



CONFIDENTIAL

Prime Minister ①

JFF925

PRIME MINISTER

The Chairman is now content with these proposals.

Agreed

Both he and the Lord President are content with the new timing.

ASSISTED AREA MAP REVIEW

Yes

Agree that this statement be made as proposed?

MCJ 18/6

I mentioned briefly at Cabinet yesterday the changes proposed in the Assisted Area boundaries following discussion in the Ministerial sub-Committee on Economic Affairs (E(EA)(82)7th and 8th Meetings) and separately between the Chief Secretary, Treasury, the Secretary of State for Wales and me.

2 Since Cabinet yesterday, I have also discussed the proposals with the Chancellor of the Duchy, who is now content. We have agreed to postpone the Statement until Monday, June 28. While this will not allow the full 40 days for praying before the necessary Orders take effect, I am advised that this should not make for difficulties. There is sure to be pressure for a debate after the Statement. I believe that we should respond favourably, and I should be grateful if the Lord President could look at the possibilities for, say, a half day debate (perhaps from 7.00pm to 11.30pm) before the Summer recess.

3 The background is as follows. When we reviewed our Regional Industrial Policy in 1979 we agreed to retain a three-tier structure - Special Development Areas (SDAs), Development Areas (DAs) and Intermediate Areas (IAs) - but to concentrate assistance on those parts of the country with the most



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intractable problems of unemployment. We therefore agreed that a number of Assisted Areas should be downgraded by one or two steps over a transitional period of three years, with the aim of reducing the proportion of the employed population covered by the Assisted Areas from 40 per cent to about 25 per cent. The first phase of the downgradings took effect on 1 August 1980; the second is due to take effect on 1 August 1982. For some areas the result of double downgrading would be completely to lose their Assisted Area status. We therefore announced in 1979 that these areas should be the subject of a further special review before the second stage of the downgrading took effect this August.

4 Subsequently, in the context of discussions about the regional impact of proposed British Steel Corporation closures, E(EA) agreed that the above review should consider also whether there were areas whose Assisted Area status, or lack of it, might now be thought inappropriate.

5 The changes proposed by the Minister of State, Department of Industry, following this review are set out in E(EA)(82) 13 and 18. Briefly they are to confirm the Assisted Area designations proposed to take effect from 1 August 1982, subject to the upgrading of Teesside to a Special Development Area; the designation as Development Areas of Llanelli, Pontypool, Rochdale and Rossendale; and the retention of Intermediate Area status by



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Bolton, Leigh, Northwich, Forres, Lerwick, Kirkwall and Nairn. The intention of these changes would be to correct only the very worst anomalies which have emerged since our previous review in 1979. No new downgradings were proposed.

6 A majority of E(EA) took the view that it would be untenable for the Government, having reviewed the proposed double downgradings as we promised in 1979, to make no changes whatsoever in the planned Assisted Area boundaries which are due to take effect this August, even although the economic situation has deteriorated markedly during the interim period. However, the sub-Committee were against making major changes in the present pattern of the Assisted Areas during the lifetime of this Parliament. They therefore endorsed the limited changes outlined in paragraph 5. The Chief Secretary, Treasury would have preferred to make no changes and merely to confirm the double downgradings decided in 1979, and initially reserved his position. He has however agreed to lift this reservation subject to the resolution of one outstanding technical point which is being urgently pursued.

7 The proposals put forward by the Minister of State, Department of Industry, involved the removal of Intermediate Area status from mid-Wales. The Secretary of State for Wales took the view that doing so would cause severe political difficulties for the Government in this area at a time when there were signs



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that the policies pursued by the Government and its predecessors were beginning to have some success in counteracting its chronic depopulation problems. In his view it would be essential, if the Government were to proceed with the removal of Assisted Area status from mid-Wales, to put forward a package of policies designed to mitigate the effect. These are set out in E(EA)(82)17. This package has now been agreed subject to the following points. It has been agreed that the proposal that the Development Board for Rural Wales should be permitted to pay grants to industrial undertakings ^ushould be limited in two ways. First, the criteria for offering assistance should be identical to those which apply to selective financial assistance in Intermediate Areas, although the rates of grant would be smaller - 7½ per cent and 11 per cent instead of 10 per cent and 15 per cent. Second, the total of the grants that might be paid in the first full year of the proposed scheme would be limited to £350,000 and not £500,000 as the Secretary of State originally proposed. Some difficulties have emerged over the proposal that tourist grants should continue to be available throughout Wales, and the Secretary of State for Trade is seeking to resolve these.

8 After a great deal of work over recent weeks we have now, subject to the resolution of the outstanding points which are being urgently pursued, devised a balanced package which takes account of our regional policy objectives and reflects the special considerations in Scotland and Wales to which the



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respective Secretaries of State attach importance. The package will not of course please everyone - that is hardly possible - but the West Midlands will take satisfaction that we have not retreated other than by marginal adjustments from the policy which Keith Joseph announced in 1979. The proposals will have to be cleared with the Commission, but this should not prove an obstacle.

9 I hope therefore that we can proceed as proposed. I attach a first draft of the kind of Statement which I hope to make on June 28. This will require revision in the light of the resolution of the remaining outstanding issues.

10 I am sending copies of this minute to the members of the Cabinet, the Chief Whip, the Minister of State, Department of Industry and Sir Robert Armstrong and Mr Sparrow.

J. P. Spencer

MP

PATRICK JENKIN

18 June 1982

(Approved by the Secretary of State and signed in his absence)

Department of Industry
Ashdown House
123 Victoria Street

ASSISTED AREA MAP REVIEW

DRAFT PARLIAMENTARY STATEMENT

1 With permission, Mr Speaker, I should like to make a statement on regional industrial policy.

2 When my Rt Hon Friend the then Secretary of State made his statement on 17 July 1979 announcing the results of the Government's review of regional industrial policy, he undertook that those former Special Development Areas and Development Areas which were due to become non-Assisted from 1 August 1982 would be subject to a special review before the changes finally took place.

3 Since then, there has been a very substantial increase in unemployment nationwide. And this increase has been the basis of many representations which the Government has received from Hon Members and Local Authorities, seeking improvements in their Assisted Area status. We have therefore also considered other areas as well as conducting the special review, which was confined to the areas which are due to lose Assisted Area status by two or more stages.

