THE SHIFT FROM MANUFACTURING TO SERVICES HAS ACCELERATED OVER THE LAST DECADE.


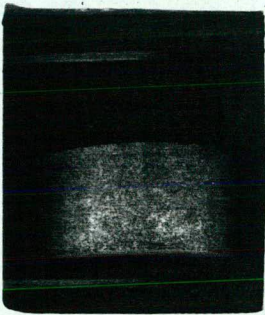


SUCH CHANGES REFLECT FUNDAMENTAL ECONOMIC AND SOCIAL FORCES. AS INCOMES HAVE RISEN, CONSUMERS HAVE SPENT A GREATER PROPORTION OF THEIR INCOMES ON SERVICES. TECHNICAL CHANGES HAVE REDUCED THE LABOUR NEEDED PER UNIT OF OUTPUT IN MANUFACTURING COMPARED WITH SERVICES. INCREASED COMPETITION IN WORLD MARKETS AND THE EFFECT OF NORTH



SEA OIL ON OUR EXCHANGE RATE HAVE PUT
PRESSURE ON INDUSTRIES EXPOSED TO WORLD
TRADE. THESE FORCES ARE UNAVOIDABLE.

OUR EXPERIENCE IS NOT, OF COURSE, UNIQUE.
IN ALL THE SEVEN MAJOR OECD COUNTRIES,
THERE HAS BEEN AN INCREASE IN THE SHARE
OF SERVICES IN TOTAL EMPLOYMENT AND A
REDUCTION IN THE SHARE OF MANUFACTURING.
IN THE UNITED STATES THERE HAS BEEN A
FASTER SHIFT TO SERVICES THAN ELSEWHERE
- AND ALSO A MARKED RISE IN TOTAL
EMPLOYMENT.

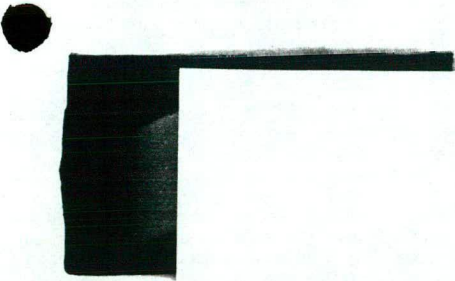


WHY HAS AMERICA SEEMED TO DO BETTER THAN
US SO FAR AS NEW JOBS ARE CONCERNED? ONE
FACTOR IS SURELY A MORE FLEXIBLE AND
ADAPTABLE ENVIRONMENT IN THE US. LABOUR
MOBILITY FOR EXAMPLE, IS MUCH HIGHER

- MORE THAN TWICE THE RATE OF JOB CHANGING FOUND IN BRITAIN. AND WAGES ARE MORE RESPONSIVE. US HOURLY EARNINGS HAVE ACTUALLY FALLEN IN REAL TERMS IN RECENT YEARS.

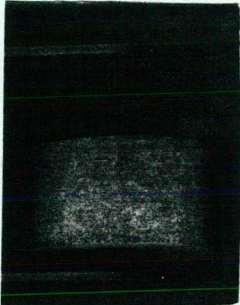
CHANGES IN THE STRUCTURE OF EMPLOYMENT ARE AN ESSENTIAL PART OF THE PROCESS OF ECONOMIC GROWTH. THEY REFLECT SUCCESSFUL ADAPTATION TO CHANGES IN CONSUMER TASTES AND INDUSTRIAL TECHNOLOGY. A COUNTRY WHICH HAS NOT ADAPTED WILL FAIL TO SECURE ITS MARKET SHARE AT HOME AND ABROAD. OUR SUCCESS IN CREATING NEW JOBS IS ALSO LIKELY TO DEPEND ON THE ADAPTABILITY OF OUR WORKFORCE AND ON THE LEVEL OF WAGES.

IN BRITAIN THERE ARE A NUMBER OF OBSTACLES TO THE VITAL PROCESS OF ADAPTATION - WHICH





ARE PREVENTING THE CREATION OF NEW JOBS.
THESE HAVE TO BE TACKLED.

PEOPLE HAVE ALWAYS HAD ANXIETIES ABOUT
THE EFFECT OF TECHNICAL CHANGE ON THEIR
JOBS. THIS FEAR MOTIVATED THE LUDDITES.
BUT THE COMING OF AUTOMATION SOME DECADES
AGO SHOWED US THAT IN THE LONG RUN RAPID
TECHNICAL CHANGE CREATES MORE JOBS THAN
IT DESTROYS.



