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Prime Minister



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

19/6

Mike Pattison Esq
Private Secretary
10 Downing Street
LONDON SW1

*Plus no estimate' letter
into account the 2011 2 10h
caused by increase of the
79 June 1981
0 - mobile industry
involvement in the
sector & private
this makes it*

Dear Mike

EMPLOYMENT EFFECTS OF RAILWAY ELECTRIFICATION

The Prime Minister asked for an estimate of the employment that might be generated by a programme of railway electrification.

A programme of the largest size considered in the Electrification Review, involving annual expenditure averaging £32m. a year, is estimated by the railway equipment industry to create directly between 1,200 and 2,000 extra jobs in the private sector - mostly on construction work, and another 800 on construction work to be employed by BR themselves. These figures exclude any employment generated indirectly among sub-contractors to the construction companies.

These estimates assume that the investment would be a net increase in public expenditure and the PSBR - if they were not, they would be offset by reductions in employment elsewhere in the economy. In the longer term, the benefits of electrification to BR depend upon reductions in its own employment from the lower maintenance needs of electric rolling stock.

Yours sincerely

Alice Baker

MRS E A BAKER
Private Secretary

*imprudent that the spending
be funded within envelope
KFL's and to catch
chips etc. not*

19 JUN 1968

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