

SUBJECT.

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Prime Minister

10 DOWNING STREET

From the Private Secretary

17 March, 1981.

Dear Godfrey

Gavin Strang, M.P.: Meeting with the Prime Minister

The Prime Minister met Dr. Gavin Strang, M.P., at his request at 1545 on 17 March. Mr. Alex Fletcher was also present.

Dr. Strang said that he wanted to raise four points.

The first was that the management of Bruntons had told him that they were concerned about competition from the British Steel Corporation. They thought that they might be being undercut by the BSC although they had no firm evidence. The Prime Minister suggested that Dr. Strang should follow this point up with Mr. Fletcher after the meeting, and Dr. Strang readily agreed to do so.

Secondly, Dr. Strang said that the firm was concerned about the effects not only of the recession, but also of the strong pound. They were now facing competition from cheap imports from Germany and elsewhere. They thought that there might be some dumping going on, but Dr. Strang said he was not convinced of this. He added that Bruntons were the major employer in Musselburgh and he thought there would be more redundancies to come there.

Thirdly, he said that unemployment in Musselburgh had increased over the last few months at twice the rate of increase in Scotland as a whole. He accepted that Scottish unemployment had grown more slowly in 1980 than unemployment in the UK generally, but Musselburgh had a particularly high rate of increase.

He said that the SDA was involved in two industrial estates in his constituency. He hoped that the Scottish Office would encourage the SDA to regard the eastern side of Edinburgh as an important area for investment for the future. He said that the area needed a continuing commitment from the SDA, providing advance factories, so as to encourage private development. He said that someone in his constituency had been asked by a Scottish Office official whether he wanted to go to Clydebank. He did not blame the official for suggesting this, but was worried about the consequences for his own constituency which was not a booming area. The Prime Minister said that she could understand the point, and that seeking to persuade

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firms to move to areas where they were unwilling to go might prove counter-productive in the long run: instead of creating new jobs in areas of high unemployment, the result might be that the firm failed in its new location and the jobs were lost in the old location as well.

Fourthly, Dr. Strang said that he wanted to raise the issue of the assisted area status of the area. He said that he had already raised this in an adjournment debate. He said that he accepted that the problems of west and west central Scotland were worse than those of the eastern part of the country, but Edinburgh itself had real problems. Furthermore, in his view jobs attracted to Edinburgh - which many people saw as an attractive city - would lead to further investment in Scotland, and would bring more workers into Scotland. He thought that it was a serious mistake to discriminate against Edinburgh, East Lothian, and Mid Lothian.

He said that he recognised that the decision would be reviewed before it was finally implemented; he hoped that it would be possible to retain intermediate area status, since European financial assistance was at stake as well as British help for the area. Mr. Fletcher said that if Edinburgh kept its status, the whole of Scotland would have at least as strong a case. What was more, service industries and commercial firms had been growing in Edinburgh.

Dr. Strang said that he did not accept the case for discouraging manufacturing jobs from going to Edinburgh. He said that Edinburgh was worse off, for example, than Aberdeen. He thought that the last Government had been guilty of putting excess public investment into Aberdeen. He thought that there were good reasons for treating Edinburgh differently from the rest of Scotland, although he recognised that the real problem was in west central Scotland.

The Prime Minister said that she could understand Dr. Strang's arguments, and she recognised the importance of Bruntons in Musselburgh. She recognised too that establishing one good new business in the area might well lead other firms to follow. She said that she hoped to bring about a change of attitude in this country, so that more and more young people were prepared to start up new business. Mr. Fletcher drew attention to the Start Up Scheme announced in the Budget, which would help firms in areas across the country, whatever their development status.

Closing the meeting, the Prime Minister invited Dr. Strang to take up the BSC point and any other specific details with Mr. Fletcher.

I am sending copies of this letter for information to Ian Ellison (Department of Industry), and Richard Dykes (Department of Employment).

Godfrey Robson, Esq.,
Scottish Office.

Yours ever
Nick Sander