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VMA

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

24 JULY 1979

Dear Andrew

/ We discussed earlier today the possibility of your Secretary of State making the announcement about the abolition of EPCs during the debate this afternoon on regional policy. I attach a form of words that has been agreed by Ministers here.

/ I also attach some supplementary material which may be helpful.

Mr King proposes to be on the bench, if at all possible.

I am copying this to Mike Pattison (No 10), Kenneth MacKenzie (Scottish Office), George Craig (Welsh Office), ^{and} Ian Fairly (Employment).
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Yours sincerely

David Edmonds

D A EDMONDS
Private Secretary

Andrew Duguid Esq
PS/The Rt Hon Sir Keith Joseph

DRAFT STATEMENT BY SIR KEITH JOSEPH

After careful consideration the government is satisfied that the English Regional Economic Planning Councils can be disbanded, without detriment to the government's continued awareness and assessment of regional problems. Since these Councils are non-statutory and have no executive responsibilities, it would be convenient for all concerned to disband them during the relatively inactive Summer period, without waiting for the wider outcome of the government's review of the public bodies to which Ministers appoint members. My Rt Hon Friend the Secretary of State for the Environment has therefore decided to close them down during the Recess and is today telling all the Chairmen.

The Regional Planning Boards of officials will continue in being, under the chairmanship of the Department of the Environment Regional Directors. In addition to their close working relationships with local authorities, the Boards will maintain all other appropriate advisory contacts in the regions, by less formal means and with continued involvement of locally elected authorities.

This decision reflects the inappropriate nature of these bodies and is in no way a criticism of the qualities of their members, to whom the government is grateful for their past services.

REGIONAL ECONOMIC PLANNING COUNCILS
SUPPLEMENTARY NOTES

Central government interest in regional views

This does not mean less interest by central government in regional views - it is merely that the present Planning Council machinery is ~~embarrassment~~ unnecessary and better swept away. The government will continue to work closely with the elected local authorities and their collaborative organisations in the region.

The Planning Boards of officials will also maintain their informal contacts with other regional bodies.

Regional Strategic Work

The necessary regional strategic studies will be carried out by the Regional Boards in close consultation with local authorities - through their standing joint committees where appropriate - and with other bodies as may be appropriate.

In future such studies will be kept to essentials and related primarily to land-use issues. *The government wants a meaningful dialogue between elected authorities and the Regional Boards.*
Have the EPCs been warned of their abolition

The House is the first to hear but letters are on their way to Chairmen.

Terms of Disbandment

A convenient date for disbandment will be selected during the Recess.

Chairmen and Members will be informed shortly of the detailed arrangements.

Savings

The direct savings will be of the order of £210,000 p.a. mainly on secretariat costs.

Members receive only expenses and chairman an honorarium [of £1,100 p.a.]

REGIONAL ECONOMIC PLANNING COUNCILS -
BACKGROUND NOTES

HISTORY

Regional Economic Planning Councils were first set up in 1964 and 1965. There are 8 each covering one of the Economic Planning Regions into which England is divided.

TERMS OF REFERENCE

- (i) To assist in the formulation of a regional plan, having regard to the best use of the region's resources;
- (ii) To advise on the steps necessary for implementing the regional plan on the basis of information and assessments provided by the Economic Planning Board;
- (iii) To advise on the regional implications of national economic policies.

COMPOSITION

EPCs are not statutory bodies. Chairmen and Members are appointed by the Secretary of State for the Environment. Some 2/3rds are selected from nominations from the CBI, Trades Unions and local authorities. The rest are drawn from the universities social services, agriculture and others with wide knowledge and experience of their region.

NUMBERS

There are at present 8 Chairmen and 240 members.

CHAIRMEN

The names of the Chairmen are:-

Sir Maurice Sutherland	Northern
Mr. B.E. Cotton	Yorks & Humberside
Dr. J.A. Pole	West Midlands
Mr. W.L. Miron	East Midlands
Lord Walston	East Anglia
Lord Porchester	South East
Mr. J.L. Thomas	South West
Lord Sefton	North West

APPROXIMATE COSTS

Approximately £240,000 per annum for all 8 Councils including

- the honorarium £8,800 (£1,100 p.a. paid to each Chairman)
- expenses of Chairmen and members £14,700
- associated staff costs £186,000

REGIONAL POLICY

Mr. Speaker: I have selected the amendment in the name of the Leader of the Opposition.

Mr. Arthur Lewis (Newham, North-West): On a point of order, Mr. Speaker. As one who does not intend even trying to catch your eye—I realise the hopelessness of that—may I ask whether we may have an assurance that if eight Privy Councillors on either side of the House are to be called, as they always are called, thus blocking out ordinary Back Benchers because of this tradition—and it is only a tradition to call Privy Councillors—which is very unfair on ordinary Back Benchers who try to catch your eye, this will not always be so?

