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From the
Minister of State

PS/Norman Lamont MP

Mike Pattison Esq
Private Secretary to the
Prime Minister
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MBPM

Wm
2/6

29 June 1982

~~Dear Mike~~

Thank you for your letter of 28 May 1982 about the Prime Minister's meeting with Mr Albert Booth MP.

In your penultimate paragraph you asked to see any subsequent correspondence about Assisted Area status prompted by the meeting. In the event Mr Booth has not submitted any further evidence but the Secretary of State has now written to Mr Booth on the subject and a copy of his letter is enclosed.
...

I understand that you will be receiving advice from the Department of Trade on the dumping allegations and publicity about the new origin marking regulations.

Yours,
John Alty

JOHN ALTY
Private Secretary



Secretary of State for Industry

DEPARTMENT OF INDUSTRY
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28 June 1982

The Rt Hon Albert E Booth MP
House of Commons
LONDON
SW1A 0AA

Dear Albert,

You will know from my statement in Parliament today that the Government have completed the promised special review of certain Assisted Areas (AAs). The review included the Furness Travel-To-Work Area (TTWA) which lies within your constituency.

All the evidence available about the area including the representations which you and local authorities have made to Ministers here and most recently to me on 12 May was considered most carefully but we have concluded that the decision announced in 1979 that AA status was no longer appropriate for the Furness TTWA should stand.

As I said in my statement to the House the Government's regional industrial policy is to concentrate on those parts of the country with the most intractable problems of unemployment - the areas of greatest need - and the reduction in the coverage of Assisted Areas is the final stage of implementation of that policy which we introduced in 1979.

In carrying out the review account has been taken of the statutory criteria laid down in the Industry Act 1972, namely "all the circumstances actual and expected including the state of employment and unemployment, population changes, migration and the objectives of regional policies". Unemployment is clearly a major factor in decisions on AA status and we are aware of the increase in unemployment in your area. However unemployment has regrettably increased throughout the country since the 1979 AA decisions were taken, as a result of the world recession compounded by British industry's loss of competitiveness. If we are to maintain our policy of bringing assistance to the worst hit areas, the circumstances, including unemployment, of an area must continue to be considered in relation to the AAs and to the



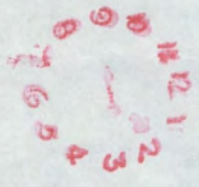
country generally. I should add that there are a number of areas, including parts of the West Midlands, which have never had the benefit of regional aid and currently have unemployment comparable to or in excess of that in Furness. The retention of AA status for Furness would give rise to claims for equal treatment by these areas as well as other areas from which AA status is being withdrawn and if these claims were met the relative position of Furness would certainly not be enhanced and might well be diminished. The Government are determined to avoid such an extension in the coverage of the AAs as this would certainly reduce again the effectiveness of regional assistance by spreading the available aid more thinly and thus severely reducing the attractiveness of regional financial incentives. I am sure we are right to concentrate the limited resources available on the areas of greatest need.

It is for these reasons that the Government consider that the position of the Furness TTWA relative to other areas does not justify a reversal of the original decision in 1979 that it should become non-Assisted on 1 August this year.

I realise this decision may cause some disappointment but bearing in mind the Government's stated objective to maintain reasonable stability in regional industrial policy we provided a three year transitional period before withdrawing AA status in order that industry could take this into account in reaching their investment decisions.

More generally the Government will continue their policies designed to create conditions in which the whole country including Furness can prosper. These policies are meeting with considerable success as the rate of inflation declines and there is a wider recognition of the need to improve industrial competitiveness through greater productivity already being achieved. Only in this way can there be a basis for the provision of sound new jobs.

Your ever
Patel



70 JUN 1982