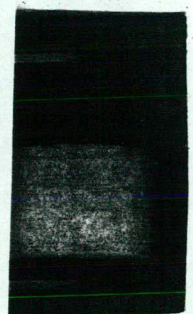
BUT WE URGENTLY NEED TO IMPROVE THE WAY
IN WHICH OUR LABOUR MARKET WORKS. FOR
TOO LONG IT HAS BEEN WEIGHED DOWN BY
VESTED INTERESTS AND RESTRICTIVE PRACTICES
OF ONE KIND OR ANOTHER. SOME OF THE WORST
RESTRICTIONS HAVE BEEN IMPOSED BY TRADE
UNIONS IN THE MISTAKEN BELIEF THAT THEY



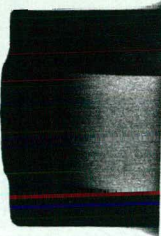


WOULD SAVE JOBS: DEMARCATION LINES,
ENTRY RESTRICTIONS AND OTHER UNHELPFUL
PRACTICES. I DO NOT NEED TO LABOUR THE
POINT HERE IN MERSEYSIDE.

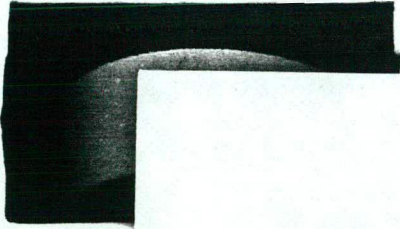
BUT OTHER RESTRICTIONS RESULT FROM MIS-
GUIDED INTERVENTION OF PAST GOVERNMENTS.
THIS GOVERNMENT AIMS TO REMOVE THE
STRAIGHTJACKET OF RESTRICTIONS.



WE HAVE ALREADY TAKEN A NUMBER OF VERY
IMPORTANT STEPS TOWARDS THIS END. WE
HAVE REMOVED EXCHANGE CONTROLS, PAY,
PRICE AND DIVIDEND CONTROLS, HP CONTROLS,
AND UNNECESSARY PLANNING CONSTRAINTS.


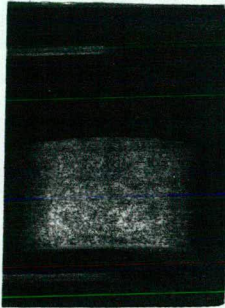


WE ARE MAKING GOOD PROGRESS WITH THE
REMOVAL AND LIMITATION OF MONOPOLIES IN
THE STATE SECTOR; THROUGH PRIVATISATION

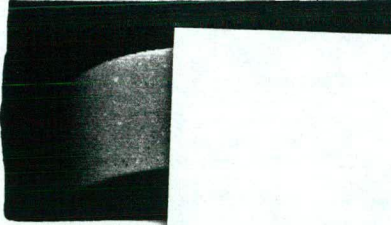


WHERE POSSIBLE, OR BY THE INTRODUCTION
OF COMPETITION.

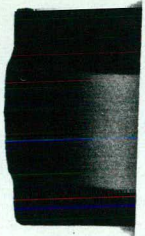
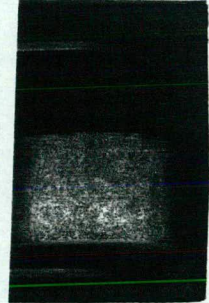
SO FAR SO GOOD. BUT A CHANGE IN PUBLIC
ATTITUDES IS ALSO REQUIRED, PARTICULARLY
IN EDUCATION AND TRAINING. WE HAVE TAKEN
A NUMBER OF INITIATIVES TO IMPROVE THE
SCHOOL CURRICULUM AND EXAMINATION SYSTEM,
TO FIT PUPILS BETTER FOR WORKING LIFE.
THE NEW TRAINING INITIATIVE - ON WHICH
WE ARE THIS YEAR SPENDING £850 MILLION
- TACKLES THE REFORM OF SKILL TRAINING
WHICH IS LONG OVERDUE, HELPS YOUNG PEOPLE
MOVE FROM SCHOOL TO THE REQUIREMENTS OF
WORK, AND OPENS UP TRAINING OPPORTUNITIES
FOR ADULTS.



