

Ami Amst

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The report referred to below is bulky and I don't think you will have time to look at it. (Only Clerk has it if you do want to).

PRIME MINISTER

*I have great-
reminded about this programme.*

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Alan is critical of the report (see Page A), but Mr Fowler is committed to publishing it.

MAIN LINE ELECTRIFICATION

I briefly mentioned last week that the last Government had set up a joint study by my Department and the Railways Board of the case for a programme of main line electrification.

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The report of the study, in which the Treasury and the Department of Energy have been involved throughout, and to which the Departments of Industry and Trade have contributed, has now been submitted to me. There are commitments to publishing it (which I could not unilaterally suspend) and I have concluded that the best course is to publish as soon as possible. Any obvious delay would be turned to our disadvantage.


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Now see published copy

Am not convinced

I enclose an advance copy of the report for you and other interested colleagues. There are two points worth emphasising. First, the report concludes that there is a sound financial case for a programme of main line electrification. Such a programme will enable BR to make significant improvements in productivity over the coming years. Progress on this front is crucial to BR's future. Secondly, at least 80% of the programme would be carried out by private sector firms - mainly Balfour Beatty, GEC, and Hawker Siddely. It will provide them with a major source of revenue, and work for their labour force. It will also enable the firms to keep their technology up to date and compete abroad that much more effectively.

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However, as the co-chairmen make clear in their letter of submission, any decision on this report needs to take account of broader issues about the prospects for the railway's commercial businesses - Inter-City and Freight - which would be the main beneficiaries of electrification and would need to pay for it. I propose therefore to put to my colleagues the issues about electrification in the wider report on the longer-term prospects of the railways which I am due to make to E Committee in the near future. Meanwhile to keep our options open I propose to make only a short holding statement on the publication of the report, that it raises a number of broad issues that the Government will need to consider.

My officials are still examining the project that the Board have submitted to me to extend electrification into East Anglia. This was mentioned in your Private Secretary's letter of 24 November. The project would provide continuity of work for the private sector, but I would not want to take any decision on it until E Committee have been able to consider my paper on the broader questions I have mentioned.

I am copying this minute to the Chancellor of the Exchequer, the Secretaries of State for Energy, Industry, Trade, Scotland and Wales, and Sir Robert Armstrong.

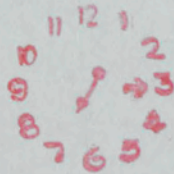


NORMAN FOWLER

26th January 1981

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26 JAN 1981



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10 DOWNING STREET

From the Private Secretary

3 February 1981

Main Line Electrification

The Prime Minister has read your Minister's minute of 26 January on the above subject, and has noted that he is committed to publishing the joint study, a copy of which he enclosed. She has commented, however, that she is not convinced by the case that is made out in the report in favour of the electrification programme, and consequently she continues to have great reservations about it.

I am sending copies of this letter to John Wiggins (H.M. Treasury), Julian West (Department of Energy), Ian Ellison (Department of Industry), Stuart Hampson (Department of Trade), Godfrey Robson (Scottish Office), John Craig (Welsh Office) and David Wright (Cabinet Office).

T. P. LANKESTER

Anthony Mayer, Esq.,
Department of Transport.

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