4 The changes announced by my Rt Hon Friend three years ago had the effect of reducing the proportion of the population covered by Assisted Areas from over 40% to about 26%. We

believe that 26% is the right order of magnitude so that the fact that unemployment has increased substantially in a particular area does not itself qualify that area for upgrading. Any changes should be concentrated on those areas whose position has deteriorated markedly relative to the rest of the country. This is necessary both to contain the cost of regional aids within acceptable limits and to provide industry with reasonable stability for their investment decisions.

5 The changes therefore which we propose at the outcome of our review are relatively few. Nevertheless, we are very grateful to all those who supplied us with much valuable information and advice in support of their representations and I can assure the House that they have all been considered with great care.

6 We have concluded that Four of the Scottish Travel-To-Work-Areas which would have lost Assisted Area status by two or more stages since 1979 should not become non-Assisted. These areas are LERWICK, KIRKWALL, FORRES and NAIRN which will now retain the Intermediate Area status which they received on 1 August 1980. All have particular problems arising largely from their remoteness from economic centres and thus warrant the retention of some of the incentives to industrial investment which go with Assisted Area status. We are however satisfied that Assisted Area status for the remaining areas subject to the special review is no longer justified and the Government intend, as we announced in 1979, to withdraw that status from them after 31 July.

7 After careful consideration, there are a few other changes which we think it right to propose. The Travel-To-Work-Areas concerned are TEESSIDE, which will become a Special Development Area; ROCHDALE and ROSSENDALE which will be designated Development Areas; LLANELLI and PONTYPOOL, which are currently part Development Area and part Intermediate Area and which will become uniformly Development Areas; and BOLTON, LEIGH and NORTHWICH which will retain Intermediate Area status. Apart from these changes the Government intend that the decisions regarding the Assisted Areas announced by my Rt Hon Friend the the Secretary of State in July 1979 will be implemented without further change. Thus from 1 August this year the coverage of the Assisted Areas will be around 27% of the working population in the areas with the most persistent problems of high unemployment. We are notifying the European Commission of these changes in accordance with our Community obligations.

8 My Rt Hon Friend the Secretary of State for Wales will be announcing separate proposals covering certain isolated parts of mid-Wales.

9 The House will recall that in 1980 following a review of Derelict Land Clearance Areas the Government announced that a number of Employment Office Areas which are due to become non-Assisted Areas from 1 August 1982 would be designated as Derelict Land Clearance Areas. As a result of the decision regarding the Assisted Areas which I have announced this afternoon some of

those areas will not now become non-Assisted Areas and thus will not be designated as Derelict Land Clearance Areas. The Government have however decided to designate additionally the NUNEATON and BEDWORTH Employment Office Areas as Derelict Land Clearance Areas.

10 The necessary Orders to give effect to these decisions will be laid before the House shortly.

11 Mr Speaker, when my Rt Hon Friend the Secretary of State for Education made his announcement three years ago, he committed the Government to a policy of reducing the unacceptable differences in economic performance between different parts of the country. In carrying this out, we must aim at getting value for money by concentrating help where the need is greatest. It makes no sense for regional aid to be spread thinly across getting on for half the population. Nevertheless, it is right to take account of changed circumstances leading to a marked relative deterioration in particular parts of the country and to adjust the boundaries of the Assisted Areas to reflect this. I therefore commend the proposals which I have announced to the House.

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From the Private Secretary

21 June, 1982

Dear Jonathan,

ASSISTED AREA MAP REVIEW

The Prime Minister has considered your Secretary of State's minute of 18 June about the changes agreed in the Assisted Area boundaries following discussion in the Ministerial sub-Committee on Economic Affairs.

The Prime Minister is content that your Secretary of State should make a statement on the lines of the draft attached to his minute, on Monday, 28 June.

I am sending copies of this letter to the Private Secretaries to members of Cabinet, the Chief Whip, Minister of State, Department of Industry, Sir Robert Armstrong and Mr John Sparrow.

Yours sincerely,

Michael Scholar

Jonathan Spencer, Esq.,
Department of Industry.

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Sub



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Regional Policy

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

25 June 1982

Dear Jonathan

ASSISTED AREA MAP REVIEW

The Lord President of the Council has seen your Secretary of State's minute of 18 June to the Prime Minister concerning this Review.

The Lord President has no comment on the substance of your Secretary of State's proposals and is content to proceed on the basis of an Oral Statement in the House of Commons on Monday, 28 June. He wishes to stress, however, that there is severe pressure on Government time between now and the Summer Recess and does not believe that the Government should give any commitment to a debate on the subject of the Assisted Area Map Review. Nevertheless, since several Orders subject to the negative resolution procedure will be needed to give effect to the Review's conclusions, he believes that the best line to adopt in the event of pressure for a debate would be to point out that the official Opposition will have the opportunity to pray against the Orders, in which case discussions through the usual channels can take place concerning the possibility of finding time for a short debate.

Copies of this letter go to Willie Rickett, Murdo Maclean and David Wright.

W. Rickett
Nick Huxtable

N P M HUXTABLE
Private Secretary

Jonathan Spencer Esq
Private Secretary to the
Secretary of State for Industry
Ashdown House
123 Victoria Street
London SW1

25 JUN 1982

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Assisted Areas (Review)

28.6.82

Reg. Blaney

3.30 pm

The Secretary of State for Industry (Mr. Patrick Jenkin): With permission, Mr. Speaker, I should like to make a statement on regional industrial policy. Copies of the statement are available in the Vote Office.

When my right hon. Friend the then Secretary of State for Industry made his statement on 17 July 1979 announcing the results of the Government's review of regional industrial policy, he undertook that those former special development areas and development areas which were due to become non-assisted from 1 August 1982 would be subject to a special review before the changes finally took place.

Since then, there has been a very substantial increase in unemployment nationwide. The increase has formed the basis of a large number of representations which the Government have received in respect of many areas from hon. Members, local authorities and others, seeking improvements in those areas' assisted area status. Therefore, as well as conducting the special review, which was confined to the areas which are due to lose assisted area status by two or more stages, we have looked carefully at a number of other areas whose circumstances seem to have deteriorated relatively to the country as a whole.

The changes announced by my right hon. Friend three years ago had the effect of reducing the proportion of the population covered by assisted areas from over 40 per cent. to about 26 per cent. We believe that changes on the scale proposed then are broadly right so that the fact that unemployment has increased substantially in a particular area does not of itself qualify that area for upgrading. Any further adjustments should be concentrated on those areas whose position has deteriorated markedly relative to the rest of the country. This is necessary both to contain the cost of regional aid within acceptable limits and to provide industry with reasonable stability for its investment decisions.