WE ARE ALSO TACKLING OBSTACLES TO LABOUR
MOBILITY. THE WAY IN WHICH OCCUPATIONAL



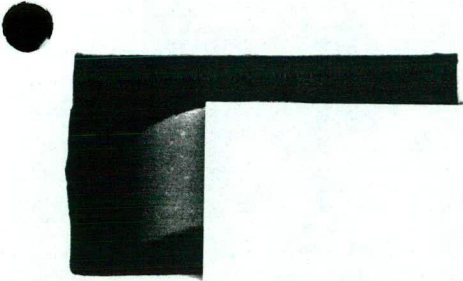
PENSION SCHEMES TREAT THE EARLY-LEAVERS HAS DISCOURAGED PEOPLE WHO WOULD OTHERWISE CHANGE JOBS. WE INTEND TO LEGISLATE TO IMPROVE THE VALUE OF PRESERVED PENSION RIGHTS AND WE ARE LOOKING AT THE CASE FOR 'PORTABLE' PENSIONS. INCREASED OWNER OCCUPATION THROUGH COUNCIL HOUSE SALES HAS HELPED INCREASE LABOUR MOBILITY, AND WE INTEND TO GIVE COUNCIL TENANTS A RIGHT TO EXCHANGE THEIR HOMES.



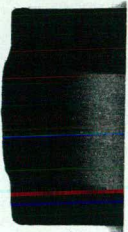
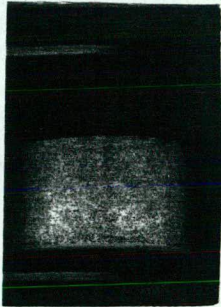
NEW JOBS WILL DEPEND ON EARNINGS FLEXIBILITY TOO. THE WAGES OF TRAINEES AND YOUNG PEOPLE NEED TO BE SET AT REALISTIC LEVELS. AS IN EVERY OTHER FIELD THERE IS A CLEAR RELATIONSHIP BETWEEN THE PRICE AND DEMAND. OTHER THINGS BEING EQUAL, CHEAPER JOBS WILL MEAN MORE JOBS.

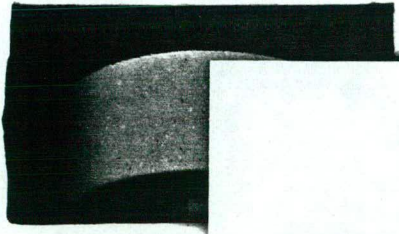
UNREALISTIC PAY LEVELS ARE NOT AN OBSTACLE WHICH THE GOVERNMENT CAN TACKLE DIRECTLY. THAT DEPENDS ON EMPLOYEES AND PAY BARGAINERS BEING AWARE OF THE CONSEQUENCES OF PUSHING FOR HIGHER WAGES AND ACTING ACCORDINGLY. TO THAT EXTENT THE PROSPECTS FOR THE UNEMPLOYED WILL DEPEND NOT ON THE ACTIONS OF GOVERNMENT, BUT ON THE ACTIONS OF THOSE IN WORK, ON BOTH SIDES OF INDUSTRY.

IF WE TAKE OUT TOO MUCH IN PAY WE PUT OUR ECONOMIC GROWTH AT RISK. OUR GOODS AND SERVICES WILL BE UNCOMPETITIVE. JOBS THAT DEPEND ON EXPORTS, AND JOBS INVOLVED IN SUPPLYING THE HOME MARKET, WILL BE LOST.

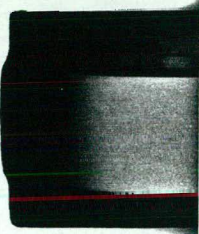
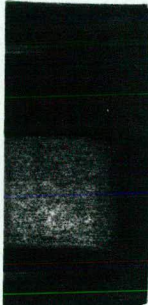


THOSE WHO MANAGE TO SECURE EXCESSIVE
PAY INCREASES WILL PUT AT RISK THEIR
OWN JOBS, THE JOBS OF OTHERS, AND THE
JOB PROSPECTS OF THE UNEMPLOYED.





BUT LET ME CLOSE ON A POSITIVE NOTE.
THE INFLATION FIGURES PUBLISHED TODAY
SHOW THAT PRICES IN 1983 ROSE BY ONLY
4½ PER CENT MORE THAN THEY DID THE YEAR
BEFORE. ECONOMIC GROWTH IN THE UK WAS
THE HIGHEST OF ANY COUNTRY IN THE
EUROPEAN COMMUNITY LAST YEAR AND WITH
GROWTH OF 3 PER CENT PREDICTED FOR 1984,
WE'RE SET FAIR TO MAINTAIN THAT RECORD.
BANKS' BASE LENDING RATES HAVE REMAINED
AT 9 PER CENT OVER THE LAST FOUR MONTHS
AND ALL THE SIGNS FROM BOTH OUR OWN AND
THE CBI'S INDUSTRIAL SURVEYS ARE THAT
FIRMS ARE REGAINING THEIR CONFIDENCE
AND PLANNING SUBSTANTIAL INVESTMENT THIS
YEAR.



