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CPRS REPORT ON MERSEYSIDE

You have asked for reactions. My first reaction is that one cannot possibly, inside 24 hours, read a report on the future of a Metropolitan area with 1½ million people, think about it and make a considered response. Surely the CPRS could have given us more time. However, here goes.

1. I suspect that the CPRS Report shirks the main issue. It presents the choice between a regeneration strategy and a strategy of managed decline. It goes on to assert:

"A strategy based on decline would be unacceptable".

Maybe. A lot of things are unacceptable but they have to be faced. The failure of a regenerative strategy would be "horri-fying in terms of individual misery, social unrest and, eventually, cash". But the CPRS concludes it is the only way to go.

2. The authors of the report may have studied the economic history of Liverpool, but it does not come through in the report. The fact is that right through from 1715 (when the first dock was built) to 1914 Liverpool was a stupendous growth centre. During those years the North Atlantic passenger trade grew up until it reached a crescendo between 1880 and the outbreak of war. The relative shortness of the Atlantic crossing from Britain's west coast was a material advantage in the days of sail. Hence Bristol, Liverpool and Glasgow. With the switch to steam, Bristol wilted and Liverpool bounded ahead. European immigrants poured in from

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Poland and the Baltic countries to Hull. Some of them dropped off in Leeds, others went on to Liverpool and America. Passengers were an enormously important part of the trade: cotton, railway rails and machinery filled the holds. A huge commercial system grew up in and around Liverpool, based entirely on the North Atlantic trade and the merchanting, finance, process manufacture, and shipbuilding that went with it.

3. After 1918 the cotton and rail exports never recovered. Come 1935 and the Queen Mary took the passenger traffic away to Southampton. Come 1955 or so and everybody started to fly the Atlantic instead of going by sea. The collapse in Liverpool's commerce was as sudden and catastrophic as the collapse of the British Empire.

4. Today the port of Liverpool is a ghost port, like the port of Glasgow. All it needs is a container base and a few oil/chemical wharves. Today the port of Felixstowe probably handles more trade than Liverpool will ever see again. Yet Felixstowe is shown in the RAC handbook as having a population of 19,800. I cannot imagine how the CPRS calculates that Liverpool's port "supports" 100,000 - 125,000 jobs. If it does, then no wonder that the Mersey Docks and Harbour Company faced imminent bankruptcy earlier this year.

5. The CPRS say that:

"To close the port in the Mersey would be difficult politically, would be expensive in terms of debts and obligations, would be seen as, and probably would be, a major disaster for the whole region".

The comment about debts and obligations is superficial. The debts and obligations are there already. To duck the issue now would simply mean letting the debts get bigger. If there is over-capacity in excess of 100% in the British national port system, something will sooner or later happen. As it did in the case of British Steel.

6. So I reject any strategy based on a future for Liverpool port.

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It has none, Hence it is pointless to set up a joint study to examine ways of encouraging port-related industry on surplus dockland (Summary, 2c).

7. The Report then goes through other regenerative possibilities:

- i. Industry. The CPRS does not demur from the conclusion of most of the industrialists who have tried to operate in and around Liverpool, that the Merseysider is peculiarly unfitted to life in a big industrial plant.
- ii. Service Industries and Finance. The CPRS wonders whether Liverpool might be developed as a centre for service industries and finance:

"Merseyside has already shown itself capable of generating - and retaining - service industries with national markets, eg the UK headquarters of companies in the shipping, insurance, football pools and mail order businesses."

(Para 37)

This is very naive. The Royal Insurance and Ocean Steamship must have started up in Liverpool 150-200 years ago. They would not dream of going there today and they only keep a nominal presence there. The Royal operates from London: Ocean Steam has put most of its tonnage into the OCL consortium sailing out of Tilbury. Football pools and mail order business started up in Liverpool in the days when the men still had work and the women wanted work. They started out being subsidiary to the City's main business: now they are the tail that wags the dog.

So far as finance is concerned, Manchester will always cream off the business of the North West. You cannot build a financial centre on the basis of a huge surplus of unskilled male labour, whether it is Irish Catholic or Mexican Indian.

