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10 DOWNING STREET

From the Private Secretary

24 July 1981

Thank you for your letter of 23 July, with which you enclosed briefing for the Prime Minister's meeting this morning with Dr. David Clark MP about the closure of North East Audio Limited, South Shields.

Dr. Clark made it clear at the outset that he saw little hope of saving the Company, which was ceasing to trade today. There was, however, some prospect of one small operation, which might employ about a dozen people, being salvaged.

He had asked to see the Prime Minister in order to impress upon her the extent of deprivation in North Eastern towns. In South Shields, one in four men were out of work, and there was a prospect of a further pit closure just outside the constituency which would cost another 700 jobs. He rehearsed the history of North East Audio Limited, along the lines set out in the briefing. Mr. Tebbit confirmed that the Company had applied for all Government assistance to which it was entitled. He added that the firm had been investigated by outsiders twice, and in both cases the conclusion was that the Company had no future as then organised. Mr. Tebbit said that, if there was any suggestion that parts of the Company could be of interest to prospective purchasers he would be happy to arrange for proposals to be considered sympathetically, so far as they were compatible with NEB criteria.

Turning to the wider issues, Dr. Clark showed the Prime Minister photographs of urban clearance areas in his constituency. There was some discussion of the levels of wages which would be necessary to encourage people to return to work in preference to staying at home on social security benefits. Dr. Clark said that there was concern brewing up about the Secretary of State for the Environment's role in Merseyside. The Government might feel that it had to pump money into inner cities following the riots at the expense of other areas of the country. The Prime Minister said firmly that she would not pump funds into the riot areas at the expense of other towns which had continued to operate in a decent and orderly fashion.

Dr. Clark said that he had contemplated inviting the Prime Minister to visit the North East. The Prime Minister said that she intended to do so at some stage, but only if this could be organised so that she could genuinely see for herself without

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being dogged by politically motivated demonstrations. It was with this in mind that she had set off very early in the day for her recent visit to Liverpool. Dr. Clark accepted this point, and had discussed with the South Shields Chief Executive whether present conditions made it possible for the Prime Minister to make a worthwhile visit to the area.

In conclusion, Dr. Clark said that he was concerned by the lack of initiative which was now apparent in the region. The tradition in the area was of workforces employed by huge undertakings. In the face of the current recession there were disappointingly few people prepared to attempt to set up on their own in a small way. This loss of self-confidence was a major problem for the future.

When Dr. Clark left, Mr. Tebbit mentioned to the Prime Minister his own plans for visits to the North East and Scotland. He suggested that one way of allowing her an unpublicised visit to an area like the North East would be for her to take over at the last minute an itinerary already set up for him. The Prime Minister said that this would be worth considering, and Mr. Tebbit agreed that you would keep this office informed of his plans.

I am sending copies of this letter to David Edmonds (Department of the Environment) and John Halliday (Home Office) in view of the Prime Minister's reference to the Secretary of State for the Environment's assignment on Merseyside.

M. A. PATTISON

Peter Mason, Esq.,
Department of Industry.