



NICHOLAS R. WINTERTON, M.P.  
(Macclesfield)

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AS

1st August 1985  
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Rt. Hon. Nigel Lawson QC MP  
Chancellor of the Exchequer  
11 Downing Street  
LONDON SW1

CH/EXCHEQUER	
REC.	2 AUG 1985
ACTION	MR CROPPER
COPIES TO	MR LOKS
	MR SALES
	MR P. LILLEYMA
	MR TURNBULL

*Dear Nigel,*

I thank you for your long and informative letter of 26th July which certainly sets out the economic and political situation as you see it. I do feel, however, that your perception is somewhat limited, and you fail to appreciate the damage which has been done to our manufacturing industry and our national infrastructure in recent years.

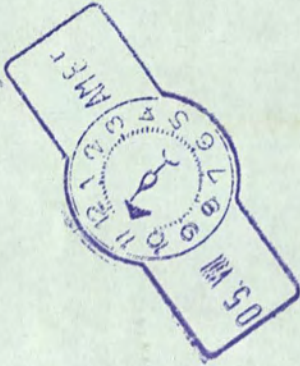
In seeking to maintain public expenditure at its present level, you have cut the capital sector, while allowing the revenue sectors to run amok. In short, you have used the capital sector, particularly relating to our national infrastructure, as a financial regulator, and in my view the use of any sector of the nation's activities as a financial regulator is not simply misguided expediency, but carries with it its own grave propensity for harm. It is basic logic that if the public authorities, i.e. government, curtail a sector which is not in need of curtailment, it must damage the community and the economy as a whole. Such abuses of the economy's integrity have occurred in the past. The British motor industry was, some thirty years ago, one of the most innovative and vigorous of the economy, and a pioneer in the international field. Successive governments, short of revenue, chose to saddle this industry with every imposition they could devise. Eventually, every form of motor manufacture and motor vehicle use, was subject to some form of taxation. Sandwiched between the upper millstone of these fiscal burdens, and the nether millstone of a greedy workforce, and unfair overseas competition, the British motor industry was reduced to a shadow. Today, it commands less than 50% home market, where once it held 95%.

Today, the construction industry, active and resourceful, high potential employer of labour, technological leaders and high export earner thought it may be, has lost 50% of its workload and a quarter of its workforce, including skilled specialist, perhaps difficult or impossible to replace. The damage, however, self-evidently, does not remain within the construction or motor industries. There is a loss of transport amenity, fast communications, cheap and available utilities, both to industry and to the community at large. The CBI has expressed this view publicly in its 'Fabric of the Nation in Mid 1984'. It is vital that the Government, before it is too late, reverses this trend, and I ask you

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to open your eyes to the reality of the economic and employment situation facing our country.



*Yours ever*  
*Richard*

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