Mr. Speaker: The hon. Gentleman has given me an opportunity to say that there is a very long list indeed of right hon. and hon. Members who have indicated to me that they hope to catch my eye—

Mr. Lewis: They will.

Mr. Speaker:—and that six Privy Councillors on the Opposition Benches are hoping to catch my eye. I have followed the precedent of my immediate predecessor in the Chair, and I never call two Privy Councillors from the same party, one immediately after the other. I call a Back Bencher, who is not a Privy Councillor, in between them. I do not propose to change the time-hallowed custom of giving that precedence to Privy Councillors.

Mr. Arthur Lewis: I thank you, Mr. Speaker, for that comment—except for the last part, with respect. Perhaps I may suggest that it would be welcomed by hon. Members in all parts of the House—with the probable exception of a few Privy Councillors—if you were to consider that Privy Councillors should get together in their club and decide which of them should ask to be called, and should try to be a little fairer, just having one or two—which is sufficient—from either side, and not hogging the whole of a debate, as is always the custom.

Mr. Speaker: There is more than a germ of a good idea in what the hon. Gentleman has said. It would be helpful to the House if there were fewer Privy

Councillors in a given debate. But I do not wish to change the custom.

Allow me to say, before I call the Secretary of State to move the motion, that I believe that there is an obligation on those who know that they will be called to speak, because they are Privy Councillors, to be brief, so as to give a chance to others.

4.5 p.m.

The Secretary of State for Industry (Sir Keith Joseph): I beg to move,

That this House welcomes the changes which are being introduced by the Government in regional policy in order to concentrate assistance on areas most in need, to make it more cost effective, and to remove anomalies in assisted area gradings.

I believe that it is the wish of the House to debate, at the same time as the motion, item No. 2 on the Order Paper:

That the draft Regional Development Grants (Variation of Prescribed Percentages) Order 1979, which was laid before this House on 20 July, be approved.

Mr. Speaker: Does that course have the agreement of the House?

Hon. Members: Aye.

Mr. Speaker: Very well. The House will understand that I shall put the Questions on the two motions immediately after each other at the 10 o'clock Division.

Sir K. Joseph: I am grateful to the House and to you, Mr. Speaker.

I have to state that the Government replaced the original order on industrial development because of a possible technical error in it. The order on which the House will be asked to vote this evening is technically correct except that there is an error of 24 hours in the date on the back page. The date as printed will take from the guarantees of regional development grants 24 hours' more money than is consistent with the statement that I made to the House. In order not to confuse today's debate, we shall be asking right hon. and hon. Members to vote on the order, and in the autumn the Government will table an order, subject to affirmative resolution, correcting by 24 hours the availability of regional development grant money so that those who are entitled to receive it will not suffer in any way.

Mabon, Rt Hon Dr J Dickson
 McCartney, Hugh
 McDonald, Dr Oonagh
 McElhone, Frank
 McKay, Allen (Penistone)
 MacKenzie, Rt Hon Gregor
 MacLennan, Robert
 McMahan, Andrew
 McNally, Thomas
 McNamara, Kevin
 Marks, Kenneth
 Marshall, David (Gl'gow, Shettles'n)
 Marshall, Dr Edmund (Goole)
 Marshall, Jim (Leicester South)
 Martin, Michael (Gl'gow, Springb'n)
 Waynard, Miss Joan
 Meilish, Rt Hon Robert
 Millan, Rt Hon Bruce
 Miller, Dr M S (East Kilbride)
 Mitchell, Austin (Grimsby)
 Mitchell, R. C. (Soton, Itchen)
 Morris, Rt Hon Alfred (Wythenshawe)
 Morris, Rt Hon Charles (Openshaw)
 Morris, Rt Hon John (Aberavon)
 Morton, George
 Mulley, Rt Hon Frederick
 Newens, Stanley
 Oakes, Gordon
 Ogden, Eric
 O'Halloran, Michael
 O'Neill, Martin
 Orme, Rt Hon Stanley
 Owen, Rt Hon Dr David
 Palmer, Arthur

