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Private Secretary
10 Downing Street
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Prime Minister

MAP 12/x
10 November 1980

Dear Mike

I enclose with this letter a copy of a report on his visit to the United States last month by Mr Alex Fletcher.

Copies of this letter go to the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Foreign Affairs and the Secretaries of State for Industry and Employment.

yours sincerely

Brian Morgan

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BRIAN MORGAN
Private Secretary

Secretary of State

Copy to: Sir William Fraser

I visited the United States from 29 September to 8 October. The main purpose of the visit was to encourage American investment in the UK, in particular Scotland. This involved meeting companies already established in Scotland who were at a crucial stage in their decision-making for further expansion in Europe and new companies with longer-term development plans. I was accompanied on the visit by Dr McCrone, Secretary of the Scottish Economic Planning Department, Miss D O'Callaghan who deals with inward investment cases in SEPD and by my Private Secretary.

2. Throughout the visit there was keen interest shown about the United Kingdom's industrial performance, economic policies and the way the Government was seeking to solve its problems. Businessmen in particular were full of admiration for the course the Government had chosen and the steps already taken to deal with its difficulties. I was questioned closely on the strength of sterling (and its effect on exports), inflation, industrial relations, etc. Everywhere I went there was evidence of goodwill towards the UK and there was clear evidence of its acceptance as a place for investment. Scotland in particular was seen as a very marketable location for investment and the very substantial number of American companies already established there was a major selling point.

3. During the nine-day tour, visits were made to 14 US companies and contact made with 10 others (see Annex A attached). In addition, I spoke at a Scottish Development Agency Seminar in Boston with an audience of 50/60 representatives of middle US management. Those companies with manufacturing facilities in the UK expressed satisfaction with their investment and in individual cases, ie Digital and Polaroid, net return on investment was said to be as good, and even higher, than that of sister plants in the US. Several companies, however, continued to be concerned about industrial relations generally and, while one or two spoke of improvements over the last year, the Government's ability to peg wage rates this winter was seen as a testing time. Concern was also expressed over the lack of relationship between pay settlements and productivity increases and the ultimate effect on unit cost. Burroughs made the point that this was now beginning to erode one of the advantages of the UK. Burroughs also expressed concern about the Government's computer procurement policy and is obviously watching the situation keenly. Their manufacturing operation in the UK is now long established and they argued that they had as much right to be regarded now as a UK company as for example Ford.

4. Of the companies with whom I was in touch, there are about six with definite plans for expansion and several more with longer-term plans. SEPD is in touch with all of these companies and visits are expected from two before the end of 1980. One of the most important of the "prospects" is Gould Inc. Since my return they have already followed-up with a visit to the UK and I have had discussions with the Chairman and President in London and Edinburgh. The company has several developments in mind but these require a more detailed evaluation.

5. In addition to the inward investment aspect of the programme, an opportunity was taken to meet the Dean of the Graduate School of Education at Harvard, Boston, to visit the Macalaster College at St Paul, Minneapolis and the Ford Foundation in New York. These visits produced an opportunity for an exchange of ideas on education and business and useful links have been established.

6. The visit was extremely worthwhile and provided an opportunity to explain and put over the UK Government's attitude to inward investment, not always readily understood overseas. The programme was well balanced and well planned and the Consulates in Boston, Chicago, Cleveland and New York provided excellent support throughout. Notes on the discussions with companies have been circulated by officials to appropriate Departments and follow-up action with companies has already taken place. This report of my visit is being copied to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Foreign Affairs and the Secretaries of State for Industry and Employment.

ALEX FLETCHER
10 November 1980

VISITS OR MEETINGS DURING PROGRAMME

BOSTON

Wang Laboratories
Digital Equipment Corporation
Honeywell Inc (Computers)
Graduate School of Education, Harvard
(Met at Dinner:
Electronic Moulding Co
W H Nichol & Co
Cambridge Lee Inc
L S Starratt & Co
Polaroid Corporation)

MINNEAPOLIS

Fabri-Tek Inc
Cray Research Inc
Economic Laboratory
Macalaster College
Pioneer Press
(Met at Dinner:
North West Orient
Control Data Business Advisors
Economic Laboratory
Cray Research Inc
Honeywell Inc)

CHICAGO (Week-end)

Gould Inc

DETROIT

Burroughs Corporation

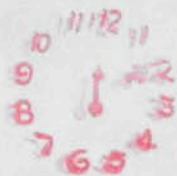
DAYTON

NCR Corporation

NEW YORK

General Accident Ins Co
Johnson & Johnson

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FILE

VLB

17 November 1980

The Prime Minister has read with interest Mr. Fletcher's report of his visit to the United States last month, which you forwarded under cover of your letter of 10 November.

M A PATTISON

Brian Morgan, Esq.,
Scottish Office.

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