The further adjustments therefore which we now propose as the outcome of our review are relatively few. Nevertheless, I am very grateful to all those who supplied us with much valuable information and advice in support of their representations and I can assure the House that they have all been considered with great care.

We have concluded that four of the Scottish travel-to-work-areas which would have lost assisted area status by two or more stages since 1979 should retain their assisted status. These areas are Lerwick, Kirkwall, Forres and Nairn which will now retain the intermediate area status which they received on 1 August 1980. All have particular problems arising largely from their remoteness from economic centres and thus warrant the retention of some of the incentives to industrial investment which go with assisted area status. For Great Britain as a whole, however, we are satisfied that assisted area status for the remaining areas subject to the special review is no longer justified and the Government intend, as we announced in 1979, to withdraw that status from them after 31 July.

After careful consideration, there are a few other changes which we think it right to propose. The travel-to-work-areas concerned are Teesside, which will become a special development area; Rochdale and Rossendale, which will be designated development areas; Llanelli and

Mr. Biffen: The number of staff in my Department, as in any other, is determined by the volume of business.

Mr. Adley: In the light of that Delphic answer, may I ask whether the Falkland Islands issue led my right hon. Friend to increase his staff? Does his Department have any links with the Ministry of Defence when dealing with national publicity? Given the way in which returning newsmen have criticised the Ministry of Defence's role in dealing with what was, in effect, the Government's and the nation's publicity, does my right hon. Friend consider it worth while, in the television era, to review the steps that should be taken to handle publicity in these circumstances or in the unhappy event of another Falklands-type issue? In that way, we could try to cope with criticisms about censorship and see whether they are justified.

Mr. Biffen: My Department's role in that respect is to co-ordinate the information services of other Government Departments. In that context, we were, of course, in touch with the Ministry of Defence. Although we could clearly hold a productive inquest into how our performance in the South Atlantic was portrayed to the public at home and overseas, I should have thought that it was a remarkable tribute to the way in which information services had been carried out that public opinion was consolidated in such a preponderant majority in favour of the enterprise.

Mr. English: Is it true that a broadcast was made to Argentina in Spanish from the Government's radio station on Ascension Island at the same time as British correspondents and the British media were being forbidden to broadcast it in Britain?

Mr. Biffen: I was not aware of that fact, but I shall inquire into the matter and let the hon. Gentleman have further information.

Members (Accommodation)

34. **Mr. Stoddart** asked the Lord President of the Council how many hon. Members have office accommodation in single rooms.

Mr. Biffen: The number of Members who have office accommodation in single rooms is 247.

Mr. Stoddart: Does not that betray a most unsatisfactory situation? If the House were subject to the

Pontypool, which are currently part development area and part intermediate area and which will become uniformly development areas; and Bolton, Leigh and Northwich which will retain intermediate area status. Apart from these changes, the Government intend that the decisions regarding the assisted areas announced by my right hon. Friend the then Secretary of State in July 1979 will be implemented without further change. Thus from 1 August this year the coverage of the assisted areas will be around 27 per cent. of the working population in the areas with the most persistent problems of high unemployment. We are notifying the European Commission of these changes in accordance with our Community obligations.

My right hon. Friend the Secretary of State for Wales will be announcing separate proposals covering the remote and sparsely populated area of Mid-Wales—[HON. MEMBERS: "How?"]—in a written answer today.

The House will recall that in 1980, following a review of derelict land clearance areas, the Government announced that a number of employment office areas which are due to become non-assisted areas from 1 August 1982 would be designated as derelict land clearance areas. As a result of the decision regarding the assisted areas which I am announcing this afternoon, some of those areas will not now become non-assisted areas and thus will not need to be designated as derelict land clearance areas. The Government have, however, decided to designate additionally the Nuneaton and Bedworth employment office areas as derelict land clearance areas.

The necessary orders to give effect to the decisions will be laid before the House shortly.

When my right hon. Friend the then Secretary of State made his announcement three years ago, he committed the Government to a policy of reducing the unacceptable differences in economic performance between different parts of the country. In carrying this out, we must aim at getting value for money by concentrating help where the need is greatest. It made no sense then—and it would make no sense now—for regional aid to be spread thinly across nearly half the population. Nevertheless, it is right to take account of changed circumstances and, where there has been a marked relative deterioration in particular parts of the country, it is right to adjust the boundaries of the assisted areas to reflect this. I therefore commend my proposals to the House.

Mr. Stanley Orme (Salford, West): Is the Secretary of State aware that, against the background of more than 3 million unemployed and increasing closures in industry, a 1 per cent. increase, in view of the cuts made in 1979, is unacceptable? We welcome the fact that the Secretary of State has seen fit to reprieve some areas, but other areas will suffer. We do not accept that it is a question of spreading money thinly. What has been spread widely across the nation is unemployment and the Secretary of State has a responsibility to do something about that. What is the estimate of new jobs that will be created by his proposals?

What will be the additional total expenditure as opposed to the £233 million that was cut by the former Secretary of State in 1979? How many areas are not covered by the changes and where are they? Will the Secretary of State place a full list and details in the Library?

Why cannot the statement about Wales be made in the House? The Secretary of State has mentioned two areas in

Wales. Why cannot the information about the areas in Mid and Central Wales be given to the House in the normal way?

Against the background of the problems facing British manufacturing industry, the CBI's statement today to the effect that prospects are worsening, that unemployment will increase, that the demand for manufactured products remains weak at home and for exports, and that there is the possibility of only 1 per cent. growth, when will the Government do something about the economy and industry?

Mr. Jenkin: As the right hon. Gentleman knows, it is difficult to measure with precision the effectiveness of any measure of regional aid. Such evidence as exists suggests that it is more effective if it is concentrated directly on the areas of greatest need. To take one example, the signs are that more jobs were created in the assisted areas in the late 1960s and early 1970s than when coverage became wider through the creation of intermediate areas. For that reason, I believe that it is right to retain a policy of concentrating help on the areas of greatest need.

Of course, I acknowledge that unemployment has risen, but the right hon. Gentleman should recognise that it has risen very steeply in other major industrialised countries. For instance, the latest figures from the Department of Employment show that in the three months to May this year unemployment increased by 2 per cent. in the United Kingdom, by 10 per cent. in West Germany, by 10 per cent. in the United States and by 19 per cent. in Canada.

