

PRIME MINISTER



To see.

MS

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

I think the Chancellor is underestimating the impact about Merseyside
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PRIME MINISTER

MERSEYSIDE AND REGIONAL POLICY

I am sure that our meeting on 30 March will be a valuable guide in helping us to take account of the special political and social problems on Merseyside. The decisions we took should help to ensure that existing programmes are managed more efficiently, and it will be very important to follow them through.

2. But it will be important not to build up excessive expectations, and to avoid any announcement or implication that we are devising some special sort of extra package for Merseyside. The review of the regional map commissioned by E(EA) demonstrates that there are a number of areas in Great Britain with unemployment levels comparable to those on Merseyside, or even higher.

3. Thus it would be damaging to take steps in Merseyside which we could not embark on or justify elsewhere on value for money grounds. It would be particularly repercussive to concede any special access to regional policy incentives in Merseyside that was not available in other Special Development Areas, whether in the North of England or in parts of Scotland or Wales. It would be reasonable to give Merseyside priority in planning and allocating resources

/for the Government



for the Government advance factory building programme. We have followed this approach for example in the steel rundown areas of England and Wales. But we could not for example expect to set up special regional arrangements to stimulate the service sector on Merseyside without setting up irresistible pressure from other Special Development Areas throughout Great Britain for comparable treatment.

4. This Government has, of course, already agreed that Merseyside should have both an Urban Development Corporation and an Enterprise Zone. Outside London no other area of England has both. This demonstrates our willingness, within the framework of existing policies, to give special help to Merseyside. So too, of course, will the way in which we are now considering and presenting our policies towards the area.

5. I am sending copies of this minute to the Secretaries of State for Industry, Employment, Environment, Trade, Transport, Scotland and Wales, and to Sir Robert Armstrong and Mr Ibbs.

R. T. Tolkien,

for,

(G.H.)

3 April 1981

[Approved by the Chancellor
and signed in his
absence]