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- iii. Leisure Industry. I would not like to launch a new leisure business in Liverpool on the basis of "the area's reputation for entertainments, arts and sports and its easy-going character" (Para 42).
- iv. Civil Service. I would not have thought there were many big labour intensive departments like DNS or Giro waiting to be shifted to Merseyside. Maybe there are.
- v. Tourism. The CPRS says "The industry with greatest potential is almost certainly tourism." Surely that is a joke in bad taste. "Fine Victorian city centre, international fame of Beatles, 19th century port heritage, warm and friendly people". Elsewhere we read, rather more realistically, that "the dereliction visible from the main roads of the area is said to be an even greater obstacle to the area's economic development than its strike record". (Para 49).
- vi. Small Business. I wonder. The Report makes the somewhat guarded statement:

"There is said to be a lot of latent entrepreneurial spirit in the Merseyside character if it can be channelled into positive directions."

Certainly small business is the best hope for Merseyside, as it looks like being for all our other depressed areas, and we should look very closely at the balance between our expenditure on enterprise encouragement on the one hand and MSC-type activities on the other. But small business will not take up the enormous slack that exists in Merseyside, neither will it employ the high percentage of young people who, sadly, "leave school with few or no formal qualifications".

8. One really has to go deeper to find the answer to Liverpool's problem, and consider the supply and demand for labour - and hence its price. For historical reasons, here is a great concentration

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or folk whose forebears were drawn there by the magnet of a great commecial system that has simply disappeared. They are no longer needed there in anything like those numbers. They have never been rooted in the land, so they cannot go back to it. The CPRS Report does, here, go to the heart of the matter:

"It might be expected that regional imbalances of this sort would lead to wages falling in the north\* to the point where competitiveness matched that of the south, and, if there were labour shortages in the south, people would move there, or firms from the south would relocate in the north. But the housing market, particularly in the public sector, is very inflexible and there are limits, not least environmental, to the expansion of activity in the south. There are also two factors which tend to inhibit regional wage differentials. The first is the safety net of benefits designed to provide a basic minimum standard throughout the country; second there is a tendency for wage negotiations to be nationally dominated - both employers' and unions' organisations are nationally based, and branch plants of national companies tend to have company-wide wage agreements."

\* we use this term very loosely as a shorthand for those regions with differentially high levels of unemployment.

9. Elsewhere the Report remarks:

"There is a possibility that technological changes will make it increasingly uneconomic to employ unskilled manual labour at any wage above the floor set by welfare benefits". (Para 74)

Surely what has actually happened, as in Ralph Howell's Norfolk, is that the real value of social security benefits has overtaken the real value of an unskilled man's productive potential in Britain today.

10. To my mind it comes down to:

- (i) ruthless measures to help the unskilled unemployed price themselves back into jobs, because they will not get them any other way.

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- (ii) having the courage to face up to the fact that Merseyside needs a programme of managed decline.

A programme of managed decline does not exclude efforts towards regeneration. Indeed they must go hand in hand. But it is only a programme of managed decline that can reduce the Merseyside problem to a size that a regeneration policy can hope to cope with.

11. For myself I believe we will have to face up to the "problem" of the South East. Everything points to a substantial movement of people from the North and North West of England to the Midlands, South and South East. There is ample room. One only needs to sit in a train between Berkhampstead and Manchester or between Stevenage and Doncaster to know that that is true. The new towns have, in the main, been splendid successes - from Letchworth onwards. We need a dozen or twenty more, and to fill them with people from the North East and Merseyside. This is how Corby was built up in the 1930s: see how much more successfully Corby has coped with the steel run-down then has Consett or South Wales. This would be a massive undertaking. It would create a lot of new jobs. It would be a great burden on the taxpayer. But Merseyside is already a great burden on the taxpayer, and it will get worse if we erect a whole structure of artificial uneconomic jobs on the basis of some huge regeneration strategy.

12. In conclusion, I disagree with the key Paragraph 6 of the CPRS report, which says:

".....we do not think it is desirable, nor practical politically, to launch an exercise to examine the option of managed decline."

In my view it would be irresponsible not to do so.

*PK.*  
P J CROPPER  
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