It is impossible to estimate the number of new jobs that are likely to emerge from any regional policy, but the evidence suggests that the policy for the regions and the areas of greatest need will assist in the creation of employment.

The right hon. Gentleman asked about expenditure. The actual expenditure for 1981-82 was about £850 million. The estimate for 1982-83, on a cash basis, is £768 million. The right hon. Gentleman asked me to put full lists in the Library. I shall look into that to discover the most effective way of doing it because I should like to help the House in that regard.

The right hon. Gentleman is being a little churlish about Wales. My right hon. Friend the Secretary of State for Wales is today answering a question setting out in some detail the powers that he proposes to use within the area of the Development Board for Rural Wales in the sparsely populated areas of Mid-Wales. The answer is detailed, and I should have thought that that was an appropriate way of dealing with the matter.

The right hon. Gentleman referred to the economy. I am sure that he will cheer the declining level of inflation. I hope that he will cheer the increasing evidence that we are now through the worst of the recession. I know that he will take comfort from the fact that this Government at least will not have to imitate the Government of France in going back to the policies with which we became familiar in the late 1960s.

Several Hon. Members rose—

Mr. Speaker: Order. Another statement is to follow. Today is a Supply day which means that the Opposition have chosen the subject for debate. I propose to allow questions on this statement to run until five minutes past four. If they are brief, a fair number of hon. Members should be able to ask questions.

Mr. Mark Carlisle (Runcorn): Is my right hon. Friend aware that the decision following the deputation to the Minister of State to retain intermediate area status for the Northwich travel-to-work area will be extremely welcome locally? Is he also aware that in an area where there has been growing unemployment it will greatly help the local district councils in their efforts to widen the employment base of their areas?

Mr. Jenkin: I am grateful to my right hon. and learned Friend. We certainly listen to such points.

Mr. John Morris (Aberavon): Is not the House entitled to know whether Mid-Wales is to be downgraded or upgraded? Is the Secretary of State aware that the Neath river is causing great concern to my hon. Friend the Member for Neath (Mr. Coleman) and myself because there may be a difficulty in the BP Chemicals proposal to build an export terminal? Is the right hon. Gentleman aware that that project may suffer because it will not be eligible for full Government grant as it may be marginally outside a special development area? Will he examine that again?

Mr. Jenkin: I thought that I had made it clear—if I did not, I apologise—that the areas in Mid-Wales are not retaining intermediate area status. For that reason, my right hon. Friend is making proposals for the use of certain of his powers under the Development Board for Rural Wales. My right hon. Friend is answering in detail a written question on the matter. I should have thought that the House would think it reasonable to wait for the answer.

On the question of the availability of development area status for Wales, whereas in England the proportion of population which will retain development area status is 16½ per cent., in Wales it remains 93.9 per cent. I do not think that Wales is doing too badly.

Mr. Alex Pollock (Moray and Nairn): Does my right hon. Friend accept that his statement will be warmly welcomed? Does he agree that the review illustrates that the process is not just sham consultation but underlines the Government's capacity for economic flexibility and change?

Mr. Jenkin: I am grateful to my hon. Friend for what he has said. Those travel-to-work areas in the far north of Scotland face real problems because they are peripheral to the main centres of industrial activity.

Mr. Lawrence Cunliffe (Leigh): Is the Secretary of State aware that the House is, from time to time, thankful for small mercies from this Government—very small mercies indeed? May I remind him that the Leigh constituency is an integral part of the Wigan metropolitan area which was given full development area status under the last assisted area proposals? May I further remind him that his predecessor told a North-West delegation that there was some hope? That hope has turned to hopelessness in relation to unemployment. Does the right hon. Gentleman accept that today, as then, the Government's industrial strategy is abysmal?

Mr. Jenkin: The hon. Gentleman is being a little churlish. Leigh is one of the areas which we have decided should retain intermediate area status. We undertook to review the suggestion that it should be made a non-assisted area and we have decided to keep it as an assisted area. That properly reflects the needs of the hon. Gentleman's constituency.

Mr. Clement Freud (Isle of Ely): While the cosmetic tinkering will be welcomed by my right hon. Friend the Member for Orkney and Shetland (Mr. Grimond) and my hon. Friend the Member for Rochdale (Mr. Smith)—[HON MEMBERS: "Where are they?"]—Does the Secretary of State accept that the areas are designated by the catchment areas of jobcentres, and that the facility of administration and not the needs of an area take first place? What does he intend to do about that?

Mr. Jenkin: The hon. Gentleman is wrong. The specially designated travel-to-work areas, not the employment offices, have been the basis for industrial regional policy under successive Governments. That is intended to reflect as nearly as possible levels of unemployment in an area which can be said to be within a single travel-to-work zone. That is the proper basis on which to found regional industrial policy, and we have stood by that. It is generally recognised that the changes that we have made have benefited constituencies represented by hon. Members from all parties.

Mr. D. A. Trippier (Rossendale): I thank my right hon. Friend for recognising the need to designate Rossendale a development area. Is he aware that it will be warmly welcomed by the local authority and especially by the Rossendale Community Enterprise Trust, which has worked hard to attract new industry to the valley?

Mr. Jenkin: I visited my hon. Friend's constituency and was struck by the determination of his constituents to do everything possible to help themselves. I examined all the factors and decided to grant development area status to Rossendale.

Mr. John Roper (Farnworth): Does the Secretary of State accept that, although the adjustments will be welcomed in the areas that are affected—I welcome the change for Bolton—the proposals fail to tackle the substantial increase in unemployment in the North-West and other regions? Will he bring forward proposals soon to tackle the increase in unemployment?

Mr. Jenkin: The hon. Gentleman does not recognise the fact that, of the limited changes that I have made, five were in the North-West region. We examined the problems of that region with great care. We recognised the serious problems of Merseyside, West Cumbria, Rochdale and Rossendale. We considered carefully the arguments put forward by the North-East Lancashire Development Association, but many of the arguments were not sufficient to lead us to depart from the practice of successive Governments of designating assisted areas by reference to travel-to-work areas. The North-West has not done too badly out of the review, and I hope that the hon. Gentleman, on reflection, will recognise the fact.

Mr. Joel Barnett (Heywood and Royton): Is the Secretary of State aware that, although the people of Rochdale and Rossendale, some of whom are my constituents will be grateful for the upgrading to development area status, they regret the reasons that led to it—the massive increase in unemployment and the sad decline in the textile industry? Now that the area has development area status, will he ensure that he will give rather better assistance in the claiming of EEC grants than he has in the past?

