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PRIVATE & CONFIDENTIAL

The Rt. Hon. Margaret Thatcher, MP  
Prime Minister,  
No.10 Downing Street,  
LONDON SW1.

125 of pps

23rd January, 1984.

Dear Prime Minister,

Thank you for your letter of 23rd December. I understand much of your Government's difficulty with British Shipbuilders' tragic failure to make a success of Scott Lithgow. It is intensely hurtful to reflect upon what might have been achieved under private enterprise with such massive funds. When others throughout Europe failed, Scott's and Lithgows with limited finances, succeeded through taut management, a solid workforce, progressive technology and marketing, and satisfied customers.

A home grown community on the end of a peninsula, Greenock and Port Glasgow desperately need reconstruction of core industry based on strengths, and without the fatal weaknesses that remote control and inept intervention have created. We must not throw away the opportunities of a 21st century ocean engineering industry for which we have the technology, skills and facilities, simply because of the disaster of Nationalisation. The Britoil problem had clearly to be left to cook, though we hear Scott Lithgow is now being hawked around; characteristically Swires and Lithgows, the former owners, have not been approached, despite our oil relate interests! To put it mildly, the Department of Industry's adversary attitude to us is incomprehensible. Lithgows have no misgivings about the quality of workpeople in the district; we have brought over 200 new technology jobs to Greenock in the last two years and will double that when we can get a suitable factory.

I hope there can be a clean break and private enterprise can make a fresh start and pick up the pieces. Scottish Office must get cracking in an area without even a worthwhile advance factory. Industrial reconstruction, with both maritime and other industry, would be greatly facilitated by the immediate transfer of Scott Lithgows' land and buildings to the Scottish Development Agency; they can then lease them back to B.S. or to whoever can make the best use of them. Scott Lithgow own the only real reserve of flat land for modern factories. British Shipbuilders' Fergusons still have to build sophisticated small vessels on open berths, hail, rain or snow. I rescued Campbeltown Shipyard 13 years ago on the basis of H.I.D.B. buying it and leasing it on. Since then, this covered yard has never made a loss nor tasted the poisoned chalice of the Intervention Fund; a combination of State and Private interest defused political and union tension.



I had hoped we might be spared the odious comparisons and ill informed comment of Ministers; the Secretary of State for Scotland seems to have caught this English disease. It does not help we people who are trying to rebuild a local economy. It is less than fair to those who are trying to win back the support of ordinary people to the Conservative cause in Scotland. Port Glasgow had the first ever Unionist Provost in Scotland not so long ago. We sent a Conservative to Europe whilst the good brave Anna McCurley has won back West Renfrewshire. Scott Lithgow was Scotland's largest home grown manufacturing enterprise. It derived no practical benefit from public assistance, unlike incoming multi-nationals. It was no transplant like Rootes or B.M.C. It was set to take the lead in ocean engineering until impending Nationalisation with a three year brawl in Parliament threw that strategy into disarray. Local people know how a horrific technical blunder by M.O.D.(N) left Scott Lithgow in the midst of an international row and with production thrown into chaos. The matter was settled out of court last year; no-one had the courtesy to tell the former shareholders who have been derided by the D.o.I. for the losses involved. No-one was called to account; in fact the Controller of the Navy was made Chairman of British Shipbuilders. Today Scott Lithgow are being publicly blamed for the delays in the delivery of "Challenger". Who is prepared to stand up and say that this is because Bath has blundered again? The D.o.I. posted one of it's own men as Chief Executive of British Shipbuilders. His conduct was deplorable and Scott Lithgow was left with the butt end of another debacle. Mr. Belch, who you met in our house, now chairs a leading Norwegian drilling company.

