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pg. 1.

The Rt Hon John Major MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

NBLM to his steps.

Rec 6/6

2 June 1988

Dear John,

Thank you for the copy of your letter of 17 May to Kenneth Clarke. I have also seen Kenneth's letter to you of 31 May.

My position on the funding of the remedial measures is unchanged from my letter of 9 May. I am quite prepared to support Kenneth's proposal for an enterprise company to deal with job losses at British Shipbuilders, and it would be indefensible for the company not to operate on a Great Britain basis. But as it is to be a subsidiary of British Shipbuilders, it has absolutely nothing to do with my responsibilities, and I see no reason why I should be involved in its funding. The establishment of an enterprise company is inseparable from the break-up of British Shipbuilders, and I cannot see the point of trying to distinguish the costs of the company from the other costs which might be incurred.

I suggest that, with so many uncertainties about the future of the individual subsidiaries, the impossibility at this time of predicting where, when and how many redundancies might take place and only the most approximate of cost estimates, further consideration of this issue might best be deferred until we can approach it in a more informed way, and when Kenneth can present a fully worked-up proposal for the enterprise company, if indeed it is still needed.

Copies of this letter go to the Prime Minister, David Young, Tom King, Nicholas Ridley and Kenneth Clarke, and to Sir Robin Butler.

*Yours ever,
Malcolm Rifkind*

MALCOLM RIFKIND

Nach Ind: Shipbuilding Pr 14.