Mr. Jenkin: I am grateful for the right hon. Gentleman's welcome. We intend to make the maximum

use of the European regional development fund. I am advised that we shall take up our full quota. We shall see what we can do to help the areas that face considerable problems, including the right hon. Gentleman's constituency.

Mr. David Crouch (Canterbury): Is my right hon. Friend aware that even in the South-East, which is relatively prosperous compared with the rest of Britain, there are some pockets of resistance, especially on the North Kent coast, with the prospect of the closure of Chatham dockyard, and further along the coast in Herne Bay, where unemployment has already reached 22 per cent.? Can my right hon. Friend offer any flexibility to help such pockets of unemployment and lack of opportunity?

Mr. Jenkin: I have detected almost no pressure from areas in the South-East to be accorded assisted area status. However, my hon. Friend is right to say that those areas also have pockets of high unemployment. Chatham and the Medway towns are examples. That is why we designated the Medway area an experimental area for the special scheme to help those who wished to set up on business on their own. I remind my hon. Friend that for major industrial projects all the powers of section 8 of the Industry Act 1972 remain available. I have made that clear to those in the area who seek reassurance from my Department.

Mr. Les Huckfield (Nuneaton): Is the Secretary of State aware that my constituents in Nuneaton—[AN HON. MEMBER: "Is it Nuneaton or Wigan?"] I thought that someone was about to pay tribute to my success. Is the Secretary of State aware that my constituents in Nuneaton and Bedworth, the local authorities in Nuneaton, Bedworth borough council, Warwickshire county council and the members of deputations with which I have been involved, will be grateful for what he has said? However, is he also aware that, although derelict land clearance area status has now been granted to Nuneaton and Bedworth, it is only a small crumb of comfort to the entire Coventry area? Is he further aware that he must be at least as reassuring about continued support to Coventry-based industries, especially British Leyland and Rolls-Royce?

Mr. Jenkin: The hon. Gentleman may recognise that one reason why we did not feel it right to make any move in the West Midlands, apart from the move in his constituency, was partly that industrialists in the area have not sought assisted area status. Also, many people in the area recognise that, in our policies in support of British Leyland and other such companies, the Government have invested large sums of money that has done much to preserve employment in the West Midlands and elsewhere. People in the area should recognise that, because it has not been done without considerable cost to the taxpayer, all of which must be found by the country at large.

Mr. Hal Miller (Bromsgrove and Redditch): Does my right hon. Friend accept that the major part of the British Leyland money goes by no means to the West Midlands but to the North-West, Scotland and many other areas? Does he further accept that in the West Midlands—an area with the highest rising unemployment in Britain and disadvantaged more recently, as he suggested in his statement—we support the reduction in the number of

assisted areas because we believe that the way forward is by a sectoral policy? How effective are the funds on regional policy compared with the funds distributed on his sectoral policies that we greatly support?

Mr. Jenkin: I am grateful for my hon. Friend's recognition that most West Midlands industrialists would much rather see the burden that regional industrial policy lays on the West Midlands relieved than that the regions should join the ranks of assisted areas. That is what the Government are doing. I remind my hon. Friend that last December we suspended the industrial development certificate scheme, a move that was widely welcomed in the West Midlands.

It is difficult to quantify precisely the employment effect of different measures. Although regional development assistance may have as one of its primary aims the creation of employment in areas of high unemployment, many of the sectoral schemes that we support—for example, in information technology, robotics, microprocessors and computer-assisted design—have as their primary aim the modernisation of the capacity of British industry to compete in world markets. Although that will have a major impact on employment in the near future and in the long term, the measures are not aimed at creating immediate short-term jobs. It is a little difficult to make the comparison that my hon. Friend has asked me to make.

Mr. Charles R. Morris (Manchester, Openshaw): Does the Secretary of State recall, that when his predecessor made his statement in July 1979, he suggested that loss of assisted area status could be interpreted as a sign of hope? Is the right hon. Gentleman aware that his statement today will transform any feeling of hope in Manchester to one of anxiety and despair? Does he accept that to base the designation of assisted area status on unemployment in travel-to-work areas is a statistical nonsense? In Manchester it produces a position where Moss Side, which has 34 per cent. unemployment, is lumped together with Wilmslow in the Cheshire stockbroker belt, where unemployment is insignificant.

Mr. Jenkin: I am not sure on what the right hon. Gentleman suggests we could base regional policy if not on travel-to-work areas. Unemployment in the Manchester travel-to-work area—

Mr. Morris: What about Moss Side?

Mr. Jenkin:—grievous though it is, is below the average for intermediate areas generally. In those circumstances, it would have been inappropriate to have retained assisted areas status for Manchester and its immediate environs, because it would have spread the available money too thinly and not concentrated help on the areas of greatest need.

Mr. Michael Grylls (Surrey, North-West): Given the need to help areas of high unemployment, is my right hon. Friend satisfied that the way in which regional aid is dispensed is the most cost-effective in terms of results and cost to the taxpayer?

Mr. Jenkin: When my right hon. Friend the then Secretary of State made his statement three years ago, he committed the Government to maintaining to the end of this Parliament the broad shape of the regional policy that he announced. We shall have to see to what extent we are getting value for money. As I said to the right hon.

[Mr. Jenkin]

Member for Salford, West (Mr. Orme), it is extremely difficult to be precise about the effects of specific measures when one has a range of measures aiming to help unemployment in the regions. On the whole, we are satisfied that the policy works more effectively the more it is concentrated on the areas of greatest need.

Mr. Gavin Strang (Edinburgh, East): Is the Secretary of State aware that this mouse of a statement shows a scandalous disregard for the problems of the Scottish economy and flatly contradicts the assurance given by the Minister responsible for industry in Scotland that there would be changes in the pattern of regional development assistance in the central belt of Scotland? As the Government have failed to take on board the fact that unemployment in the Edinburgh travel-to-work area is rising faster than in Scotland as a whole and in the United Kingdom as a whole, will the Secretary of State tell the House whether he has ruled out the possibility of another review of the areas that have been downgraded by two stages in the lifetime of this Parliament?

