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10 DOWNING STREET

From the Private Secretary

30 July 1982

Dear John

As you know, Dr. David Clark came in for his fourth "closure" meeting with the Prime Minister yesterday afternoon at 1545 hours. Your Minister was present.

Dr. Clark said that the closure of the three BS ship repair establishments in his constituency would raise the level of male unemployment to 40%. The closures would also be psychologically disastrous for a community which had built, or repaired ships since Roman times. They could also have knock-on effects; three firms had already announced that they would be making people redundant in the next week. He feared that South Shields would become a ghost town.

So far the unions had not taken any industrial action against British Shipbuilders' decision. But Dr. Clark felt that it was essential that one ship repair yard remained open on the South bank of the Tyne. British Shipbuilders shared his view. If there were a recovery in the shipbuilding and ship repair industry, it would not make economic sense to have all the facilities concentrated on the Northbank.

Dr. Clark then made the proposal set out in the attached letter, which arrived shortly before the meeting. He pointed out that at least eight warships had been damaged in the Falklands campaign. It was unlikely that the Royal Naval Dockyards would be able to cope with all the necessary repair work, as well as with the refitting of hunter/killer submarines. He understood that there were at least forty merchant ships needing repairs following the Falklands campaign, and all this work had gone to private yards. If the Prime Minister could arrange for one of the damaged warships to be repaired by British Shipbuilders, he was confident that BS would keep open one yard South of the Tyne, and place the work there. He had had such an assurance from a senior executive at the headquarters of British Shipbuilders (although he was not willing to reveal the identity of this executive). The unions would be happy if British Shipbuilders were to keep open one of the three ship repair yards. This would save at least 500 jobs. Dr. Clark felt that this would make much more sense than repairing eight damaged warships in three naval dockyards, which in his view would lead to

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unacceptable delay. The Captain of HMS Fearless had been fulsome in his praise of the work that British Shipbuilders had done in refitting his ship; Dr. Clark was confident that Tyne Ship Repair Limited would maintain these high standards if they were allowed to keep open a yard on the South of the Tyne.

The Prime Minister said that she had great sympathy for Dr. Clark; the industries in his constituency were largely old structural industries; there were very few modern factories that would provide the promise of jobs for the future. She would make enquiries about Dr. Clark's suggestion that one of the ships damaged in the Falklands campaign should be repaired by Tyne Ship Repair Limited. She did not hold out any hopes that this would be possible. If Tyne Ship Repair were to get any work it would probably go to the yard that they were keeping open. Tyne Ship Repair had been loss-making since vesting day, and there had been numerous complaints by private sector ship repairers that British Shipbuilders had been taking business at a loss and competing unfairly. The ship repair work resulting from the Falklands campaign would probably be shared between the Naval Dockyards, private dockyards, and British Shipbuilders; but no decisions had yet been taken, as far as she was aware. It was hardly surprising if repair work was allocated to the most efficient yards. British Shipbuilders' record on productivity and delivery was not good.

In conclusion the Prime Minister asked Dr. Clark to write to the Secretary of State for Defence setting out his proposal, and she asked your Minister to seek the reaction of British Shipbuilders to Dr. Clark's proposal. She repeated that she was not holding out any hope that the proposal would prove acceptable.

As I told you yesterday, the Prime Minister will want to write to Dr. Clark, both to report the result of your Minister's consultations with British Shipbuilders, and also as a response to Dr. Clark's letter to Mr. Nott. She will want to be as helpful as she can to Dr. Clark, and if it proves impossible to meet his request, it would obviously be useful if she could say something positive about the assistance that your Department is channelling to the South Shields area, and about any initiatives to set up "industries of the future" in the area, such as high technology and electronics companies.

D.K. | I should therefore be grateful if you could arrange for your Minister to consult British Shipbuilders about Dr. Clark's request, and to let me have a draft letter for the Prime Minister to send to Dr. Clark. It would be helpful if the draft could reach me by 9 August, if that is at all possible, since the Prime Minister leaves London on 11 August. You will no doubt wish to consult the Ministry of Defence over the drafting of this letter, since it will have to serve as a reply to Dr. Clark's letter to Mr. Nott.

I am copying this letter and enclosure to Jane Ridley (Ministry of Defence) and Helen Ghosh (Department of the Environment).

John Alty, Esq.,
Department of Industry

Yours ever

Willie Rickett