Park, George
 Parry, Robert
 Penhalligon, David
 Powell, Raymond (Ogmore)
 Prescott, John
 Price, Christopher (Lewisham West)
 Race, Reg
 Rees, Rt Hon Merlyn (Leeds South)
 Richardson, Miss Jo
 Roberts, Ernest (Hackney North)
 Robertson, George
 Rodgers, Rt Hon William
 Rooker, J. W.
 Ross, Ernest (Dundee West)
 Ross, Stephen (Isle of Wight)
 Rowlands, Ted
 Sever, John
 Sheerman, Barry
 Sheldon, Rt Hon Robert (A'lon-u-L)
 Shore, Rt Hon Peter (Step and Pop)
 Silkin, Rt Hon John (Deptford)
 Silkin, Rt Hon S. C. (Dulwich)
 Silverman, Julius
 Skinner, Dennis
 Smith, Cyril (Rochdale)
 Smith, Rt Hon J. (North Lanarkshire)
 Snape, Peter
 Soley, Clive
 Spriggs, Leslie
 Stallard, A. W.
 Steel, Rt Hon David
 Stoddart, David
 Strang, Gavin

Siraw, Jack
 Summerskill, Hon Dr Shirley
 Taylor, Mrs Ann (Bolton West)
 Thomas, Dafydd (Merioneth)
 Thomas, Dr Roger (Carmarthen)
 Thorne, Stan (Preston South)
 Tilley, John
 Tinn, James
 Torney, Tom
 Urwin, Rt Hon Tom
 Varley, Rt Hon Eric G.
 Wainwright, Edwin (Dearne Valley)
 Walker, Harold (Doncaster)
 Weetch, Ken
 Wellbeloved, James
 Welsh, Michael
 White, Frank R. (Bury & Radcliffe)
 Whitehead, Phillip
 Whitlock, William
 Wigley, Dafydd
 Willey, Rt Hon Frederick
 Williams, Rt Hon Alan (Swansea W)
 Wilson, William (Coventry SE)
 Winnick, David
 Woodall, Alec
 Woolmer, Kenneth
 Wigglesworth, Ian
 Wright, Miss Sheila
 Young, David (Bolton East)

TELLERS FOR THE NOES:

Mr. Harry Ewing and
 Mr. Roger Stott.

Question accordingly negatived.

Mr. Kevin McNamara (Kingston upon Hull, Central): On a point of order, Mr. Speaker. In view of that result, are we to expect a Government statement on the future of the Competition Bill?

The policy changes involved in the Government's regional policy proposals need to be summarised by me at the beginning of this debate, to remind the House.

First, the Government are retaining the three different sorts of areas of regional policy—the special development areas, the development areas and the intermediate areas. But the Government are proposing a change in the map, upgrading a few areas and downgrading many more. These proposals are embodied in an order that has been laid before the House—an order subject to negative resolution.

Secondly, the proportion of expenditure defrayed by grant has been changed, in the case of development areas, from 20 per cent. down to 15 per cent., and that is the subject of the statutory order to which I have just referred. After a transitional period, there is to be no grant available for buildings in intermediate areas. This is provided by discretion under the Industry Act 1972 and will be validated further by the Industry Bill that we propose to introduce this autumn.

The next change is that the threshold of expenditure that entitles an investor to development grant is being raised five-fold—from £100 and £1,000 respectively for plant and buildings, to £500 and £5,000. This is being done under the discretion of the Secretary of State and will be embodied, again, in the Industry Bill this autumn.

The impact of industrial development certificates is being changed so that the threshold at which the control bites is raised to 50,000 sq. ft., and there is no need to apply for a certificate hereafter in intermediate areas. That is embodied in an order that has been laid under the Town and Country Planning Act.

There are three other changes that have to be announced. First, we propose that the building of factories will be more entrusted to private enterprise and less to the public sector. We are bringing in transitional arrangements so that the changes that I have announced will bite relatively slowly, in order to honour the commitment in the Conservative Party manifesto that no abrupt changes will be made.

We propose to toughen the criteria for the provision of regional selective assistance under section 7 of the 1972 Act,

and for assistance that is not attached to regions but covers the whole country under section 8. Those changes have the effect of concentrating assistance from the taxpayer on areas of highest unemployment and most need for improvement in economic structure. They will focus and concentrate the benefits of regional policy, and that may meet with the approval of the House as a whole.

Mr. Dan Jones (Burnley): Is there any possibility of changes in the decisions made—for example to upgrade an area to intermediate status, and from that progressively upwards? Are there provisions for that in the proposals being made to the House?

Sir K. Joseph: It is always open to the Government of the day to introduce changes when circumstances change. The Government have envisaged the possibility of upgrading, for instance, Shotton if in due course closure of the steelworks or part of the steelworks is decided on. It would be a different matter to correct a decision already made on existing circumstances. My colleagues at the Department of Industry and I will be willing to listen to evidence that we have misjudged circumstances in a particular area, but unless we have greatly misjudged them, I would be wrong to hold out hope of correction in the proposals announced.

Mr. Dan Jones: I knew that when I asked the question.

Mr. Dafydd Wigley (Caernarvon): On that point, which deeply affects my constituency, will the Minister assure us that he will consider objective criteria such as unemployment not just on the current level but on anticipated future levels, where there are positive closures such as Shotton or the CEB cold storage scheme, employing 2,000 men?

