

Confidential Filing

MEETINGS BETWEEN Prime Minister,
S.T.U.C. and Mr Tom Clarke MP,
to discuss the future of Ravensraig
and Gortcosh.

Prime Minister

September 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
5/9/85							
7/9/85							
30.9.85							
10.1.86							
14.1.86							
16.1.86							
20.1.86							
23.1.86							
29.1.86							

PREM 19/1894

5/9/85

From
Michael
Grylls MP



HOUSE OF COMMONS
LONDON SW1A 0AA

27. VIII. 85

Dear George,

I am writing from
Abbeville after visiting
John Monahan - the head of
Public Affairs for Shell.

As I expect you know
Shell run an exceptionally
impressive 4 year Training
Programme for 16-18 year olds.
It is called Shell Expro
Technicians Training Scheme, and
it's a joint venture between
Shell Expro and the Gasfield
Regional Council.

John asked me to suggest
to you that the Prime
minister might be interested
to see it during her
Abroaden visit. It is
said to be the highest
quality training programme in
Europe.

Anyway, just an idea
if she has a chink
in her programme - and I
hope you don't mind my
suggesting it to you.

Do hope you've had
a decent break and are
ready for the grindstone once



HOUSE OF COMMONS
LONDON SW1A 0AA

again!

We are just off to
Tunbridge for a few days
fishing - a good treat!

Yours ever,

Richard

① Kate - CCHQ
- Ujka stika.

Govk. Bsp.

CCRB



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215 5186
GTN 215
(Switchboard) 01-215 7877

From the Minister of State for Industry

THE HON PETER MORRISON MP

James Milne Esq
General Secretary
Scottish Trades Union Congress
Middleton House
16 Woodlands Terrace
Glasgow
G3 6DF

NBPN

29 January 1986

See 9. 7. 2 - 0

Thank you for your telex of 17 January to the Prime Minister about BSC's decision to close the Gartcosh cold-reduction mill. We subsequently met on 23 January during your meeting with the Secretary of State for Scotland and prior to the Parliamentary debate on this issue.

As you know, the Government have concluded that the Corporation's decision to close Gartcosh is consistent with the agreed strategy announced on 7 August. The Government have, therefore, decided that intervention to prevent the closure would be inappropriate.

What must be recognised is that the steel industry is highly competitive and that action must be taken by the Corporation to move out of loss-making and into sustained profitability. This is the basis for the strategy agreed between the Corporation and the Government, which involves the continuation of steelmaking at all five integrated sites, including Ravenscraig, until at least 1988. It is, of course, not possible to foresee with any certainty what will happen beyond that period. But the Government believe, and the European Commission on the basis of BSC's viability plan have accepted, that the Corporation should return to full profitability by 1988 and be in much better shape to compete, whatever the market conditions are then.

1WEBAE



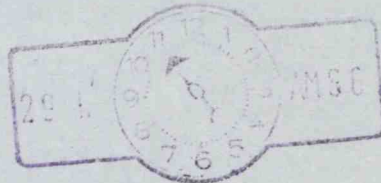
PM
Meetings with
STUC 9/85

I acknowledge the strength of feeling in Scotland over this issue during the past few months. I understand that the campaign to keep Gartcosh open has however now been called off, and I hope that it will now be possible for the Corporation to implement the closure amicably and through negotiation with the local trade union representatives. Thank you again for getting in touch.

Friend

Peter Morrison

PETER MORRISON



Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

1. House of Commons Hansard, 23 January 1986,
Columns 468-509 "Gartcosh Steel Mill"

Signed Wayland Date 5 February 2015

PREM Records Team



10 DOWNING STREET

From the Private Secretary

20 January 1986

CF

As this is
GARTCASH follow-up,
had you better keep?

JD
21/1

I attach a letter the Prime Minister has received from Mr James Milne, General Secretary of the Scottish Trades Union Congress.

I should be grateful if you could arrange for a Ministerial or Private Secretary reply to be sent.

David Norgrove

Malcolm McHardy, Esq.,
Department of Trade and Industry.

BM

00

CF7

SCOTTISH TRADES UNION CONGRESS
General Council



Our ref. JM/AMCC/SE

Your ref.

17 January 1986

22/1
PPS

The Rt Hon M Thatcher MP
Prime Minister
10 Downing Street
LONDON

PS/P. Morrison / Thatcher or
PS reply.

Dear Prime Minister

I am sure you will, by this time, have been appraised of a result of a poll conducted by the Glasgow Herald which says that 80% of the Scottish population wish Gartcosh retained. 64% of Conservatives, 83% of Labour, 91% of SNP and 86% of Alliance all voted in favour of retaining Gartcosh.

When the question was put "Does the steel industry in Scotland have a future under the present Government"? 92% of the SNP supporters polled and 81% of both Labour and Alliance said "No".

I am sure your Government will not wish to confirm those fears. Even at this stage, we urge a rethink of the proposal to allow British Steel to close Gartcosh.

Yours sincerely

James Milne
GENERAL SECRETARY

If phoning or calling ask for



Middleton House
16 Woodlands Terrace, Glasgow G3 6DF.
Tel: 041-332 4946/7/8.
General Secretary: James Milne.

DUTY CLERK No 10
FILE.

PS to P Morrison / PS to P Minister to reply

27582 CABOFF G
778712 TGWU G
TLX/REF:0196 86-01-17 11:20

TO THE PRIME MINISTER, 10 DOWNING STREET, LONDON.

