

Sir William Lithgow
Telephone 041-332-8651
after hours 0475-54-389
Telex 779801

P. O. Box 2,
Port Glasgow,
Renfrewshire.

PA14 5JH

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Rt. Hon Mrs. Margaret Thatcher, PC., MP.,
Prime Minister,
10 Downing Street,
London.

Dear Prime Minister, PA

Thank you for your kind letter of 18th May. George Younger suggested that I write, although my advisory role effectively lapsed with moving out of the mainstream of industrial decision making. Morale in shipbuilding areas is tragic, management utterly frustrated, men muddling towards disaster (shades of U.C.S.). The centralist cancer, epitomised in the British Shipbuilders H.Q. organisation, requires immediate and decisive surgery, c.f. organisation chart, also international reputation.

A firm dedicated streamlining policy concentrating on fewer efficient units can only be carried out by experienced management on the ground. The Merchant Industry has had no sound relationship with Government since the War. We have had inconsistent policies, decisions always too late, (no Polytechnicians). The last Conservative Government, having taken too long to react, eventually cut the red tape with the "Adback" programme and construction grants.

The world market for British marine equipment has never been bigger. Going up market in shipbuilding and ocean engineering makes sense for national economy and employment. Non discretionary investment grants to British shipowners building in the U.K. and a counter cyclical Defence budget are the simplest tools available to Government. Present World prices bear no relationship to anyone's costs. The market should be in some kind of balance by 1982/3. Keep cowboys out of U.K. waters. Scrap and build; if all else fails, build for stock; Lithgows did successfully for many years.

Given something to go for, those with the ability to succeed will emerge by natural selection. In an area with little skill and less hope, our private Campbeltown has been built into a World beater in eight years. Its home market has been paralysed for six months - meanwhile the French have quadrupled their fishing vessel programme - but that is another matter. A new generation of young enterprises is beginning to make its presence felt in the West of Scotland.

At least West Strathclyde managed to put Adam Fergusson into the European Parliament.

My respects and all good wishes,

Yours very sincerely
Bill Lithgow