Sir K. Joseph: It is the job of Ministers under the relevant Act to consider future prospects as well as the present position. That does not mean, however, that we must anticipate the prospects; it means only that we must be aware of them.

At least half the purpose of regional policy is to transfer jobs from relatively prosperous to less relatively prosperous parts of the country. That has always been so. From its origin regional policy

[Sir K. Joseph.] has had social as well as economic functions. To a large extent it stems back to the depressed areas of the 1930s. To a limited extent there has been some apparent success in regional policy, judging by the disproportionate amount of the total investment—disproportionate in terms of the population concerned—that has taken place over recent years in the regions.

The main purpose of the policy is to encourage investment where it makes sense to the investors to go to assisted areas—areas where there is higher unemployment and a weaker economic structure. It is difficult to sort out the degree to which that purpose has been achieved. There are cases where investment was intended elsewhere and where, because of the availability of grants in the assisted area, it takes place there. To that extent there is a transfer of jobs.

There is a second group of cases where an investment project is so marginal that it becomes viable only with the help of grants available in the assisted areas. There is therefore a small class of investment projects that goes to the assisted areas, which probably would not have occurred anywhere else.

Then there is inward investment—mobile international investment that is attracted to the assisted areas by grants under section 7 or outside assisted areas by grants under section 8 of the 1972 Industry Act.

These inward investment projects are welcome to this country. They are of mutual benefit. We gain from the investment over and above that provided by our own economic resources, and it often provides higher productivity and innovative products and techniques. These projects also benefit the investor who decides to come here in his enlightened self-interest.

In addition to the investments that are induced to go to assisted areas—the marginal cases that go there because only there, thanks to the grant, will the investment be viable, and the inward investment cases—there is the marginal additional effect of the grant in improving the cash flow and profitability of companies that invest in assisted areas and thus have greater resources for expansion or investment elsewhere. I do not want to denigrate any of these, on the whole, bene-

ficial effects to the assisted areas, but I shall later explain the cost involved to the country.

Against the beneficial effects we have to offset certain other factors. Although we cannot be sure which they are, there are projects that have been inhibited from going ahead by the effect of the industrial development certificate barrier. Over the years many business men have not even applied for permission to develop because they feared the administrative tangle in which they would be involved, and, as they judged, the almost certain refusal. The country as a whole has possibly lost investment—

Mr. John Evans (Newton): Where is the evidence? The right hon. Gentleman is making an extremely important statement, which many Labour Members, and, I suspect, Conservative Members also, dispute. Will he prove us wrong by offering one shred of evidence to support the statement that he has just made?

Sir K. Joseph: It is largely anecdotal, but it is not to be dismissed. In the Midlands—and in particular in the West Midlands—there is a strong and widespread feeling that investment has been reduced. There is the much larger and certain class of investments in the assisted areas that would have gone ahead in those areas anyway without the policy of regional assistance.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): The hon. Member for Newton (Mr. Evans) asked for one shred of evidence. I can quote Cadbury-Schweppes in March 1977.

Sir K. Joseph: I do not want the House to ignore my last point, that a substantial number of the investments in assisted areas would have gone ahead anyway because of the imperative of a company's market and existing location. From all these factors we can conclude that over the years there has been a net benefit to assisted areas from the regional policy.

Under section 7, the regional selective assistance that is provided at the discretion of Ministers to investment within the assisted areas, in addition to the automatic regional development grants, has been indiscriminate. There has been no attempt to provide that help at the expense of the taxpayer only to those cases

where without it the investment would not have gone ahead.

I think that the House will agree with the proposition that, in general, the assisted areas will thrive only if the economy as a whole thrives. It is intensely in the interests of the assisted areas that the economy as a whole should thrive. That is why the Government's policy of improving the economic climate to encourage decision-making, risk-taking and enterprise is so important to the assisted, as well as to the non-assisted, areas. I instance, as a familiar catalogue, the need to reduce Government spending so as to reduce borrowing, crowd out interest rates and cut direct taxation, as being directly relevant.

Mr. Jack Straw (Blackburn): I am interested in what the right hon. Gentleman said about public spending and I have been looking at his earlier pronouncements on the matter. Given his concern about public spending, can he explain why, in 1972, he issued a circular to social service authorities asking them to expand their social service departments over a 10-year period at a rate of 10 per cent. per annum in real terms?

Is not part of the problem that local authorities are facing from Government cuts due to the policies that the right hon. Gentleman was pursuing in 1972?

Sir K. Joseph: I am sure that the hon. Gentleman will at least give credit to my heart, if not to my head, at that stage. I had not realised, as much as the history of recent years has taught me, the perverse effect of excessive Government spending. It is no good having the maximum of good intentions if, in seeking to carry out those good intentions, one overloads the economy and the taxpayer as we have done in recent years.

