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CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

INMOS

Memorandum by the Secretary of State for Wales

Colleagues should be clear about the importance of the general principles that are raised by the decision to be taken about the siting of the INMOS manufacturing plant and of its political significance. As I pointed out in my letter of 5 March to the Secretary of State for Industry, what is at stake is the credibility of our regional policy. A decision to grant an IDC in this case will be seen as signalling the abandonment of IDC control, and will make it exceedingly difficult ever again to refuse a comparable IDC.

2. The political impact of the decision is evident from the intervention of the Leader of the Opposition, from the letters of the Times of 29 February 1980 by former Ministers, and from the speech by Alan Williams in the House of Commons on 12 March. In my letter of 5 March I suggested that the decision would have a very adverse effect on the attitudes of those faced with large scale closures and de-manning in the region and would be seen as an abandonment by Government of any serious attempt to attract new and more diverse industry to these areas. It would increase the impression that has been given to outside investors by recent comments and broadcasts that Wales is becoming an industrial desert not suitable for new industrial development particularly of high technology projects and it would add very seriously to our political difficulties in Wales.

3. Immediately after the meeting of E(EA) on 6 March at which the issue was considered, the Chairman of BSC came to see me to urge further Government action to encourage a feeling of hope and regeneration in steel closure areas, to ease his task of getting the reduction in manpower that he is seeking. The decision to grant an IDC to INMOS in Bristol would be flying in the face of any such an attempt.

4. Work at Bristol is at such an early stage that I find it very hard indeed to believe that a project that would succeed in Bristol would fail if moved at this point only half an hour down the motorway to Cardiff. There may be some additional risk to an already risky

CONFIDENTIAL

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project. That must be balanced against the undoubted consequences that would arise if we grant an IDC at Bristol. If we do so we will have seriously undermined regional policy, we will have added greatly to our political difficulties and we will have taken a step that will harden industrial attitudes at a time when bitterness and anxiety are already very significant factors in the industrial situation. That would seem to be a heavy price to pay and I believe outweighs any additional risk involved.

R N E

14 March 1980
Welsh Office

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