



*Amendments* <sup>2</sup>  
*Req'd*  
*he has already asked*  
*but this be brought*

Treasury Chambers, Parliament Street, SW1P 3AG *forward for*  
01-233 3000 *collective consideration.*

PRIME MINISTER

*ms.* *17/12*

ENTERPRISE ZONES

I understand (although I have not seen any correspondence) that Nicholas Edwards, in the context of responding to a request by you to examine the possibilities of creating an enterprise zone on Deeside, suggested that a statement might be made in the course of debate yesterday to the effect that the Government are looking at the desirability of establishing zones in areas affected by steel industry redundancies. In the event no such statement was made.

2. I do have severe doubts about the desirability of any statement on those lines at present. I am sure that prior collective consideration is essential. My reasons for saying so are:

- (i) Enterprise zones are designed - very much on an experimental basis - to bring new life to areas of urban or industrial dereliction. We do not, I believe, want to use them more generally as instruments for planning employment-intensive investment. *?*

/(ii) They do,

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(ii) They do, of course, give rise to additional public expenditure or loss of Tax Revenue, and dilute the rating base for future years. Therefore a carefully controlled oversight of their numbers and location is essential. Rousing expectations which we may not think it right on reflection to fulfil could be damaging.

(iii) Other sectors suffering high unemployment could plead the same case as that arising from steel closures, and intensify pressures to take action on an ever-widening scale.

3. I very much hope therefore that a statement can be avoided.

4. I am sending copies of this minute to Keith Joseph, Michael Heseltine, Nicholas Edwards and George Younger.

*R. I. Folmer*

*for*  
(G.H.)

17 December 1980

*(approved by the Chancellor  
and signed in his absence)*