I put it to the House that the better the economic climate the more likely it is that we shall get expansion in the assisted areas as well as in other areas. The tighter the labour market in non-assisted areas, the more will be the gain to the national economy by the use of labour available in assisted areas.

I know that although there is apparently high unemployment—and, indeed, high unemployment in some parts of the country—there are great labour shortages

in many parts, particularly in many of the non-assisted areas.

We are half-way between the position where labour is tight in the non-assisted areas and that where there is plenty of labour available in those areas. I repeat that when there is labour available in the assisted areas but not in the non-assisted areas there is a national gain when investment projects go to assisted areas.

The whole purpose of transfers between non-assisted and assisted areas makes sense only when the map dividing assisted from non-assisted areas is fair. Until now, the map has not been fair. There have been many non-assisted areas with a higher proportion of unemployed and a weaker economic structure than some assisted areas. That is why the Government's proposals to redraw the map, embodied in an order before the House, are an essential part of making sense of regional policy.

Mr. Cyril Smith (Rochdale): The right hon. Gentleman has talked about changing the map on which the grants apply. Can he give an assurance that grants already committed by Government Departments will be maintained? The right hon. Gentleman has referred to giving grants on assets created by a date in 1980. If a factory is, for example, half-built by 1980, will grant be payable on the whole of the factory, some of which may be completed after 1980?

Sir K. Joseph: The answer to that question is an unqualified "No". Expenditure that will be grant-aided will be only that on plant and buildings that have been provided by the cut-off date. That is the only fair way to proceed. I have provided a long transitional period. The answer to the hon. Gentleman is therefore clear and negative.

I come to the corollary of what I have been saying. We as a country gain from inward investment in the various ways that I have described, but help to the assisted areas is paid for, to at least half its extent, by injury to non-assisted areas. That is inevitable, because the Government have no money. They can spend money only by raising it from the taxpayer or by borrowing. The money available in terms of subsidy has to be paid for.

[Sir K. Joseph.]

There are a number of ways in which the projects that go to assisted areas—not inward investment projects—displace investment and jobs that occur in other ways. There is the sheer loss of investment and jobs that occurs as a result of the Government raising the money by extra taxes or extra borrowing to provide the grants. That loss of investment and jobs may occur anywhere in the country, including assisted areas.

Then there is the effect of the transfer of investment—and jobs—that would have occurred in the non-assisted areas but is induced, by reason of the grants, to move to assisted areas. That is a diversion of investment and jobs.

Then there is the displacement of investment and jobs that occurs when a project in an assisted area is subsidised and enabled to compete unfairly with a project anywhere in the country, including an assisted area, that is unsubsidised. That is a transfer of jobs and profits—and perhaps expansion and investment—from an unsubsidised project to a subsidised project.

There is also the displacement when a subsidised project is enabled to bid for scarce labour at the expense of a non-subsidised project. All those are offsets, sometimes in the assisted areas, but generally in the non-assisted areas, to the gain that, socially and economically, may make, to a large extent, good sense in the assisted areas. I explain that to the House only in order to illuminate the reality of the effect of the changes that are being proposed.

Labour Members are apt to speak of a huge loss in existing jobs as a result of changes in regional policy, but it is not like that under the Government's proposals. It may have been like that when the previous Government removed, at a fortnight's notice, £220 million of regional employment premium. That was a subsidy to jobs. I am not defending it, but its withdrawal may have damaged jobs in the assisted areas, though it may have done benefit to the economy and jobs as a whole.

We are reviewing and changing not an REP but the reduction, to some extent, of grants available to the initiation of projects and jobs, rather than to the continuation of jobs. It is the removal, to

some extent, of help in order to reduce direct taxation. The money that is removed will not be destroyed, demolished or eliminated. It will be removed from one use and restored to the handbag or pocket of the citizen. There is no loss under the Government's proposals for existing jobs in the regions. There is some reduction—I will come to the quantity—in the new jobs that may go to the regions in future.

I shall explain briefly to the House what is familiar to many hon. Members. The best academic assessment that can be obtained of the total effect of regional policy up to date is that the net gain in jobs to the assisted areas, not only in manufacturing but in services, each year during the 1970s has been almost 20,000. I do not underestimate the scale of extra jobs. It is a net gain of jobs for the assisted areas.

Mr. Douglas Jay (Battersea, North) *rose*—

Sir K. Joseph: I should be grateful if I could finish my explanation. I will then give way to the right hon. Gentleman.

