

SUBJECT CC MASTER

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10 DOWNING STREET

From the Private Secretary

26 March 1986

Dear Malcolm,

David Harris MP came to see the Prime Minister today to discuss the position of Geevor mine in his constituency following the collapse of the tin prices. Mr. Morrison was also present. Mr. Harris said that the position of Geevor was now desperate. It required a tin price of between £6-7,000 per tonne for viability at a time when tin was trading at £4,000 per tonne. Redundancy notices were likely to be issued to 340 of the 370 employees next week. The mine would then be operated on a care and maintenance basis employing some 30 or so staff. He was not seeking an operating subsidy and recognised that this would be impossible for the Government. Nevertheless the Government should recognise the very serious employment consequences which would see the unemployment rate in some parts of his constituency rise to some 40 per cent. Moreover, the political environment was becoming increasingly unfavourable with invidious comparisons being drawn between the £50 million the Government had apparently been prepared to offer the City with the absence of aid for tin miners themselves. This was of course a totally unfair comparison but it was one which was being made. He very much hoped therefore that, while the Government could not be expected to give assistance on the kind of scale that Geevor were likely to request they would be able to give an earnest of sympathy and faith in the future.

The Prime Minister said that she recognised the severe problems which have been caused in Cornwall by the closure of the Geevor mine and she was anxious to do everything possible to help. The problem was that although she had made it clear in the House of Commons that the Government would assist with grants to help achieve viability, there was no serious prospect of Geevor achieving viability in the foreseeable future. The Government was looking urgently at the prospects for extending the Business Improvement Scheme to West Cornwall to help the development of small businesses to replace the jobs which were being lost. At present they were thinking in terms of £750,000 over three years: they would also consider whether it might be possible to raise that to £1 million with flexibility on timing. Help for Geevor itself was more difficult. Mr. Morrison said that it was very unlikely that the Government could agree to assist

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Geevor's investment programme on the scale which they appeared to want. Quite apart from general policy considerations there would be serious difficulties with the European Commission. He was prepared to look seriously and urgently at proposals from the Company for assistance with care and maintenance but such proposals had not yet been received. Indeed the negotiations he had received suggested that the Company was funding such operations from its own resources.

Concluding the meeting the Prime Minister asked Mr. Morrison to look urgently into the possibility of an early announcement of the extension of the Business Improvement Scheme to West Cornwall and the scale and timing of help which could be provided. In the meantime he would await proposals from Geevor for specific help which he would consider in accordance with the considerations which had been set out at the meeting.

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