Mr. Jenkin: The level of unemployment in the Edinburgh travel-to-work area, at 11.1 per cent., is lower than the national average, so it would have been a bizarre decision to extend assisted area status to it. I am sure that the hon. Gentleman is aware that in the recession, which has affected the whole nation, the deterioration in Scotland has been less serious than in the country as a whole. [HON. MEMBERS: "No".] Yes. The figures are clear. They have been given in many debates by my right hon. and hon. Friends who are Ministers in the Scottish Office. The deterioration has been less serious in Scotland, which has weathered the recession better than the country as a whole. In those circumstances, to have gone back on the 1979 statement and extended assisted area status to substantial areas in Scotland would have been a retrograde step.

Mr. Robert Atkins (Preston, North): Is my right hon. Friend aware that the people of Preston will understand and support, as I do, the policy that he has enunciated, provided that he can assure me on two matters? First, can he take steps to improve the chances of Preston and other places in getting European moneys, to which they are entitled, when assisted area status is taken away? Secondly, is my right hon. Friend or his Department prepared to support profitable and expert projects such as the P110 at British Aerospace?

Mr. Jenkin: My hon. Friend knows that the European development fund moneys are confined to areas of the country that qualify for assisted area status. Of course, other European moneys under the European social fund, the European Investment Bank, and the non-quota section of the European regional development fund can be available for areas outside the assisted areas. I shall bear in mind what my hon. Friend has said about that matter. He mentioned high technology projects, for example, the aircraft proposals, for which launch aid is being sought. My right hon. and hon. Friends and I are considering those matters. Decisions will be announced in due course.

Mr. Jack Straw (Blackburn): Is the Secretary of State aware that his decision today will be treated with anger and incomprehension by thousands of people in North-East Lancashire, whose lives have been ruined by the

Government's catastrophic policies? Is he aware that there are 13 assisted areas with lower unemployment rates than Blackburn and that in the past two months unemployment in Blackburn has risen by 900 and now stands at over 10,000? What reason is there, apart from political chicanery, for the Government denying assisted area status to the whole of North-East Lancashire, apart from Rossendale, when the Government have continued to give it to Blackpool, which has a lower unemployment rate?

Mr. Jenkin: The hon. Gentleman does his case no good by using exaggerated language. I utterly refute his final suggestion. The changes that I have announced have benefited constituencies represented by members of every political party. The hon. Gentleman referred to the North-East Lancashire development area, which is covered by the North East Lancashire Development Association. I considered extremely carefully the representations that NELDA made to me, but I was not persuaded that it would be right to depart from the policy pursued by successive Governments—that we decide regional policy on the basis of travel-to-work areas. We must look at individual areas and their history and future prospects, taking everything into account. It is for that reason that we felt that Rossendale stood out as an area that needed to retain assisted area status.

I understand the anxiety that the level of unemployment in Blackburn causes the hon. Gentleman, but it is below the average for intermediate areas as a whole. With regard to the area on the Fylde coast, the House will have noticed that we have announced no further downgradings anywhere. The relative levels of unemployment vary from year to year. They were high on the Fylde coast in 1979. Because it would have been necessary to give at least a year's notice of further downgrading, the Government decided as a matter of policy that the review would not involve any further downgrading.

Mr. Alec Woodall: On a point of order, Mr. Speaker. I am in difficulty because I do not wish in any way to criticise you, Mr. Speaker, but in the statement there has been not one mention of crumbs or anything else for Yorkshire and Humberside and not one Yorkshire Member has been called to ask the Secretary of State a question. In Yorkshire and Humberside, especially in my constituency, there are some of the worst unemployment spots in the country. We have not had a chance to question the Secretary of State, which is disgraceful. It is time that the Government did something for Yorkshire.

Several hon. Members rose—

Mr. Speaker: Order. I shall in a moment call the Opposition Front Bench speaker, who will speak for the whole country, as the hon. Gentleman will understand. On these occasions it is impossible to cover every constituency. I have tried to be fair. Because I understood the hon. Gentleman's strong feelings, I allowed him to make his point, although it was not strictly a point of order. I think that the House understood completely that he wanted to make that statement on behalf of Yorkshire.

Mr. Peter Hardy (Rother Valley): On an entirely different point of order, Mr. Speaker. You are entitled to do this, Mr. Speaker, but each time you fix a time when the consideration of a statement will be concluded, Ministers and their supporters tailor the length of their contributions to reduce the opportunities available for Opposition Members to ask questions.

Mr. Speaker: In order to avoid any feeling about that, in future, instead of fixing a time, I shall resort to my custom of saying that I shall take four or five questions from either side and watch the clock, which would prevent that.

Dr. Keith Hampson (Rippon): On a point of order, Mr. Speaker. You know that I do not badger you with points of order, but it is only just to the textile industry of Yorkshire to record that several hon. Members on both sides have been trying to intervene to put the case for the unemployed in the Yorkshire textile areas.

Mr. Speaker: There are other hon. Members who represent other industries and constituencies as well, but the statement must come to a conclusion at some time.

Mr. Ioan Evans (Aberdare): On a point of order, Mr. Speaker. You are aware that several hon. Members from Welsh constituencies have been trying to catch your eye because of the way in which the Principality has been treated. Would it not be helpful for the House if the Secretaries of State for Wales and Scotland also made statements so that those areas could be dealt with?

Mr. Speaker: The first Member I called was the right hon. and learned Member for Aberavon (Mr. Morris), who is a former Secretary of State for Wales.

Mr. John Prescott (Kingston upon Hull, East): Is the Secretary of State aware that his statement has more than the smell of the pork barrel about it? Does he agree that unemployment is no longer limited to a few regions as a result of the Government's policies? Is he aware that unemployment has doubled to 3 million, the South-East has nearly 1 million unemployed and the West Midlands is a candidate for special development area status as a

direct result of the Government's policies? Does he agree that to talk of reducing the number of areas and the amounts of money by £230 million to enable resources to be more thickly distributed is an insult to the unemployed, especially the long-term unemployed?

Will the right hon. Gentleman say what he means by talking about a regional policy within acceptable limits, as unemployment appears no longer to be the main criterion by which assessment is made? Does he agree that regional policy should be reviewed on the basis of mass unemployment throughout the United Kingdom rather than on selected areas as seems to have been the case with his irrelevant statement?

Mr. Jenkin: No doubt the hon. Gentleman feels better for having got that off his chest. I have never said that unemployment is irrelevant to regional policy. As I made perfectly clear in my statement, the fact that unemployment has increased in a given area is not of itself a reason for changing its assisted area status. If regional policy is to mean anything, one must take into account such factors as unemployment and remoteness of an area relative to the rest of the country. Such areas are represented by hon. Members on both sides of the House.

