

Spoke Dot.
Further advice
coming
Lamson M.A. 21/11

PRIME MINISTER

Please Tell SIS I am Nathaniel
appalled at the excuses and
the cheat letter. They are a caricature
of every thing that is wrong with British
industry. But letter sent for. Day 1

Alan Newman Limited have written to you in a tone of
surprise and disappointment over their problems in finding a
British shipbuilder to carry out a contract to convert a
40,000 ton liner into a floating hotel.

Mr. Newman finds it impossible to reconcile the negative
response from British shipbuilders and other British yards
with the parlous state of the shipbuilding industry.

The Department of Industry have been in touch with
British Shipbuilders, who justify their lack of interest
on four grounds:

- inadequate planning by the potential client;
- some major items with long delivery times in
relation to the overall contract period;
- at peak loading the contract would require about
2300 men, largely in the outfit trades where labour
is still scarce;
- additional contract labour for the purpose creates
problems of meeting delivery dates if the work-
force realise that there is no follow-on work
available.

If you are content with this explanation, may I write
on your behalf as in the attached draft from Sir Keith Joseph's
office?

M.A.

18 July 1980

and I am very angry
that industry should
be like this
and I am very angry
that industry should
be like this
and I am very angry
that industry should
be like this

see
B's's letter
Am I right?
Thinking
How have
just been
given an
intergrant?
NB!



DEPARTMENT OF INDUSTRY
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123 VICTORIA STREET
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TELEPHONE DIRECT LINE 01-212 3301
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PS/Secretary of State for Industry

PS
R/16 July 1980

Mike Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Mike,

Thank you for your letter of 3 July attaching a copy of a letter the Prime Minister had received from Mr Alan Newman about the company's difficulty in finding capacity in the shipbuilding industry to work with them on a liner conversion contract.

... 2 I attach a draft Private Secretary reply which you may care to send to Mr Newman on the Prime Minister's behalf.

*Yours ever,
Pete*

PETER STREDDER
Private Secretary



DRAFT REPLY FOR THE PS/PRIME MINISTER TO SEND TO

Alan Newman Esq

The Prime Minister has seen your letter of 2 July about the difficulties you have encountered in trying to place a contract for conversion of a liner into a floating hotel with British Shipbuilders and Harland & Wolfe. She has asked me to reply to you.

Officials at the Department of Industry and the Department of Commerce in Northern Ireland have taken up the points in your letter with the companies. British Shipbuilders have explained that although it is a major contract they felt that in some areas detailed planning by your client was not well advanced and that

- ① specific major items would have had awkwardly long delivery times in relation to the required contract period. But, more particularly,
- ② the contract at peak loading would have called for about 2,300 men, mainly in the outfit trades. You are of course correct in thinking that British Shipbuilders and Harland and Wolff are both in urgent need of work for their men but neither of them has
- ③ enough spare labour in the relevant trades to take on your business in the time allowed. Nor do they consider that it is a viable
- ④ proposition to take on extra labour specifically for this contract since they would be unable to provide follow-on work and would have to get rid of the extra labour when the contract was complete. This could itself lead to difficulties in meeting contract dates when completion means the end of a job. Extensive use of sub-contract labour, even if this were possible to arrange, could create difficulties with the companies' own work forces.

Having looked into this the Prime Minister is satisfied that the companies' reasons for refusing the contract are commercially sensible. She feels, however, that the reasons for doing so may not have been fully explained to you and I am therefore sending copies of this letter and of yours to the Chairmen of British Shipbuilders and Harland and Wolff.