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cc Ind Support, Ind Pol, Aug 80, Ind Trade, Manpower, Size 80

cc A. Duguid

CONFIDENTIAL

From the Secretary of State

Tim Lankester Esq
Private Secretary
10 Downing Street
Whitehall
SW1

13 October 1980

Dear Jim

E COMMITTEE - WEDNESDAY 15 OCTOBER

You are aware that my Secretary of State is currently on an official visit overseas and will not be present at the meeting of E Committee on Wednesday. Before departing he asked me to pass on the following comments on the three papers for discussion.

SPECIAL EMPLOYMENT MEASURES AND INDUSTRIAL TRAINING

My Secretary of State endorses the approach in E(80)111 on Industrial Training, especially as it cuts out some of the bureaucracy of the existing Training Boards. He particularly is in favour of more vocational training, but he feels this must mean a widening of training in genuine skills - i.e. apprenticeships - and not job release to study sociology for two days a week at the local technical college.

On the paper E(80)110, Special Employment Measures, my Secretary of State accepts that some measures may be politically and socially necessary, but he is concerned that Mr Prior's proposals to mop up youth unemployment require finance on a scale out of all proportion to those contained in the paper on Industrial Support. The proposals will inhibit the creation of real jobs by adding large sums to public expenditure - money which will once more have to come out of the pockets of growing firms and which will therefore create the unemployment of tomorrow.

INDUSTRIAL SUPPORT

My Secretary of State has noted that amongst the seed-corn measures which the Chancellor has described would be an improvement in our export arrangements and assistance towards development contracts for new products or processes which might strengthen a firm's capacity to gain overseas contracts.

Already the objectives of this Department and the Department of Industry coincide, as growth in exports will obviously bring considerable benefits and much needed relief to British industry during the recession. The industrialists of the British Overseas Trade Board effectively decide on the Secretary of State's behalf on the allocation of his overall export promotion budget. Moreover, organisational changes have been made to cement the link between the two Departments through the new Projects and Export Policy Division which reports to both Secretaries of State. The new EX Committee which has been created is a further practical step - with no direct financial cost - towards making sure that the needs of exporting industry are given due prominence.

The machinery in EX, BOTB and PEP must ensure that export considerations are fully reflected in decisions on using this new industrial support money.

In addition to export promotion my Secretary of State wonders whether sufficient help is being given towards import substitution; he therefore welcomes the scope provided within the other seed-corn measures for protecting the future competitiveness of new firms. In our efforts to help our companies sell their goods overseas, we should not overlook the need for them to sell their goods at home against foreign competition.

I am copying this letter to the Private Secretaries to other members of E Committee, to Godfrey Robson (Scottish Office), Martin Rolph (Welsh Office), Michael Hopkins (Northern Ireland Office), Don Brereton (Health and Social Security) and Peter Shaw (Education and Science) and to David Wright (Cabinet Office).

Yours sincerely,

Stuart Hampson

S HAMPSON
Private Secretary