British Shipbuilders' sloppy policies, and the crazy way they set about reconstituting my plans for ocean engineering, only accelerated the loss of vital men. A demoralised and unhappy team were castigated in a most objectional manner by the last Chairman of British Shipbuilders; Scott Lithgow's new Chief Executive who had an exceptional record in Kincaids, another former Greenock success story, was publicly humiliated. Men need to be lifted up by an appeal to their pride not crushed by being told they are no use. Is it little wonder that after such a wretched record of public stewardship some of us feel mutinous and "wrong uns" have had a ball. Industry does not live by cash alone; the real capital of the district has been buried by the garbage of this adventure in Socialism and Orwellian double-think.

If we are to make a success of industry and new technology in this land, then surely we must get our act together. It is experience of the front line, not the cynicism born of some office armchair, that should direct our efforts. I hope you can direct your Ministers accordingly.

*My respects and good wishes  
Yours very sincerely  
Bill Lithgow*



AS ARRANGED WITH MR. ANDREW TURNBULL, HERewith THE TEXT OF A PRIVATE AND CONFIDENTIAL LETTER WHICH IT HAS PROVED IMPOSSIBLE TO DELIVER BY HAND DUE TO THE BLIZZARD HERE. -

PRIVATE AND CONFIDENTIAL

THE RT. HON. MARGARET THATCHER MP  
PRIME MINISTER,  
NO. 10 DOWNING STREET,  
LONDON SW1.

23RD JANUARY, 1984.

DEAR PRIME MINISTER,

THANK YOU FOR YOUR LETTER OF 23RD DECEMBER. I UNDERSTAND MUCH OF YOUR GOVERNMENT'S DIFFICULTY WITH BRITISH SHIPBUILDERS' TRAGIC FAILURE TO MAKE A SUCCESS OF SCOTT LITHGOW. IT IS INTENSELY HURTFUL TO REFLECT UPON WHAT MIGHT HAVE BEEN ACHIEVED UNDER PRIVATE ENTERPRISE WITH SUCH MASSIVE FUNDS. WHEN OTHERS THROUGHOUT EUROPE FAILED, SCOTT'S AND LITHGOWS WITH LIMITED FINANCE, SUCCEEDED THROUGH TAUT MANAGEMENT, A SOLID WORKFORCE, PROGRESSIVE TECHNOLOGY AND MARKETING, AND SATISFIED CUSTOMERS.

A HOME GROWN COMMUNITY ON THE END OF A PENINSULA, GREENOCK AND FORT GLASGOW DESPERATELY NEED RECONSTRUCTION OF CORE INDUSTRY BASED ON STRENGTHS, AND WITHOUT THE FATAL WEAKNESSES THAT REMOTE CONTROL AND INEPT INTERVENTION HAVE CREATED. WE MUST NOT THROW AWAY THE OPPORTUNITIES OF A 21ST CENTURY OCEAN ENGINEERING INDUSTRY FOR WHICH WE HAVE THE TECHNOLOGY, SKILLS AND FACILITIES, SIMPLY BECAUSE OF THE DISASTER OF NATIONALISATION. THE BRIT OIL PROBLEM HAD CLEARLY TO BE LEFT TO COOK, THOUGH WE HEAR SCOTT LITHGOW IS NOW BEING HANKED AROUND. CHARACTERISTICALLY SHIRES AND LITHGOWS, THE FORMER OWNERS, HAVE NOT BEEN APPROACHED, DESPITE OUR OIL RELATED INTERESTS. TO PUT IT MILDLY, THE DEPARTMENT OF INDUSTRY'S ADVERSARY ATTITUDE TO US IS INCOMPREHENSIBLE. LITHGOWS HAVE NO MISGIVINGS ABOUT THE QUALITY OF WORKPEOPLE IN THE DISTRICT. WE HAVE BROUGHT OVER 200 NEW TECHNOLOGY JOBS TO GREENOCK IN THE LAST TWO YEARS AND WILL DOUBLE THAT WHEN WE CAN GET A SUITABLE FACTORY.