I resent the hon. Gentleman's accusation about pork barrel politics. It is completely unfounded. I believe that we have made reasonable decisions. I never anticipated pleasing the whole House. It is not sensible for nearly half of the country to be covered by regional policy. That would make nonsense of regional policy. We have made the right decision.

As for the comments that have been made about Yorkshire and Humberside, 40 per cent. of the working population there remains in assisted areas. That is not too bad.

British Rail and London Transport (Disputes)

4.12 pm

The Secretary of State for Transport (Mr. David Howell): With permission, Mr. Speaker, I should like to make a statement about industrial action on British Rail and London Transport.

As the House knows, the National Union of Railwaymen is now on strike both on British Rail and the London Transport Underground. Nine London bus garages have also joined in.

The NUR strikes have not been total. Limited services have been running in a number of areas including some into London, but without rail or Underground services the major routes into London have been heavily overloaded with substantial delays, particularly in East and South-East London. Hundreds of thousands of people suffered enormous inconvenience this morning. I congratulate all of them on the initiative and effort that they have shown in getting to work. The help being given by the police, the motoring organisations and the radio stations is also appreciated.

The Government's view is that the strikes constitute a wholly pointless and unwarranted assault on the travelling public. They should be called off without further delay before irretrievable damage is done, not least to the railway system. I understand that the general secretary of the NUR has called ACAS in to help, at 12 hours' notice. But plainly the first requirement is that the NUR and ASLEF should deliver on the productivity arrangements for which they have already been paid and which emerged from the intervention of ACAS last summer. All who want to see a modern and efficient railway should support the British Railways Board in getting these promises on productivity delivered.

On London Transport, the pretext for the strike was flimsy in the extreme. London Transport had already called a cooling-off period for further discussions on its proposals for timetable changes. Negotiations on pay were still in their early stages. There are no grounds whatsoever for throwing over the normal negotiating procedures as the NUR has done.

In full co-operation with the Metropolitan Police steps have already been taken to help ease the traffic situation in London. In addition to 8,000 extra car parking spaces being provided in Central London, arrangements by the Ministry of Defence are now in hand to provide a further 3,500 places in Hyde Park and Regents Park. Parking restrictions and parking meters have been suspended in all side streets. Special efforts are being made to keep the radial routes free of obstruction. Road works are being suspended wherever possible within 60 miles of Central London. Businesses will be asked to minimise heavy goods movements during the rush hours.

In addition, it is essential that people stagger their working hours and, above all, ensure that cars are full and that journeys are shared. We stand ready to introduce all necessary further measures to help the flow of traffic and to ensure that Britain keeps moving. I will keep the House fully informed.

Mr. Booth (Barrow-in-Furness): Does the Secretary of State accept that his primary responsibility is to take those actions which are open to him to keep all transport

services, including the railways, running? In view of that, has he approached either the British Railways Board or the National Union of Railwaymen, or both, with a view to finding an acceptable basis for the settlement of the dispute? Were his provocative and intemperate broadcasts during the weekend calculated to worsen the atmosphere in the dispute, thus making it harder to settle?

Was the Secretary of State's reference to Sidney Weighell, the general secretary of the NUR, asking for the help of ACAS at 12 hours' notice intended to represent fairly the general secretary's actions last week to try to obtain useful results from the ACAS initiative?

The Opposition strongly regret the inconvenience to the travelling public and the damage that the dispute will do to British industry. Nevertheless, the 5 per cent. offer, five months after the due settlement date, can be regarded as hardly adequate, even without the existence of the strings that are attached to it.

Does the right hon. Gentleman accept that the Government's record of running down investment in British Rail has undermined the confidence of the railway work force about the future of their industry? Moreover, does he accept that it has wrecked the understanding that existed between the unions and the board about productivity and investment being linked? Will he acknowledge the repeated warnings that he has been given from this Dispatch Box that the consequences of the Government reneging on their responsibilities to the railways would culminate in the present strike?

Mr. Howell: I note and welcome the right hon. Gentleman's regret about the terrible inconvenience that has been caused to hundreds of thousands of people, many families and many people who are unable to protect themselves. However, the necessary intervention should be with some of the hot heads in the NUR executive. Mr. Sidney Weighell himself called them "a squawking Left-wing rabble". It is to them that advice should be addressed to prevent the union executive from leading the industry and the thousands of workers in it over the cliff edge. The right hon. Gentleman has a part to play in such intervention.

Pay Increases are a matter for the British Railways Board. The right hon. Gentleman will not have forgotten that British Rail employees enjoyed a 20 per cent. wage increase two years ago and an 11 per cent. increase last year. That compounds up to a 33½ per cent. wage increase in the past two years. Many other people would have been grateful for such an increase. It is a considerable increase. The 11 per cent. last year was 8 per cent. pay plus 3 per cent. in return for promises to increase productivity. The NUR agreed to the flexible rosters and in recognition of that was given yet a further pay increase. It is only reasonable that the British Railways Board should seek to get the promises made last year delivered before settling this year's pay arrangements.

Investment and productivity go hand in hand. Ten major projects have been completed or approved and eight more are in the pipeline. If such projects are to go ahead and there is to be more investment in British Rail, they must go hand in hand with modern work practices, as similar schemes have done in every Continental railway system. Let the right hon. Gentleman give that message to the unions. We should then see working properly the new equipment that has already been built and on which

RECORD OF A MEETING HELD IN THE DEPARTMENT OF INDUSTRY AT 9.45AM
ON THURSDAY 17 JUNE 1982

| | | |
|----------------|---------------------------------|---|
| Those present: | Secretary of State for Industry | (in the Chair) |
| | Secretary of State for Wales | |
| | Chief Secretary, Treasury | |
| | Mr W Moyes | (Cabinet Office) |
| | Mr J Spencer | (PS/Secretary of State for Industry) |

THE SECRETARY OF STATE FOR INDUSTRY said that the meeting on the previous day of the Ministerial sub-Committee on Economic Affairs (E(EA)(82)8th Meeting) had left three issues unresolved. First, a majority of the sub-Committee had been prepared to agree to the proposal put forward by the Secretary of State for Wales in E(EA)(82)17 that the Development Board for Rural Wales (DBRW) should be allowed to pay grants to industrial undertakings, on condition that there should be a maximum percentage grant set at a level less than that which applied to selective financial assistance in Intermediate Areas, and that there should also be a limit on the grant payable to a particular project. It had not, however, proved possible to agree whether this limit should be £25,000 or £30,000. Second, the handling in relation to the public expenditure survey of the costs of the changes in Assisted Area boundaries proposed by the Minister of State, Department of Industry in E(EA)(82)18 had not been resolved. Third, the transitional provisions that might be required, were the proposals in E(EA)(82)18 to be approved, would also need to be considered, although this was a matter which might be discussed separately between the Minister of State, Department of Industry, the Chief Secretary, Treasury and the other Ministers concerned. Finally, the Chief Secretary had continued to reserve his position on the proposals as a whole, although he had agreed to review his position in the light of the progress made in resolving the outstanding issues. If changes in the Assisted Area boundaries were to take effect, as planned, from August, the necessary statutory instruments would need to be laid early in the following week. The outstanding points would therefore need to be resolved urgently.

