



Prime Minister (2)
Mrs 7/5

cc 57
Regional Pl

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

ms

6 May 1982

Sir Geoff

ADDITIONAL ENTERPRISE ZONES

Thank you for your letter of 30 April. I have also seen Nicholas Edwards' letter of 20 April, Norman Tebbit's letter of 28 April to me and Jim Prior's letter of 19 April and Patrick Jenkin's of 23 April to you.

I agree that before deciding on further zones, it would be helpful to have some views from our consultants on the explanations of different rates of progress between the zones and on the effectiveness of the different policy instruments and management arrangements. I am, however, reluctant to wait until their full report in the Autumn as Norman and Patrick suggest. Whilst I accept Norman's point that this would still enable us to invite more bids before the election, I do not think it would bring us the full benefit that an early decision would provide. Our experience of the first zones is that as much impact derives from the first things happening on the ground as from the announcement. If the new zones are to produce development by Autumn 1983 a decision on whether or not to go ahead with more zones is required by the Summer.

I therefore intend to ask the consultants to carry out the early assessment of the type you propose. I am sure I can count on all Departments for support in providing any necessary information for the consultants. The report should be ready by mid-June. We can then meet, as you suggest, to agree the way forward. As well as Patrick Jenkin and Norman Tebbit I think it would be helpful if Jim Prior, George Younger and Nicholas Edwards could take part in these discussions.

I am copying this to the recipients of my earlier letter.

you are
Michael Heseltine

MICHAEL HESELTINE

Sir Geoffrey Howe

CONFIDENTIAL



Prime Minister (2)
Mrs S/S
CC JV

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

30 April 1982

The Rt. Hon. Michael Heseltine MP
Secretary of State for the Environment

Mr Heseltine

ENTERPRISE ZONES

Thank you for your letter of 7 April. I was most interested to read the progress report on the zones; some of them, like Corby, Swansea and Clydebank, seem to have achieved remarkable progress in a very short time, even though others have not taken off in the same way.

As you know from our talk a couple of days ago, I very much share your hope that we can build on the successful experience. But I still think we need an opportunity to consider quickly just what is the soundest basis on which to do so. I gather that consultants employed by your Department are assessing the various factors which may explain the different rates of progress as between zones. I can see that waiting until their full report on the zones' first year of operation is available in some months time would impose too much delay in getting ahead. But I understand that they would be prepared to provide, within one month, a "qualitative assessment" with an appraisal of why some zones have been more successful than others. That should provide useful guidance. If at the same time they put forward some thoughts on the effectiveness of different policy instruments and administrative or marketing arrangements, that too would be helpful.

I suggest that the consultants be asked to provide an interim report on the time-scale I have suggested. So soon as that was available you could draw up specific proposals; and we could meet, perhaps with Patrick Jenkin and Norman Tebbit, to agree how to move forward most effectively.

I am copying this letter to the recipients of yours.

Geoffrey Howe

GEOFFREY HOWE

5 MAY 1982





Regional Policy 2 JV

Prime Minister (4)

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MS 28/4

Rt Hon Michael Heseltine MP
 Secretary of State
 Department of the Environment
 2 Marsham Street
 LONDON SW1

28 April 1982

R Michael,

ms

ENTERPRISE ZONES

Thank you for sending me a copy of your letter to Geoffrey Howe of 7 April in which you propose that we should take steps to establish a further ten Enterprise Zones (EZs).

The trouble about this is that although from all accounts the establishment of some of these zones at least has had an excellent psychological impact locally, we cannot yet point to concrete evidence that the benefits of the EZs are commensurate with their costs. We do not know to what extent development and expansion in the zones are genuinely additional to what would have taken place anyway; how much of it has been at the expense of areas outside the zones; and whether the kind of developments taking place are the most beneficial in terms of economic regeneration. This lack of concrete evidence is hardly surprising when the first zone to be established is still less than a year old. But it will be some time before the consultants you have employed are ready to provide a full analysis of the effects of the EZs.

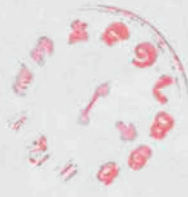
I appreciate that nearly a year is needed between a fresh round of bids being invited and new zones being established, and that if we await concrete results from the study it may not therefore be possible to establish more EZs before the election. But provided the early results of the study are favourable we should have ample time at least to invite more bids, and thus to demonstrate that the experiment is successful and that we are reinforcing success.



I suggest therefore that we should revert to this matter when fuller information is available from your consultants on the effects of the existing EZs.