SO IT'S LITTLE SURPRISE THAT THE
UNEMPLOYMENT PICTURE IS LOOKING BRIGHTER

TOO. THE LATEST ESTIMATES WE HAVE INDICATE A RISE IN THE NUMBER OF PEOPLE IN WORK - THE FIRST INCREASE FOR NEARLY FOUR YEARS. SHORT-TIME WORKING TOO IS AT ITS LOWEST LEVEL SINCE 1980 AND I'VE BEEN TOLD THAT HERE IN MERSEYSIDE VAUXHALL ARE SOON TO INTRODUCE A SECOND SHIFT AT THEIR ELLESMERE PORT PLANT. WE'VE SHOWN AS A COUNTRY THAT BY FACING UP TO OUR PROBLEMS, BY TAKING TOUGH DECISIONS WHERE THEY'RE NEEDED, WE CAN REVERSE THE TRENDS OF SOARING INFLATION, SLOW GROWTH AND RISING UNEMPLOYMENT. IT'S BY A DISPLAY OF THAT SAME REALISM THAT MERSEYSIDE CAN AND WILL SHARE IN THE NATION-WIDE RECOVERY WHICH IS NOW PLAIN FOR ALL TO SEE.

(Handwritten initials)



FROM: MISS M O'MARA
DATE: 19 JANUARY 1984

MR BATTISHILL

cc Mr Folger
Mr Hall
Mr Shields
Mr Makeham *(with a scribble)*
Mr Portillo
Miss Low
Miss Noble
Ms Rutter

CHESHIRE PRESS RELEASE

I attach what I hope is the final version of this press release. If recipients have any comments, could they let me have them tonight.

Mom

MISS M O'MARA

Extract from a speech by the Chancellor of the Exchequer,
the Rt Hon Nigel Lawson MP (Blaby) to the Wirral Conservative
Federation in Ellesmere Port, Cheshire

EMBARGO: Friday 20 January, 13.00

Today's figure for the Retail Price Index means that inflation in 1983 averaged only 4.6 per cent - far and away the lowest price rise since the 'sixties.

So it's not surprising that the opinion polls tell us that people are no longer so concerned about inflation. Old people no longer worry so much about their life savings being wiped out. Housewives no longer worry about the prices of goods on the supermarket shelves rising from week to week.

But the fact that people are less worried today is no reason to let up our efforts to reduce inflation further. A generation ago, inflation of getting on for 5 per cent would have seemed far too high. It still is.

Not least because inflation is one of the root causes of unemployment.

The high inflation of the recent past meant sharp rises in the price of British goods so that people bought cheaper, foreign goods. It rapidly reduced the value of company profits, pushed up interest rates and so weakened investment. It made sensible forward planning for businesses impossible. It undermined incentives

for those in work; and damaged industrial relations, as employees fought to stay ahead of the game.

In all of these ways, inflation destroyed jobs. Now it has fallen dramatically and as a direct result, the economy is on the move. Unemployment appears to have stopped rising at last. This combination of renewed growth and low inflation offers the only basis for new jobs.

The latest estimates we have show that in the period April-June 1983, the number of people in work rose by 18,000 - the first rise for nearly four years. There are many more job vacancies too. Short-time working is at its lowest level for four years, and overtime is picking up sharply. These are all encouraging signs.

How much better we can do will depend on how well Britain can adapt to the future: not least whether workers will reach reasonable pay settlements and whether the unions will abandon their restrictive practices.

But of one thing we can be certain. If we were to let up in the constant struggle against inflation, it is not only the RPI that would shoot up again. We would also go straight back to rising unemployment, from which Merseyside in particular has suffered so much.