Except to the extent of inward investment, the marginal cases that are viable only where there are grants and to the expansion that may result from the increased profitability and cash flow that results from grants, the net gain of jobs in the assisted areas is offset by the loss of jobs elsewhere in the economy—including, to some extent, in the assisted areas. Therefore, it is a net gain that is offset largely elsewhere by the job loss that is consequent upon raising the money to pay the grants by diversion and by the two forms of displacement that I have described.

I shall illustrate the argument at its most intense. After my recent statement, hon. Members have insisted that the loss of jobs from the withdrawal over three years of £230 million from regional policy spending will be savage. Extreme words have been used and I have seen newspaper articles, particularly outside the national newspapers, reflecting that judgment. The best assessment that can be made from the academic work that has been done on the matter is that the loss of potential jobs—not existing jobs—in the assisted areas by that withdrawal over a three-year transitional period of £230

million might be about 5,000 to 6,000 jobs in the assisted areas.

As the money is being used to reduce the direct taxes on the public and because the taxpayers will keep more spending money in their handbags and their pockets, I am advised that the £230 million in the taxpayers' pockets will probably create about 5,000 or 6,000 extra jobs over the same sort of period and all over the country. The House will recognise that that represents a transfer of spending power from the Government to the taxpayer.

Mr. Jay: In order to be clear about the figures if not about the theory, does the right hon. Gentleman's reference to 20,000 and subsequently 5,000 jobs mean per year or over the whole period of the 1970s?

Sir K. Joseph: I was referring to 20,000 jobs per year.

Mr. Edward Rowlands (Merthyr Tydfil): Who is the author of this academic work?

Sir K. Joseph: The author from whom I draw the statistics, although I must be responsible for their use, is Mr. Moore—[HON. MEMBERS: "Old Moore's Almanack"?] He has a partner, whose name eludes me at the moment.

Mr. Michael Foot (Ebbw Vale): Will the right hon. Gentleman guarantee that the document to which he has referred will be placed in the Library?

Sir K. Joseph: It is a published document and I shall adopt any convenient method by which to draw hon. Members' attention to it. Perhaps a written answer would be appropriate in this case.

The analysis, which I draw from independent sources, gives the lie to the totally misleading aggregates that were quoted by the right hon. Member for Dartford (Mr. Silkin) in his capacity as Shadow industry Minister. Many of the assisted areas projects would have gone ahead, and will go ahead, even when the development grants are reduced. The gain in jobs in the assisted areas is to a large extent, though not totally, offset by a loss of jobs in the country.

Dr. Oonagh McDonald (Thurrock): If I may help the right hon. Gentleman, the source to which he was referring is Moore

and Rhodes. They claim that over a 16-year period 540,000 jobs resulted from regional aids of various kinds that were given to the assisted and development areas. That figure is rather higher than the one that was suggested by the right hon. Gentleman. That was an increase in jobs above what might otherwise have been expected.

Sir K. Joseph: I am grateful to the hon. Lady for the reference to Moore and Rhodes. That corrects my lapse of memory. However, I pointed out that the jobs to which I was referring represented the annual results in the 1970s. Alas, the country's performance in the 1970s was not as good on average as the performance during the 1950s and the 1960s. During the 1960s, the economy was more buoyant for at least part of the time.

Mr. T. W. Urwin (Houghton-le-Spring): I should like to take up the point that the Minister has made at least twice during his speech. He claims that a large number of projects for extensions and expansions would still have gone to the development areas without the benefit of regional aid. In all sincerity, I suggest that the right hon. Gentleman should produce some evidence to support that argument. From my long experience of matters, I believe that by far the great majority, if not all, of the extensions would have taken place only with the benefit of regional aid. I suggest that he should begin to concentrate upon the planned projects which now will not go ahead in the areas which are deemed to be subjected to reclassification, including areas of high unemployment in South and South-West Durham.

Mr. Rowlands *rose*—

Sir K. Joseph: I shall not give way to the hon. Gentleman.

There is ample evidence of projects that would have gone ahead anyway. As for the downgrading of some areas and the hon. Gentleman's reference to projects that would not have gone ahead because of the reduction in grants available, I repeat that the areas have been downgraded only because on average their economic and employment position is better than that of assisted areas. I should be willing to study any circumstances that hon. Members bring to my attention or to

[Sir K. Joseph.]
the attention of my Department. I cannot be fairer than that.

There is an obstinate gap in the economic vitality of different regions in the country. Earlier, I referred to the origin of the assisted areas. In nearly every case they were the depressed areas of the 1930s. In relative terms the gap has been narrowed, though because of the rise in the aggregate of unemployment the absolute difference between the unemployed in assisted and non-assisted areas has, alas, increased.

