



Prime Minister (2)

2 MARSHAM STREET  
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

This bears out  
your own suspicions.

Mus 9/3

8 March 1983

Dear Geoffrey,

mt

#### MONITORING ENTERPRISE ZONES

I have now received the second report from Roger Tym and Partners, the consultants monitoring the Enterprise Zones. The report covers the operation of the zones up to 31 May 1982. I understand your officials have a copy.

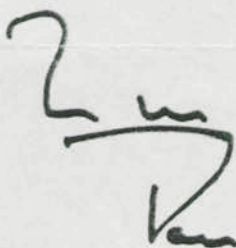
You will recall that the consultants last Spring carried out a pilot study for this report which covered the EZs in Corby, Trafford and Hartlepool. The conclusions in the current report are broadly in line with the findings in the pilot study. They show that, whilst it is still early in the life of the experiment to draw firm conclusions, the zones have succeeded in attracting considerable activity and investment to their areas, have acted as a valuable promotional tool and have stimulated local authorities and landowners to co-ordinate their efforts to develop and market land. However, the consultants' interviews with businessmen in the zones suggests that most development in EZs so far would have happened anyway, the majority of it within the neighbouring areas. They conclude that in some cases this has had an adverse effect on development outside the zones. No doubt the critics of EZs will make much of these points. But the report also shows that the EZs have succeeded in attracting this potential development to areas where it is badly needed and where the economic activity that it generates will be of benefit over a much longer period.

I consider that it is far too early in the life of the EZ experiment to be drawing substantive conclusions about their effects. The report relates to the first twelve months or so since designation (less in some cases). It is hardly surprising that the first projects to get off the ground were already in prospect. There is still plenty of room for further development in most of the zones and plenty of active interest in them. The fiscal benefits, of course, run for ten years and this should be a further stimulus to the successful expansion of the enterprises that set up in the zones. This will bring further economic activity to these areas.

The consultants have agreed not to include in the published report a summary of their conclusions, which I felt did not do justice either to the report itself or to the EZ concept.

I will issue a press notice (probably following a written PQ) at the time of publication, emphasising the short period to which the report relates and the actual and prospective benefits of the EZ experiment. The consultants are still checking the factual annexes to the report and publication will probably be early in April.

I am copying this letter to members of E Committee and to George Younger and Nicholas Edwards.

A handwritten signature in black ink, appearing to be 'Tom King', written in a cursive style.

TOM KING

*Regional Pd.*

RESTRICTED



*2 pps*

*cc JV*

*Prime Minister 2*

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

*ms 15/3*

The Rt Hon Tom King, MP  
Secretary of State for the  
Environment  
2 Marsham Street  
LONDON SW1P 3EB

14 March 1983 *Regional Policy*

*Tom King*

*mt*

MONITORING ENTERPRISE ZONES

Thank you for your letter of 8 March about the forthcoming publication of the Year Two Monitoring Report on Enterprise Zones.

I am sure that you are right to authorise publication of the Report, even though some of the consultants' findings may give openings to critics of our enterprise zone policy. I was pleased to learn that the consultants have agreed to drop the summary, which could have been unnecessarily damaging.

The main positive point to emerge from the Report is, as you say, that the zones are succeeding in their primary purpose of bringing new life and investment to some very run-down areas. I hope you will emphasise this in your press statement.

Criticism that the zones have not added in net terms to national income are, of course, misplaced. It was to be expected that the initial effect would be to influence the location of firms within a fairly narrow locality. The wider benefit from the regeneration of derelict areas will take longer to come through.

Our objective in setting up the EZ experiment was to see whether development could be stimulated in specific sites in areas of special difficulty, and to identify the essential factors contributing to such development with a view, perhaps, to applying the lessons learnt more widely. I believe that we should continue to emphasise the experimental nature of the zones and the fact that, as you say, it is still too early to draw firm conclusions.

/A good deal

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Res Pol  
Review, p.5

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11-2 MAR 1988

A good deal of the correspondence I have received on EZs has been concerned with the effect of alleged "unfair competition" on firms just outside the zones. I think Table 3.26 from the Report is useful in this context: it shows that a majority of firms even outside the zones thought the effects of the EZ measures would be beneficial outside the zones. It is a slim majority on a small sample, but nevertheless encouraging at this early stage in the zones' development.

I am sending copies of this letter to colleagues on E Committee and to George Younger and Nick Edwards.

A handwritten signature in black ink, appearing to be "Geoffrey Howe".

GEOFFREY HOWE

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cc NO  
Reg B1

NBPM

mes 22/3



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

18 March 1983

De Tom

MONITORING ENTERPRISE ZONES

Thank you for copying to me your letter of 8 March to Geoffrey Howe on the Year 2 monitoring report on the Enterprise Zone experiment.

I agree with your conclusion that it is too early to judge the results of the EZ experiment. So I go along with your proposals to publish the report without the summary and with an emphasis on the limited period to which it relates. I would add though that progress in the Swansea Zone continues to be encouraging and I would hope to see this success repeated elsewhere in Wales.

/ Copies of this letter go to recipients of yours.

John  
Ned

Rt Hon Tom King MP

REGIONAL  
Police  
- Review  
PKS

21 MAR 1985