Meanwhile, the Government is keenly conscious of the need to alleviate hardship and - within the limits of available resources

- to help areas and people with particular difficulties. It is often forgotten just how much we are doing. Merseyside is both a Special Development Area and an Inner City Partnership Area. The Merseyside Development Corporation and the Merseyside Task Force provide further initiatives to encourage industrial development. Expenditure by the Department of the Environment this year amounts to £250 million with another £3⁸0 million *available* channelled through the Rate Support Grant. A further £200 million is spent on industry and employment schemes on Merseyside. This amounts to getting on for £1,000 million spent in one year on Merseyside, mostly to regenerate industry, employment and housing - or between £2 million and £3 million of taxpayers' money every day.



Spares, one with Mom
& Portillo.

Conservative Central Office

32 Smith Square Westminster London SW1P 3HH
Tel. 01-222 9000 Telex 8814563 Fax. 01-222 1135

Jenny Bryant-Kearse

With Compliments

20/1/84.



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Press & Public Relations
Department.

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01-222 9000

Conservative Central
Office.
32 Smith Square,
London SW1P 3HH

RT HON NIGEL LAWSON MP

Release Time: 13.00 HOURS/FRIDAY 20TH
JANUARY 1984

40/84

Extract from a speech by the Chancellor of the Exchequer,
the Rt Hon Nigel Lawson MP (Blaby) to the Wirral Conservative
Federation in Ellesmere Port, Cheshire

EMBARGO: Friday 20 January, 13.00

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But of one thing we can be certain. If we were to let up in the constant struggle against inflation, it is not only the RPI that would shoot up again. We would also go straight back to rising unemployment, from which Merseyside in particular has suffered so much.

Meanwhile, the Government is keenly conscious of the need to alleviate hardship and - within the limits of available resources

- to help areas and people with particular difficulties. It is often forgotten just how much we are doing. Most of Merseyside is a Special Development Area, Liverpool is an Inner City Partnership Area, and there is an Enterprise Zone at Speke. The Merseyside Development Corporation and the Merseyside Task Force provide further initiatives to encourage industrial development. Expenditure by the Department of the Environment this year amounts to £250 million with another £380 million available through the Rate Support Grant. A further £200 million is spent on industry and employment schemes on Merseyside. This amounts to getting on for £1,000 million spent in one year on Merseyside, mostly to regenerate industry, employment and housing - or between £2 million and £3 million of taxpayers' money every day.

END.



FROM: MISS M O'MARA

DATE: 23 January 1984

cc PS/Chief Secretary
Mr Pestell
Mr Culpin

MISS SPENCER

EXPENDITURE ON MERSEYSIDE

The Chancellor would be grateful to know how much of the expenditure recently devoted by DOE to the regeneration of Merseyside was found within the Department's existing programmes.

Mom

MISS M O'MARA



FROM: MISS M O'MARA

DATE: 23 January 1984

cc PS/Chief Secretary
Mr Pestell
Mr Culpin

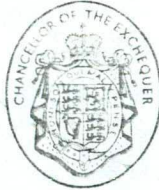
MISS SPENCER

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Mam

MISS M O'MARA



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

23 January 1984

K E C Sorensen Esq
Merseyside Task Force
Graeme House
Derby Square
LIVERPOOL L2 7SU

Dear Eric,

Thank you very much for all the efforts you made to ensure that the Chancellor's visit to Merseyside went so smoothly - not least for obtaining our return air tickets! The Chancellor certainly welcomed the opportunity to see at first hand some of the problems the area faces and I know he was particularly grateful for the extensive briefing you supplied.

Could you also pass on our thanks to Marjorie. The Chancellor was delighted to see such a flourishing example of private sector enterprise taking over the role of the public sector!

Yours sincerely,

Margaret O'Mara

MISS M O'MARA
Private Secretary



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

23 January 1984

Mrs R Homolka
Social Secretary
Merseyside Chamber of Commerce and Industry
1 Old Hall Street
LIVERPOOL
L39 HG

Dear Bobby,

Thank you so much for all the trouble you took to ensure that the arrangements for last Friday's dinner went so smoothly. I know that the Chancellor much enjoyed the evening and I was particularly grateful to you for giving me the opportunity of a further chat with George and Joy Alcock. It certainly made my evening.

Yours sincerely,

Margaret O'Mara

MISS M O'MARA
Private Secretary



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

23 January 1984

The Chief Constable of Merseyside Police
Police Headquarters
Canning Place
LIVERPOOL
L69

Dear Sir,

May I, through you, thank those members of the Special Branch who accompanied the Chancellor of the Exchequer during his visit to Merseyside last Friday. Despite predictions in the press of large demonstrations, the visit passed virtually without incident but we were nevertheless most grateful for our police escort.

