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CABINET**NEW TOWN FOR MANCHESTER****MEMORANDUM BY THE PRESIDENT OF THE BOARD OF TRADE**

In view of the importance of the implications for distribution of industry policy of a decision in favour of Leyland/Chorley, I am setting out separately my views on the First Secretary's memorandum (C. (65) 13).

2. Under present distribution of industry policy, our efforts are concentrated on getting industry to the areas of high unemployment, in order to make the fullest use of the country's labour resources. The Local Employment Acts limit financial assistance and inducements to these areas—the "development districts". Before changing this policy we ought to consider the implications.

3. The basic issue is one of priorities. Any change in the direction of providing financial inducements to other areas would worsen the position of the development districts. There is still not enough "movable" industry to meet the needs of all areas that need it. With the first priority that the development districts now have, they secured in 1964 (a record year) projects estimated to provide 48,000 jobs. But there are still on average 140,000 unemployed in the development districts, over one-third of the country's total. If we provide inducements to industry elsewhere—especially in places which might otherwise be more naturally attractive to industry—it will inevitably be at the expense of the areas of high unemployment. I do not say that so important a change should never be made. But before making it, we ought to consider the effects and, more particularly, how to avoid imperilling the economic recovery of the under-employed areas.

4. Then there are the financial implications. Assistance under the Local Employment Acts in all forms (factories, loans and grants) to industry in the development districts is at present running at about £30 million a year. We ought to assess the likely cost before embarking on an extension of this assistance outside development districts. Leyland/Chorley will presumably not be the only new town or "growth centre" which the regional plans will put forward as places for which new industry is needed. There may also be

SECRET

arguments for providing industry in places suffering from severe depopulation. If, therefore, we extended the areas under which the inducements are available, we should need to consider the cost and how it might be met. Without such a study, I should be very reluctant to modify the scale of assistance provided or revise the conditions on which it is available.

5. I certainly do not want at this stage to exclude the possibility of giving financial inducements to industry on grounds other than high unemployment. But we should not make a major change of policy on the facts of one particular case. For these reasons, and bearing in mind that we shall need shortly to formulate new legislation to replace the Local Employment Acts which expire in March 1967, I think we should now examine carefully the alternatives for distribution of industry policy as a whole. I have already instructed my officials to put in hand a complete review of this policy in consultation with other interested Departments.

6. In the meantime, and until the results of this review are available, I would strongly advise that we make no commitment to change our policy in respect of Leyland/Chorley. Such a commitment would be premature, it would prejudice consideration of future policy; and it would also cause immediate concern in the present under-employed areas, in Scotland, Wales, the North-East and Merseyside, and call into question the Government's intentions towards these areas. Any public hint of such a major change in policy could indeed cause a hold-up in firms' present plans to build in development districts.

7. Leyland/Chorley is a long-term scheme; it could not come into effect until the 1970s. We ought not to rush into a premature decision on it. I suggest, therefore, that the best immediate solution of the problem would be to announce a limited commuter development for Manchester's overspill. I had previously suggested Bury, but if the Minister of Housing and Local Government feels that a commuter development could after all be provided at Risley, I would see no objection, either instead of Bury (if houses for 40,000 people can be provided at Risley), or in addition to it (if houses for only 15,000 can be provided). On either basis, this should go a long way towards solving the problem for some years ahead. I should have thought some office dispersal from Manchester to Bury and Risley would also be possible. In view of this, a decision on Leyland/Chorley should, in my view, be deferred until we have been able to consider, in the light of distribution of industry policy as a whole, the implications of providing financial inducements to industry to establish itself in this kind of place.

D. J.

*Board of Trade, S.W.1,
2nd February, 1965.*

