



10 DOWNING STREET

THE PRIME MINISTER

31 August, 1983

Dear Councillor Bosworth,

Thank you for your letter of 25 August.

I understand entirely why you wrote about the situation in Birmingham. I see you have written to Cecil Parkinson and perhaps I could suggest that you first discuss the general points you make about Government assistance with him or one of his Ministers. As you know, John Butcher has been asked to take a special interest in the problems and challenges facing the West Midlands.

I will then discuss the matter with them. I am the first to see the importance of the point you are making.

Best wishes

Councillor Neville Bosworth

Yours sincerely

Raymond Whalley

*For information
Dir WMRO of
PS/NL
PS/JB
PS/see I
Miss Mueller
Mr. Dick RPDG
Mr. Pearcey RPDG
SOS to see*





FILE

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10 DOWNING STREET

From the Private Secretary

7 October, 1983

Thank you for your letter of 5 October to Tim Flesher about correspondence with Councillor Neville Bosworth, Leader of Birmingham City Council. I have shown this to the Prime Minister, together with the background note you enclosed about the Lucas/Smiths merger. She has taken note, and has no comment to make.

(David Barclay)

S. Nicklen, Esq.,
Department of Trade and Industry

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Secretary of State for Trade and Industry

5 October 1983

Cllr Neville Bosworth
 Leader of the Council
 The Council House
 PO Box 17
 BIRMINGHAM B7 1BB

Dear Sir,

Thank you for sending me a copy of your letter to the Prime Minister about the situation in Birmingham. I fully understand your concern when the immediate effects of companies' rationalisation plans' include a loss of jobs in the West Midlands. But such rationalisation is often essential to improving companies' competitiveness in both domestic and export markets, and ultimately to ensuring their survival.

In considering the options before them, companies are, of course, free to take account not only of capital and operating costs, but also of Government incentives. The Government's policy has been to restrict the availability of regional assistance to the areas of greatest need, and as you know we reduced the coverage of the Assisted Areas from 44% to 27% of the working population during the last administration. Selective assistance over and above the automatically available regional grants is only given in cases where it is in the national interest that the project goes ahead and the amount of such assistance is limited to the minimum necessary to ensure that the project does go ahead.

The Government is committed to having an effective regional policy. We are reviewing the present system to see amongst other things whether it can be made more cost-effective. During this review we are considering carefully the effect of regional investment incentives on areas where they are not available, and I am well aware of the strong views on this subject that have been expressed by many people in the West Midlands.

I am glad that John Butcher has been able to meet you to discuss these issues, and the particular example that you quote. I hope he has been able to reassure you that the views of people in the West Midlands regional are being taken into account during our consideration of regional policy, and that the merger of Lucas and Smiths will bring benefits to the West Midlands, as well as other parts of the country.

*Yours
 Sincerely,
 [Signature]*



City of Birmingham

FROM COUNCILLOR NEVILLE BOSWORTH

Leader of the Council

The Council House PO Box 17

Birmingham B1 1BB

Telephone 021-235 2130

your ref

our ref NBBA/CE/JLEP

date 25th August, 1983

Dear Prime Minister,

I feel I must write to appeal to you about the situation in Birmingham - and indeed the whole of the West Midlands - as shown by what has happened to Lucas Industries.

You know how important Lucas' are to Birmingham. After their amalgamation with Smiths Industries they have in prospect a new development which would create a considerable number of jobs albeit there will be a loss of other jobs of a slightly greater number. But the new processes should be profitable. The Department of Trade and Industry are helping them with a grant of £12½ million.

But far from developing in Birmingham, Lucas propose to go to South Wales. We would lose jobs, Wales would gain. A major reason why they are considering this move is the money which Central Government are giving them. It is not just the new factory being provided for them in Glamorgan but further grants of 15% from the Department of Trade and Industry as a regional development grant on fixtures and fittings and yet another 15% from the Welsh Office. It cannot make sense for the Government to be paying out money to move jobs from Birmingham with an unemployment rate of 19% to West Glamorgan with an unemployment rate of 14½%.

I have quoted Lucas merely because it is a dramatic current example. But there are other cases. Please may I come and see you to plead not for more money for Birmingham but that we should stop being penalised in this way.

I am sending a copy of this letter to Cecil Parkinson.

Yours sincerely,

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
LONDON. SW1