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For Information



10 DOWNING STREET

Mr Armstrong
P. Munn
P. Bee
Miss Mueller
Mr. Naugie
Mr. Bryant
Dir NWK

10 February, 1982

THE PRIME MINISTER

RECEIVED IN

15 FEB 1982

OFFICE OF THE
MINISTER OF STATE
KENNETH BAKER

Dear Mr. Jones,

Thank you for your letters of 22 and 27 January about the textile industry.

Let me assure you that there is no question of the Government sitting back and letting the industry die: I am well aware of the industry's problems and I recognise the substantial contribution to the economy still being made by textiles and clothing.

The aim of the Government's economic policies is to foster a competitive economy for the longer term in which all industry, including textiles, can compete internationally. Within these policies and the United Kingdom's international obligations we are doing all we can to help the textile industry; but you must accept that the scope for Government action is not limitless.

The redundancies and closures recently announced at Carrington Viyella are regrettable, particularly when, as you point out, the mill is working to near capacity. However, in such a fiercely competitive international industry as textiles, out-dated shuttle looms cannot hope to compete indefinitely with the latest air-jet equipment. My sympathies go to those who are affected; but this closure decision was not one in which the Government could intervene. It was based on the company's commercial assessment of their current situation and the future viability of the plants concerned.

I cannot agree with your view that the Multi-Fibre Arrangement (MFA) does little to help the textile industry. Under the present MFA and similar arrangements the UK has some 600 quotas against imports of textiles and clothing from countries in which labour or

other costs are particularly low. This is a level of protection unparalleled in any other industrial sector. All through the negotiations over the last year, both within the Community and later with the developing countries in Geneva, the Government has been wholeheartedly committed to obtaining a regime under the new MFA which would be tougher and more effective than that under the present Arrangement.

The protocol extending the MFA, which was adopted in Geneva on 22 December after long and often acrimonious negotiations, provides for all the major UK objectives. Since the MFA itself is solely a framework agreement, the practical details will have to be settled in the bilateral negotiations this year with each supplier country. The Community has stated that, if it is unable to negotiate satisfactory bilateral agreements by the end of this year, it will withdraw from the MFA. We are insisting that this link must be maintained and have made it clear that we will be unable to agree to Community participation in the renewed MFA unless satisfactory global ceilings are agreed to cover sensitive imports from all low-cost suppliers.

The textile and clothing industry already benefits from significant assistance from the Government. Under the Industry Act 1972 and the Temporary Short-Time Working Compensation Scheme the Government offered or paid £88 million in the financial year 1980/81 and during 1981/82 a further £41 million has so far been made available to this sector. It is true that much larger sums have been allocated to British Steel and British Leyland and other nationalised industries. The Government inherited these loss-making activities from the previous administration and, even if we had decided to run them down rather than continue to support them, sizeable Government expenditure on them would have been unavoidable. The first aim of the financial assistance which is being provided is to put these organisations on a viable footing so that Government intervention can cease. In the case of British Leyland and British Steel substantial progress has already been made: productivity has improved and capacity has been significantly reduced. The assistance available in Northern Ireland is exceptional because of the severe difficulties facing the Province. Assistance is available there for textiles and clothing as well as for motor vehicles.

I regret that I will not be able to take up your suggestion that I should visit Astland mill. My diary is heavily committed for the coming months. As I have said, I fully appreciate the difficulties the textile industry is facing. I have considerable sympathy for those connected with the industry, particularly in view of the improvements in productivity that have taken place and the industry's good record in industrial relations. I can assure you that the Government is concerned that there should be a viable future for the textile and clothing industry and our policies are designed to create an economic and trading climate in which this can be realised.

Yours sincerely

Raymond Webster

G.F. Jones, Esq.

R25/11

NORTH LANCASHIRE & CUMBRIA TEXTILE WORKERS ASSOCIATION

FORMERLY

(Preston & District Powerloom Weavers, Winders and Warpers Association)

Secretary:
GEORGE FREDERICK JONES
Telephone 53415

Office:
TEXTILE CENTRE, 6 SEDGWICK STREET,
PRESTON, PR1 1TP

Ref: GFJ/JW/82/7

The Right Honourable Margaret Thatcher,
Prime Minister,
10, Downing St.,
LONDON.

22nd January, 1982.

Dear Mrs. Thatcher,

I am writing to inform you of the continuing recession in the textile industry, making the assumption that you are not already aware of this fact. I make this assumption because it seems impossible to believe that the Government can sit back and let one of our basic industries die.

Carrington Viyella have just announced a further 700 job losses in the North West, this in an area where high unemployment is the order of the day.

A factory which is due to close down, Astland Mill in Tarleton, a village just outside Southport, Lancashire, is a modern, highly efficient weaving mill. Overmanning is not a problem and is practically unheard of in the textile industry. Productivity is high and co-operation between management and the trade unions is taken for granted.

Despite the joint efforts of management and trade unions the industry continues to be decimated, with loyal and hard working people thrown on to the scrap heap and, regretfully, no sign of the situation improving. Indeed, if anything, the picture is looking blacker by the minute and it is a real possibility that Carrington Viyella will collapse completely.

Is it too much to ask that the industry be given a fair chance? Why should hard working people be denied the opportunity of earning a living? And, in textiles, a fairly modest one. It is certainly not high wages that are killing the industry.

Can we please have an honest reply as to whether the Government is prepared to either help the industry or, at least, tell us that we are all expendable and that no future exists for a British textile industry.

The Multi-Fibre Arrangement, which is currently being re-negotiated, is yet another slap in the face and practically gives free reign to unlimited imports from equally unlimited sources. It could possibly be that the sellout of the industry to Third World and European competitors is the final straw that will completely finish it.

Is there any possibility that money can be given to companies in the textile industry to keep them going and protect a hard working section of the community's jobs? Public money has been given in large quantities to British Steel, British Leyland and other nationalised industries. The De Lorean company are currently requesting a further £40 million pounds, this on top of the £70 million pounds that they have already received.

This sort of cash assistance is sorely needed to save our industry, coupled with realistic import controls.

cont.....

I am obviously aware that the Tory Party is very much in favour of "free trade" and argues that this prevents import controls being implemented. Other countries have no such scruples and protect their industries at all costs. Japan, for instance, make it practically impossible for other countries to import into Japan by way of extravagant Safety and Quality demands on motor cars.

A further problem is that of cheap labour, where people work for virtually nothing producing textiles that are then shipped into our country thus crippling our own industry.

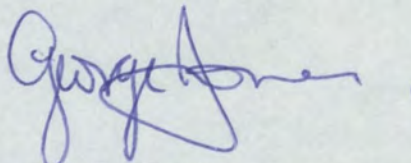
You may feel that this letter was written in a somewhat despondent mood. I would like you to attend the closure of a factory and answer the questions put by textile workers.

Why is the industry being allowed to die? I, personally, cannot answer this question for what our country will do when no textile industry exists is obvious. Cheap foreign textile imports will suddenly become expensive foreign imports and there will be nothing we can do to alter the situation.

Can I end this letter by reminding you that the British textile industry is a highly efficient one, manned by hard working, conscientious work people whose continuing plea to the Government is:-

"Give us a fair deal, we are the best and most efficient producers of textiles in the world but we cannot compete with sweated, slave labour".

Yours sincerely,



G.F. Jones,
Secretary.

Copies To:-

The Right Honourable Margaret Thatcher.
Mr. John Biffen, M.P.
Mr. Den Dover, M.P.
Mr. Jack Straw, M.P.