I HOPE THAT THERE CAN BE A CLEAN BREAK AND PRIVATE ENTERPRISE CAN MAKE A FRESH START AND PICK UP THE PIECES. SCOTTISH OFFICE MUST GET CRACKING IN AN AREA WITHOUT EVEN A WORTHWHILE ADVANCE FACTORY. INDUSTRIAL RECONSTRUCTION, WITH BOTH MARITIME AND OTHER INDUSTRY, WOULD BE GREATLY FACILITATED BY THE IMMEDIATE TRANSFER OF SCOTT LITHGOWS' LAND AND BUILDINGS TO THE SCOTTISH DEVELOPMENT AGENCY. THEY CAN THEN LEASE THEM BACK TO B.S. OR TO WHOEVER CAN MAKE THE BEST USE OF THEM. SCOTT LITHGOW OWN THE ONLY REAL RESERVE OF FLAT LAND FOR MODERN FACTORIES. BRITISH SHIPBUILDERS' FERGUSONS STILL HAVE TO BUILD SOPHISTICATED SMALL VESSELS ON OPEN BERTHS. HAIL, RAIN OR SNOW I RESCUED CAMPBELTOWN SHIPYARD 13 YEARS AGO ON THE BASIS OF H.I.D.B. BUYING IT AND LEASING IT ON. SINCE THEN, THIS COVERED YARD HAS NEVER MADE A LOSS NOR TASTED THE POISONED CHALICE OF THE INTERVENTION FUND A COMBINATION OF STATE AND PRIVATE INTEREST DEFUSED POLITICAL AND UNION TENSION.



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IN FACT THE CONTROLLER OF THE NAVY WAS MADE CHAIRMAN OF BRITISH  
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INDUSTRY DOES NOT LIVE BY CASH ALONE. THE REAL CAPITAL OF THE  
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IF WE ARE TO MAKE A SUCCESS OF INDUSTRY AND NEW TECHNOLOGY IN  
THIS LAND. THEN SURELY WE MUST GET OUR ACT TOGETHER. IT IS  
EXPERIENCE OF THE FRONT LINE, NOT THE CYNICISM BORN OF SOME OFFICE  
ARMCHAIR, THAT SHOULD DIRECT OUR EFFORTS. I HOPE YOU CAN DIRECT YOU  
R  
MINISTERS ACCORDINGLY.

MY RESPECTS AND GOOD WISHES  
YOURS VERY SINCERELY,  
BILL LITHGOW  
779248 LITHGL G  
887073 BOFS G



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10 DOWNING STREET

From the Principal Private Secretary

Sir William Lletgow phoned, first to apologise for having to send this telex. A letter was impossible on account of the blizzard. Secondly, he made the point that there is a lack of advance factories in the Greenock / Port Glasgow area. Thirdly, he protested strongly about Mr Younger's remark that the Koreans had a better record - taking people from the Paddy fields to work in the shipyards. Finally he has repeated his view that Scott Lletgow is a failure of management under nationalisation rather than of working people and the trade unions.

I will draft a reply, to be sent after the debate and the meeting of Ministers on Wednesday.

AT  
23/1



FOLLOWING TEXT TO BE DELIVERED TO MR. ANDREW TURNBULL, NO.10 DOWNING STREET, LONDON SW1:-

REFERENCE OUR CONVERSATION. HAVE CHECKED ON VERBATIM TRANSCRIPT OF MR. YOUNGER - 'GOOD MORNING SCOTLAND', 10TH JANUARY, WHEN HE ACCUSED SCOTT LITHGOW WORKFORCE OF MAKING NO EFFECTIVE EFFORT ON THE BRIT OIL RIG AND SAID:-

'THEY HAVE PRODUCED A RIG OF THIS SORT IN KOREA ON TIME, AND I THINK WITHIN BUDGET, CERTAINLY ON TIME WITH PEOPLE WHO WERE MORE OR LESS TAKEN OFF THE PADDY FIELDS TO DO THE WORK.'

THIS IS INCONSISTENT WITH FACT.

BILL LITHGOW

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