I repeat with all the emphasis at my command that redistributing the taxpayers' money will not suffice in itself to eliminate the gap between the assisted and non-assisted areas. There has to be self-help in the assisted areas. There has to be enterprise, competitiveness, high productivity and a reputation for co-operation between management and the work force in the assisted areas if they are to reach the level of employment that we all want them to reach. We need more indigenous growth in the assisted areas. That is why the changes in climate and economic context which we have set ourselves to try to achieve are so relevant to the assisted as well as to the non-assisted areas.

I have a parallel announcement to make today on behalf of my right hon. Friend the Secretary of State for the Environment. The House will be aware that in the past there were set up a number of English regional economic planning councils. On these councils large numbers of thoroughly public-spirited and diligent people have served over the years. Their diligence and hard work have not always been rewarded by being heeded by Ministers, particularly in the Labour Government. It is a question whether it makes sense to ask these people to go on giving their services when they have no specific function and when their advice has all too often not been heeded.

I have to say that my right hon. Friend has decided, after careful consideration, that since these councils are not statutory and have no executive responsibility, it will be convenient for all concerned to disband them during the relatively inactive summer period, without waiting for the wider outcome of the Government's review of the public bodies to which

Ministers appoint members. My right hon. Friend the Secretary of State for the Environment has therefore decided to close them during the recess and is today telling all the chairmen.

Mr. Eric G. Varley (Chesterfield): Shame.

Sir K. Joseph: The right hon. Member for Chesterfield (Mr. Varley), who was the Secretary of State for Industry, is now lamenting the death of bodies whose advice he did not much heed when they were around.

The regional planning boards of officials will continue in being under the chairmanship of Department of the Environment regional directors. In addition to their close working relationship with local authorities, the boards will maintain all other appropriate advisory contacts in the regions, by less formal means and with continued involvement of locally elected authorities. This decision reflects the inappropriate nature of these bodies and is in no way a criticism of the policies of their members, to whom the Government are grateful for past services.

Mr. R. B. Cant (Stoke-on-Trent, Central): On a point of order, Mr. Deputy Speaker. Are there any constitutional precedents for announcements being made, and being referred to euphemistically as "parallel statements", on behalf of a Secretary of State for another Department? I cannot recall any precedent for this practice during my time in the House. Is this procedure acceptable? May we have your ruling? Will you consider requiring the Secretary of State for the Environment to attend the House to undertake this chopping exercise?

Mr. Deputy Speaker (Mr. Bernard Weatherill): The content of Ministers' speeches is not a matter for the Chair.

Sir K. Joseph: Further to that point of order, Mr. Deputy Speaker. I think that the House would have less reason to complain about being told this decision at the beginning of a debate than if this information had been given by my right hon. Friend the Secretary of State for the Environment, whose Minister of State is sitting beside me on the Front Bench, by means of a written answer, which he would have been entitled to do.

Mr. Kevin McNamara (Kingston upon Hull, Central): Further to that point of order, Mr. Deputy Speaker. Is it not equally inappropriate to be given this information via a written answer, as occurred yesterday on two very important matters, as it is to be given it by means of a parallel statement made by a Minister who is not responsible for the matter in hand? Hon. Members are unable to question the accuracy of such a statement because we are unable to quiz the Secretary of State for the Environment about the purposes and ideas of some of the regional councils, which many people thought performed a useful function indeed in focusing Government attention on various matters, even if they did not heed the advice given.

Mr. Deputy Speaker: The Chair is not responsible for what a Secretary of State says. How he makes his announcements—by written answer, statement or speech—is a matter for the Minister.

Mr. Robert Hughes (Aberdeen, North): Further to that point of order, Mr. Deputy Speaker. I had always understood that Mr. Speaker and the Deputy Speakers had some responsibility in protecting the rights of Back Benchers. Announcements made in this way are difficult to understand and to follow. Is the Secretary of State for Industry speaking only for the Secretary of State for the Environment, or is he also speaking for the Secretaries of State for Wales and Scotland? We should like to know where we are.

Mr. Deputy Speaker: It is for the Secretary of State to answer that question. I repeat that it is not a matter for the Chair.

Mr. Peter Hardy (Rother Valley): Further to that point of order, Mr. Deputy Speaker. If several Government Departments sought to table statements on the same day, I think Mr. Speaker would deplore the practice. Since Mr. Speaker can deplore an excessive number of statements, surely the Chair can deplore the absence of any statement at all—and we have not had a statement today.

Would it not be appropriate for you, Mr. Deputy Speaker, or for Mr. Speaker, to deplore the fact that, although reference has been made to the public-spiritedness of individuals who serve on

the regional planning councils, the Government do not share that public spiritedness to the point of ensuring that the relevant Minister will attend the House, or will authorise his Ministers of State to attend, to make a statement to this House to apologise for the decision which has been made. At least one or other Minister should offer a statement of gratitude to those concerned in the normal way.

