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From The Secretary of State for Wales
From the Private Secretary

Mr Dargatzis
Press

IN CONFIDENCE

19 November 1980

Dear Nax

WALES TUC

Some time ago the Wales TUC asked the Welsh Office whether they would be prepared to assist with the cost of a feasibility study into the possibility of setting up what they refer to as a "resource centre" in Wales. The purpose of such a centre, should it ever be set up, would be to advise on the creation of small businesses and co-operative ventures; and to make available financial resources from a fund which would be derived from contributions from pension funds and from the savings of working people, eg from redundancy payments.

The Wales TUC think that such a study would cost about £70,000 to mount. The Welsh Office have agreed with the Treasury that, if the Office were to make any contribution at all, it should be strictly confined to an offer of \$40,000. The fact of our having made the offer would not imply any further obligation as regards the feasibility study or any proposals that might result from it.

My Secretary of State now has to decide whether or not the offer should be made. The issue is finely balanced. It cannot of course be denied that the Wales TUC is strongly opposed to the Government's economic policy; and has advocated courses of action which Mr Edwards could not condone. On the other hand, in his private meetings with TUC leaders in Wales, my Secretary of State has noted, with approval, their strong wish to be associated with positive measures for creating employment in Wales, and not to be left with no role other than one of strident opposition to the Government. The present Chairman of the Wales TUC, Mr John Griffiths, gave substance to this by accompanying my Secretary of State on his recent inward investment mission to the United States, where he did an excellent job in selling the positive side of industrial relations in Wales.

/The Wales ...

N Sanders Esq
Private Secretary
10 Downing Street
London SW1



The Wales TUC's proposal may be worth trying, although since it is a feasibility study there is no certainty that it will come to anything. My Secretary of State has, however, hesitated before turning it down out of hand. On the face of it - and there is no reason to disbelieve the Wales TUC - it is a genuine attempt to find new ways of stimulating enterprise and employment in Wales and is not solely aimed at advancing the interests of the trades union movement. Mr Edwards is a little anxious not to rebuff this attempt by the Wales TUC to come forward with a constructive proposal; and he is therefore minded to make an offer of £40,000. Before doing so, however, he has asked me to ascertain from you whether any objection is seen to his determining the matter in this way.

/ I am sending a copy of this letter to the Private Secretaries to the Secretary of State for Employment and to the Chief Secretary.

John Lewis
J. F. Craig
J F CRAIG



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