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Prime

Minister

10 DOWNING STREET

From the Private Secretary

2 June 1981

As you know, the Prime Minister saw Dr. Edmund Marshall last night, to discuss the proposed closure by GEC Small Machines Limited of their factory at Thorne. Mr. Baker was also present.

Dr. Marshall recalled that he had asked in the House for the Government to consult GEC about the proposed closure. He had himself been in correspondence with the company. It was now clear to him that there was no hope for this particular factory. It produced fractional horse-power motors manufactured for domestic appliances. There had been a significant fall-off in demand for the appliances themselves, and manufacturers of such appliances were increasingly making their own motors. There was no prospect of the company substituting an alternative product at that plant. He had also investigated the option of GEC closing their similar factory at Newcastle under Lyme but the company felt, with some justification, that the Newcastle plant was better placed geographically in relation to suppliers, purchasers and related GEC factories. GEC had been prepared to contemplate the sale of the factory as a going concern but this had come to nothing.

Dr. Marshall had therefore reluctantly concluded that there was no future for this factory in its present field and had turned his attention to what might be done in the aftermath of the likely closure. It was this which he now wished to discuss with the Government.

The Prime Minister enquired about a GEC offer of jobs at the Newcastle plant. Dr. Marshall explained that, of the 424 jobs to be lost 342, were held by women, and labour mobility was even more difficult in the case of women who were often the second breadwinner in a family. Dr. Marshall then gave the Prime Minister a note he had prepared about the unemployment rate in the Thorne area. He asked that the Government should seek to establish true statistics for the proportion of unemployment in the labour force living in Thorne, as a basis for considering the possibility of Development Area status. Mr. Baker said that he would arrange for the Department of Employment to try to verify the rate of unemployment in Thorne. But he pointed out that, even if this proved to be 15 per cent, it would remain lower than some Development Areas; and that some areas with higher rates of unemployment had had applications for Development Area status turned down. He would nevertheless get in touch with Dr. Marshall after he had consulted the Department of Employment.

/In reply

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In reply to the Prime Minister's enquiry about the attractions in the area for prospective investors, with or without Development Area status, Dr. Marshall drew attention to the availability of skilled manpower, the excellent communications, the accessibility of both parts of Humberside, and in particular the ease of access by road.

I should be grateful if you could now pursue with the Department of Employment the question of the true unemployment rate in Thorne, and arrange for Mr. Baker to write further to Dr. Marshall on this point and the Development Area issue in due course. I should be grateful for a copy of that letter for our records.

I am sending a copy of this letter to John Anderson (Department of Employment) for information. I am enclosing for you and for him a copy of the submission left with us by Dr. Marshall.

MAP

Jonathan Hudson, Esq.,
Department of Industry.

K Baker's office

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