Mr. Urwin: Further to that point of order, Mr. Deputy Speaker. In all seriousness, despite the laughter and smirking of the Secretary of State for Industry and some of his hon. Friends, did not the manner in which the statement was made constitute a grave discourtesy to the House of Commons? In those circumstances, is it not within the power of the Chair at least to draw to the attention of the Leader of the House the attitude adopted by the Secretary of State for Industry on behalf of his right hon. Friend the Secretary of State for the Environment?

Mr. Deputy Speaker: I have often heard it deplored when statements are not made to the House. It is not a matter for the Chair to rule when information should be given to the House. It is a matter for the Secretary of State how he does that.

Sir K. Joseph: I am offering to the House and to the country a combination of changed economic climate and a more concentrated set of assistance to the assisted areas. I believe that this is good news for the country as a whole and the assisted areas.

Mr. Robert Hughes: Further to the point of order, Mr. Deputy Speaker. In making a parallel statement to the House, the Secretary of State for Industry should tell the House on whose behalf he is making such a statement. What parallel is involved? Does it simply relate to England, England and Wales, or Scotland? We have a right to know what is happening.

Sir K. Joseph: England only.

Mr. Ioan Evans (Aberdare): Further to that point of order, Mr. Deputy Speaker. Is there to be any diminution of this function in Wales and Scotland? Are those countries to continue with their planning

[Mr. Evans.]
councils? May we have a statement to clarify the position?

Sir K. Joseph: Further to the point of order, Mr. Deputy Speaker. I said specifically "England only".

Mr. Rowlands: As the Secretary of State for Wales is present, perhaps he will tell us the position in regard to the councils in Wales.

Sir K. Joseph: My right hon. Friend the Secretary of State for Scotland will confirm the position when he replies to the debate, but I did say "England only".

Mr. Rowlands: The point is that the Secretary of State for Wales is present in the Chamber. Will he tell the House whether this will apply to Wales?

Mr. Urwin: Further to that point of order, Mr. Deputy Speaker. What the Secretary of State for Industry has just said makes the whole situation even more intolerable. He is now making clear, as many of us have suggested over the years, that there is a good deal of discrimination against the English regions in the policies of successive Governments in institutionalising various organisations in Scotland and Wales. We are now being told, in a greatly discourteous manner, that the English regions are to be denuded of these planning councils but that such bodies will remain functioning in Scotland and Wales. That is quite disgraceful.

Mr. D. E. Thomas (Merioneth): Further to that point of order, Mr. Deputy Speaker. It is quite intolerable to Welsh Members that we are apparently having a statement by sleight of hand from the Secretary of State for Industry about the position of the economic planning councils in England, and that apparently we are to hear a statement at the end of the debate about regional planning councils in the context of Scotland, but that we are to have no statement from the Secretary of State for Wales about the position of the Welsh councils.

Mr. Deputy Speaker: These are matters to be taken up during the debate.

Mr. McNamara: On a point of order, Mr. Deputy Speaker. There is an important constitutional point at issue. There will be regional economic planning coun-

cils for Northern Ireland, for Scotland and for Wales, but all of those for the English regions will be abolished. We have not been given any explanation. In many of the English regions there are unemployment problems which future cutbacks will render far worse, yet all we have at the end of a rather dull speech by the Secretary of State is an odd sentence to the effect that the regional councils are going. That is not good enough. Will you, Mr. Deputy Speaker, protect us?

Mr. Deputy Speaker: I repeat that that is a question for debate. It is not a point of order. Certainly it is not a constitutional issue. It is a question of organisation.

4.52 p.m.

Mr. John Silkin (Deptford): I beg to move, to leave out from "House" to the end of the Question and to add instead thereof

"condemns the Government's proposals for large-scale cuts in regional aids to industry, deplores the inevitable reductions in industrial investment which will follow them, and places upon the Government the full responsibility for the resultant loss of employment and the other adverse social consequences of its reactionary policies".

The Treasury Bench owes the House more than an apology: it owes the House a statement. There is no doubt that the difference between the English position on economic planning councils—I had some responsibility for them some time ago, as the right hon. Gentleman knows—and the Welsh, Scottish and Northern Ireland economic planning councils requires some justification. I do not intend to make heavy weather of what appears to me to be another bungle by the Secretary of State with regard to the order. The right hon. Gentleman said that that order was merely out by one day and therefore it had to be corrected in the autumn. He always tells us that he and his fellow Ministers are capable of running the whole of this country's industry, yet the events of the past week indicate otherwise.

Sir Keith Joseph: The right hon. Gentleman is wrong. That may be what his party thinks. The Conservative Party does not presume to think that it can run industry. Our job is to create the conditions in which industry runs itself.