

CF - your file 092?

JR



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DTI

10 DOWNING STREET

THE PRIME MINISTER

30 January 1984

Dear Sir William,

I am grateful to you for setting out your views on the problems of Scott Lithgow in your letter of 23 January. Your distinctive insights are very helpful in setting the whole issue in a wider perspective.

I fully appreciate the points you make about criticism of the workforce of Scott Lithgow. It would be wrong to heap the blame exclusively on either unions or management. Clearly there have been serious failings on both sides. Nor, over the years, can government be exonerated, with "the disaster of nationalisation" being a major contributor to the present tragedy. Still less do I wish to denigrate the qualities of the working people of Inverclyde who can boast proud achievements with other employers in the area such as IBM and National Semiconductors.

But leaving aside the argument about blame, I think there can be no doubt that confidence in Scott Lithgow has been irreparably damaged. I agree with you, therefore, that the best hope lies in making a clean start. It would be quite wrong for the Government to overrule the commercial decisions of British Shipbuilders or to put up more money to finance further losses at Scott Lithgow. George Younger made clear in the debate in the House of Commons last Tuesday that vigorous efforts are now being made to find a new operator to finish the rig. This will require a break with the past, with old attitudes of work and of management.

/ The Government

The Government fully recognise the impact which closure of Scott Lithgow will have on the Inverclyde area for, even if a new operator is found, it is unlikely that it would provide employment for all the men currently employed at the yard. With the Scott Lithgow site occupying a large part of the usable land of the area, there is a considerable task of site clearance and renovation to be undertaken. George Younger, together with the SDA, is actively assessing the needs of the area and the resources available.

I appreciate that this episode must be very painful to you. I very much hope that not only will lessons be learned but that something new will be created from it all.

Yours sincerely
Raymond Stiller

Sir William Lithgow