The following were the main points made in discussion:

- i. despite the political criticisms which the Government would face the grants which it was proposed the DBRW should be permitted to pay to industrial undertakings would clearly need to be smaller than the grants available in Intermediate Areas. If this were not the case there would be very little point in a decision to remove from mid-Wales its designation as an Assisted Area. The Secretary of State for Wales had agreed at E(EA) on the previous day that the total of the grants payable in the first full year of the proposed scheme should be limited to £350,000. This implied a modest maximum grant for a particular project. But it would be inappropriate to specify such a limit in announcing the scheme. The better approach might be to adopt the guidelines which applied to the provision of selective financial assistance in Intermediate Areas but to set the maximum percentage grant at $7\frac{1}{2}$ per cent, or 11 per cent for those projects which would qualify for the higher rate of grant;
- ii. in relation to the transitional arrangements that might be necessary if the proposals in E(EA)(82)18 were to be approved, it was argued that the maximum expenditure involved would be $\pounds\frac{3}{4}$ million, although in practice it was likely to be nearer $\pounds\frac{1}{2}$ million. The legislation required to implement the transitional arrangements would be extremely complex; indeed on a previous occasion similar legislation had had to be withdrawn because of deficiencies in the drafting. Moreover, transitional arrangements of the sort proposed would involve undesirable delay and unnecessary bureaucracy, since every grant application would have to be scrutinised; the costs thereby incurred would be disproportionate in relation to the public expenditure at stake. On the other hand the point was made that the fact that the necessary legislation had had to be drafted on a previous occasion ought to make much easier the task of drafting it this time. Moreover, the sums of money involved were not insignificant. Since the bulk of the resulting savings would accrue from only one project it seemed unlikely that much extra effort would be required;
- iii. the costs involved in implementing the proposals in E(EA)(82)18 were very small in relation to the totality of the regional assistance programme and well within the margin of error of its management. The announcement of the Government's decisions could not be delayed, but once it had been made there was no alternative but to make the necessary finance available. The Regional Assistance Programme was demand-led and clearly, therefore, could

not be cash limited. On the other hand, the point was made that it would be quite wrong in principle to pre-empt discussion in the Public Expenditure Survey by accepting now what was in effect a bid for the addition of £8-9 million to the Department of Industry's budget. The rules of the Public Expenditure Survey required that bids for extra provision should be accompanied by clearly identified offsetting savings, and there was no reason why the present proposals should be exempt from that requirement. But it was not the case that the policy changes necessary to secure the offsetting savings should be immediately implemented. Provided that they were clearly identified the question of whether they should be pursued would be a matter for discussion in the context of the Public Expenditure Survey. Meanwhile the implementation of decisions on changes in the boundaries of the Assisted Areas could proceed.

THE SECRETARY OF STATE FOR INDUSTRY, summing up the discussion, said that Ministers had provisionally agreed, subject to further urgent discussions between Treasury and Welsh Office officials, that the conditions under which the Development Board for Rural Wales should be permitted to pay grants to industrial undertakings should be identical to those which applied to the provisions of selective financial assistance in Intermediate Areas except that the rates of grant should be $7\frac{1}{2}$ per cent and 11 per cent. Once the details had been agreed between Departments, the Secretary of State for Wales, in consultation with the Foreign Secretary and the Minister of State, Department of Industry, would need to arrange for his proposals to be cleared urgently with the European Commission. The question of whether transitional arrangements would be necessary in respect of the changes in Assisted Area boundaries proposed in E(EA)(82)18 had not been finally resolved, although the Chief Secretary, Treasury, had agreed not to pursue the point if it appeared that disproportionate costs would be involved. He would write to the Chief Secretary later that day setting out in detail the administrative arrangements which would be required and the extra costs which would thereby arise. It had also been agreed that the Department of Industry's submission for the Public Expenditure Survey should identify specific offsetting savings in respect of the extra costs of £8-9 million involved in implementing the proposals in E(EA)(82)18; the question of whether these offsetting savings should be implemented would be a matter for discussion in the context of the Public Expenditure Survey. Subject to agreement being reached on the two outstanding issues, the Chief Secretary had agreed not to maintain his reservation of principle on the proposals in E(EA)(82)17 and 18. The way was therefore open for an announcement of the Government's decisions early in the following week. He would minute the Prime Minister reporting what was proposed

and circulate with that minute the draft of a statement to the House of Commons. The Secretary of State for Wales should arrange for the separate clearance of the text of his simultaneous announcement on his proposals for mid-Wales.

Cabinet Office

17 June 1982

16 JUN 1982





cc JV

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01- 233 6161

PA

17 June 1982

Dear Jonathan,

REVIEW OF ASSISTED AREAS 1982: E(EA)(82)17 AND 18

At E(EA) on Wednesday it was agreed that your Secretary of State would discuss further the issues which remained outstanding with the Secretary of State for Wales and the Chief Secretary, Treasury. Ministers met this morning to discuss these issues and I attach a copy of my record of their meeting.

I am sending copies of this letter and of the attached record to the Private Secretaries to the members of E(EA) and to the Private Secretaries to the Ministers of State in the Department of Industry (Mr Lamont) and the Foreign and Commonwealth Office (Mr Hurd).

Yours ever, *BM*

W MOYES

P.S. Since I understand that there might now be a meeting on this under the Prime Minister's chairmanship I am also sending a copy to Michael Scholar in No. 10.

Jonathan Spencer Esq
PS/Secretary of State for Industry
Department of Industry
Ashdown House