I am copying this letter to the Prime Minister, members of E Committee, the Secretaries of State for Scotland and Wales and the Secretary of State for Defence.

J. Norman



2011.11.11



Secretary of State for Industry

Prime Minister (4) ✓ SV
ms 26/4
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23 April 1982

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Whitehall SW1

Dear Geoffrey,

I have seen Michael Heseltine's letter to you of 7 April proposing an early announcement of a second tranche of Enterprise Zones.

2 I am bound to say that I have serious reservations about such a course. In principle we are all of course keen exponents of the principles of freedom from constraint and the unshackling of private enterprise which underlie the EZ concept. But we must nevertheless take a hard look at the realities of the experiment to date, assessing very carefully the effectiveness of the existing EZs, before we contemplate any more.

3 If we are to do this, then I fear that the Progress Review attached to Michael's letter does not seem to demonstrate the sort of success we had hoped for. Variations in the success rate are clear: contrast, for example, Speke - where no private sector development has occurred - and Corby. Even where we can see apparent signs of effectiveness, to what extent can they be attributed to the EZ benefits? The three most successful appear to be Corby, Swansea and Clydebank. The Corby DA is anyway proving remarkably successful at attracting investors and it is certainly arguable that regional policy benefits and location would have been sufficient to induce most of the EZ development in any case. Both Swansea and Clydebank have I know been the subject of remarkable promotion efforts on the part of the Development Agencies - and the SDA were, I believe, concentrating on Clydebank even before we created the EZ. To what extent must we attribute the success to this factor?

4 Michael's Department has of course a full programme of monitoring in hand. But I gather no results are to be available before the end of the year. Surely then would be the time to consider a second tranche - when we know something about the factors at work, the desirability of the present EZ package and why some EZs have been conspicuously less successful than others. Action now would be very much a leap in the dark which might well do long-term damage to the EZ concept itself.



5 Moreover, I know you will have in mind the relevance to this question of the proposed Inter-departmental Review of Regional Economic Policy. Although EZs have always been considered not to be an instrument of regional policy, they are widely seen as such and must presumably be considered by the Review. The Review will, more generally, enable us to clarify our views on the desirability and effectiveness of investment-encouraging instruments of all types - questions are of course highly relevant to the future development of EZs. It will be completed by the end of the year at the latest. At that time the first results of the EZ monitoring exercise will also be available and to my mind this will certainly be the right time to consider the scope for extending the EZ experiment.

6 I am copying this to the Prime Minister, Members of E Committee, George Younger, Nicholas Edwards and John Nott.

Yours ever
R
Patel



26 APR 1982

Prime Minister (2) see JV
Reg Bl



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Oddi wrth Ysgrifennydd Gwladol Cymru The Rt Hon Nicholas Edwards MP From The Secretary of State for Wales

CONFIDENTIAL

MS 20/C
20th April 1982

John Niddall

Thank you for sending me a copy of your letter of 7 April to Geoffrey Howe about progress on Enterprise Zones.

Certainly it may not be too early to be considering additional Zones if resources permit and we have enough evidence on which to base an assessment. But if we are to do this, I hope we shall base consideration on the needs of individual areas rather than any too fixed ideas about either total number of Zones or their locations. For my part, I see scope for at least two more Zones in Wales (you will recall for example our discussion over a year ago about designating a Zone on Deeside) and I could not really go along with the heavy emphasis on Zones in England your letter implies.

I am sending copies of this to the Prime Minister, members of E Committee, George Younger and John Nott.

for esw
Neil

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON

20 APR 1982

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Prime Minister (4)

Ms 20/4

Northern Ireland Office
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The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1P 3AG

19th April 1982

Geoffrey Howe

MS

I have seen Michael Heseltine's letter of 7 April proposing a second "tranche" of Enterprise Zones.

We have had representations for further Enterprise Zones from several towns in Northern Ireland outside Belfast and I would welcome the opportunity to extend the experiment beyond Belfast where - as Michael's Annex A shows - we have made an encouraging start.

I therefore strongly support his proposal for an early decision in principle to enable us to get action on the ground next year. I would like to feel that, particularly if the zones were small, I could bid for more than one for Northern Ireland so as to benefit more than one of the towns outside Belfast where unemployment is up to 36.5%.

I am sending copies of this letter to the Prime Minister, Members of E Committee, George Younger, Nicholas Edwards, John Nott and Sir Robert Armstrong.

Geoffrey Howe

20 APR 1982

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