Yours faithfully,

Margaret O'Mara

MISS M O'MARA
Private Secretary



K. G. OXFORD, C.B.E., Q.P.M.

Chief Constable's Office,

P. O. Box 59,

Liverpool L69 1JD

Tel. 051-709 6010

26th. January, 1984.

Dear Miss O'Mara

Thank you for your letter of 23rd. January concerning the recent visit of the Chancellor of the Exchequer to Merseyside.

I will be pleased to pass on your kind comments to the officers concerned.

Yours sincerely
K. Oxford

Miss M. O'Mara,
Private Secretary,
Treasury Chambers,
Parliament Street,
London,
SW1P 3AG.

Margaret,

Do you want
this? - or pup?

David

(pup) - to prove
he approved it!

Dear M.

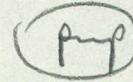
I visited Merseyside on 20 January and met members of the Board of the Merseyside Development Corporation. I was shown the site of the International Garden Festival, the New Enterprise Workshops sponsored by British American Tobacco and the restoration of the Albert Dock Warehouse complex.

After speaking to the Wirral Conservative Federation in Ellesmere Port, I visited the North West 3 District tax office in Bootle and finally attended a dinner ^{given} hosted by the Merseyside Chamber of Commerce and Industry at which I was the guest speaker.

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✓ relevant Lipos & Miss
Mention with regard to
Alvance & N. used by
P.



INLAND REVENUE
MANAGEMENT DIVISION
SOMERSET HOUSE



PS/Chancellor

CHANCELLOR'S VISIT TO BOOTLE 20 JANUARY 1984

The District Inspector at North West 2 has sent me some papers relating to a speech the Chancellor gave in the Wirral. I am returning them to you in case they are needed.

M. Waters

M WATERS

27 January 1984

FROM: P J STREDDER
3rd February 1984

MISS O'MARA

Handwritten signature in red ink

cc PS/Chief Secretary
Mr Pestell
Mr Hopkinson

EXPENDITURE ON MERSEYSIDE

Your minute of 23rd January to Miss Spencer asked for some information about expenditure on Merseyside.

2. The attached table shows DOE expenditure on Merseyside for those programmes which benefitted from the additional resources secured for Merseyside by Mr Heseltine plus expenditure by the Merseyside Development Corporation (MDC) (since although it predated the Merseyside initiative it has contributed to it). Expenditure on local authority housing, the New Towns and Rate Support Grant was not augmented by these resources and is not shown.

3. As can be seen no additional resources were provided in 1981-82 The additional resources secured for 1982-83 were £15m, all from the Contingency Reserve, but as can be seen only £12m was spent. The additional resources for 1983-84^{were} initially bid for at £50m but were eventually set at £40m. They were found from within the DOE net PES baseline but from an expanded gross figure allowed for by a forecast of receipts higher than in the Survey baseline. The additional receipts amounted to £300m, of which Mr Heseltine surrendered £90m in PES 82; the £40m additional resources for Merseyside were found from within the resulting £210m increase in his gross programme total.

P J Stredder

P J STREDDER

MERSEYSIDE EXPENDITURE

	1981-82		1982-83		1983-84	
		Met From Existing Provision	Additional Provision	Met From Existing Provision	Additional Provision	
Urban Programme	22.5	30.6	4.9	23.0	22.0	
Merseyside Development Corporation	5.3	22.5	-	35.1	-	
Derelict Land Grant	2.7	2.2	6.0	1.9	10.0	
Sports	0.1	-	0.8	0.1	1.0	
Historic Buildings	0.8	0.8	-	-	2.0	
Housing Corporation	44.2	54.6	-	55.6	5.0	
Administration (FIG)	-	-	0.3	-	-	
TOTAL	75.6	110.7	12.0	115.7	40.0	



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recall that
(dreadful) & wallah!
Pete
write 2 Nakh.
M.*

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VAT Reg. No. 392 3813 39

Reg. No. 24222R



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

23 March 1984

Corius Ltd
Unit B28
New Enterprise Workshops
South West Brunswick Dock
Sefton Street
Liverpool 4AR

Dear Sir,

The Chancellor has asked me to thank you for the handsome leather wallet you have sent him. He was all the more delighted to receive it, having watched it being made. He much enjoyed his visit to Merseyside at the end of January and was particularly impressed by the enthusiasm shown by all those working in the New Enterprise Workshops.

*Yours faithfully,
Margaret O'Mara*

MISS M O'MARA
Private Secretary