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the department for Enterprise

SECRET

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Our ref

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Date 18 April 1988

Dear Nigel,

BRITISH SHIPBUILDERS

I was surprised to see from your Private Secretary's letter of 7 April circulating your minute of 30 March that you were seeking Departmental contributions to the cost of special measures to deal with the effect of BS. I have made it clear on every occasion since the issue was first raised that these merited extra expenditure as part of the price for withdrawing from continued support for shipbuilding.

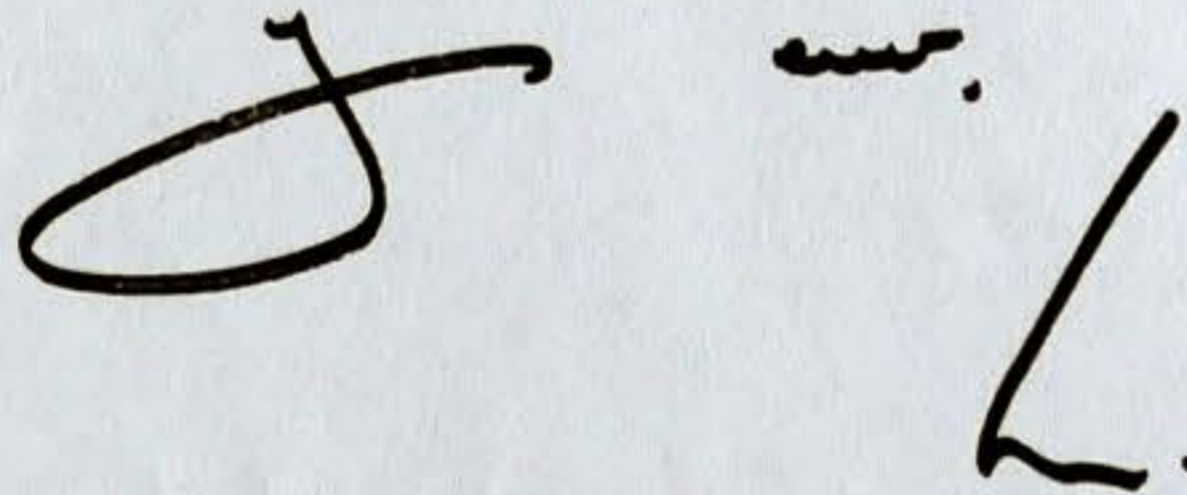
I had, however, assumed that your minute of 30 March had been circulated primarily for the record since you did not raise the question at the meeting on 31 March. I was, however, astonished to hear from my officials that yours had told them on Thursday that not only were you seeking Departmental contributions to the cost of special measures, but that you were now also expecting contributions to the closure and sale costs of British Shipbuilders. This runs if anything even more strongly counter to the thrust of our position on the need in your words "to grasp the nettle of the cost of BS closure".

AP2ABN

The formal position in the Public Expenditure White Paper is of course that BS had an EFL of £80m for 1988/89 - its previous baseline which we agreed to leave in place for the time being. John Major, in his letter of 4 September, recognised that "a substantial aggregate increase above the baseline cannot be avoided". The preliminary figures for the cost of closure were set out in my paper of 20 October.

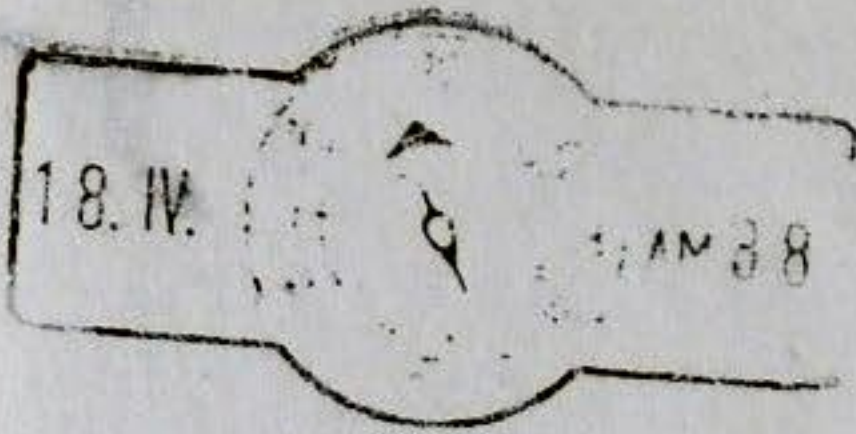
I hope therefore that I can proceed on the lines agreed at the Prime Minister's meeting, on the assumption that the extra costs above BS's artificially low EFL will be borne by the reserve, as will the costs of the agreed special measures.

I am copying this letter to the Prime Minister, David Young, Malcolm Rifkind, Tom King, and Nicholas Ridley, and to Sir Robin Butler.

A handwritten signature in black ink, appearing to be 'K. Clarke', written in a cursive style.

KENNETH CLARKE

AP2ABN



КОНСТАТИВНО СЪДЪБИ

Handwritten signature and date '7-11-38' in blue ink.

Във връзка с изготвените данни за извършените престъпления...

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