DEAR PRIME MINISTER,

I AM SURE YOU WILL, BY THIS TIME, HAVE BEEN APPRAISED OF THE RESULT OF A POLL CONDUCTED BY THE GLASGOW HERALD WHICH SAYS THAT 80% OF THE SCOTTISH POPULACE WISHES GARTCOSH RETAINED. 64% OF CONSERVATIVES, 83% OF LABOUR, 91% OF SNP AND 86% OF ALLIANCE ALL VOTED IN FAVOUR OF RETAINING GARTCOSH.

WHEN THE QUESTION WAS PUT "DOES THE STEEL INDUSTRY IN SCOTLAND HAVE A FUTURE UNDER THE PRESENT GOVERNMENT?" 92% OF THE SNP SUPPORTERS POLLED AND 81% OF BOTH LABOUR AND ALLIANCE SAID "NO".

I AM SURE YOUR GOVERNMENT WILL NOT WISH TO CONFIRM THOSE FEARS. EVEN AT THIS STAGE, WE URGE A RE-THINK OF THE PROPOSAL TO ALLOW BRITISH STEEL TO CLOSE GARTCOSH.

YOURS SINCERELY,
JAMES MILNE,
GENERAL SECRETARY, SCOTTISH TRADES UNION CONGRESS.

27582 CABOFF G
778712 TGWU G

Middleton House
16 Woodlands Terrace
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DUTY CLERK No 10
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cfbb

From the Minister of State for Industry

Private Secretary to
THE HON PETER MORRISON MP

NBRN.

David Norgrove Esq
10 Downing Street
London
SW1

16 January 1986

Dear David

RAVENS CRAIG/GARTCOSH

Thank you for your letter of 14 January, enclosing one from Mr Brennan, the Ravenscraig shop stewards' convenor, to the Prime Minister. As agreed, Mr Morrison has now written to Mr Brennan and a copy of the letter is enclosed.

You will be aware that the Opposition intend to use half of their supply day next Thursday to debate the issue presumably on the basis of Mr Morrison's response to the Select Committee a copy of which is also attached. We trust that the debate will see the end of this particular problem. I am sending a copy of this letter and the enclosures to Andy Rinning (Scottish Office).

Yours sincerely
Malcolm Mchardy
MALCOLM MCHARDY

17
19 **86**
BOARD OF TRADE
BICENTENARY



From the Minister of State for Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5186
GTN 215)
(Switchboard) 01-215 7877

THE HON PETER MORRISON MP

T Brennan Esq
Staunton Hotel
13/15 Gower Street
London
WC1

15 January 1986

I am replying on behalf of the Prime Minister to your letter of 14 January on Gartcosh.

As you know, the Prime Minister is unable to see you. This does not mean that she does not understand the seriousness and urgency of the situation. It was for this very reason that she asked me to see you quickly so that I could take your views into account before responding to the report of the Scottish Select Committee. I also understand that Mr Rifkind was also willing to see you if you so wished.

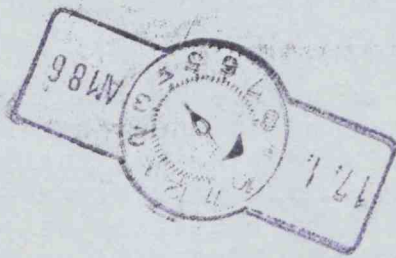
In the event, I understand that you have decided to pursue your case through other channels. I am very disappointed that you have decided not to see me. I have seen a number of delegations including one led by Cllr McGarry of Strathclyde Regional Council, and others involving the national officers of the unions involved. It would have been useful to have spoken to the men from the mill as well. In view of your decision, I have had no option but to respond to the Select Committee today. While my response to the Committee is confidential to its members until published, you will wish to know that I am also answering two Parliamentary Questions today which will outline the Government's response.

PETER MORRISON

17
19
86
BOARD OF TRADE
BICENTENARY

PM 9/85

Kanewscrag





10 DOWNING STREET

From the Private Secretary

14 January, 1986.

RAVENS CRAIG/GARTCOSH

Mr. Morrison spoke to me after Prime Minister's Questions this afternoon to bring us up to date about the discussions with the Gartcosh managers and their unwillingness to see him.

The Prime Minister has today received a letter, attached, from Mr. Brennan asking again for a meeting with her. The Prime Minister cannot take this on, and Mr. Morrison agreed to reply on her behalf, again offering a meeting with himself, and also with the Secretary of State for Scotland.

I am sending a copy of this letter and its enclosure to Andy Rinning (Scottish Office).

(David Norgrove)

Malcolm McHardy, Esq.,
Mr. Morrison's Office,
Department of Trade and Industry.

JB

*Para 2 since
in fact in Scotland
sent 1/24 - Tommy's family (Robert)*

Staunton Hotel,
13/15 Gower Street,
LONDON.

14th January 1986.

Dear Prime Minister,

Representatives of steelworkers, major political parties and the churches of Scotland have walked from Gartcosh to London to meet you to convince you of the unarguable case for the retention of the Gartcosh finishing mill.

*Marklands
Tom Usher*

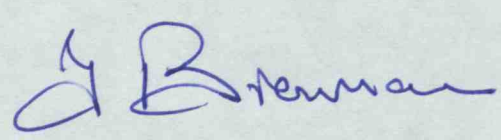
So far that meeting has been denied to us.

However the situation is so serious that we urgently request that such a meeting take place with as little delay as possible.

The seriousness is underlined by the fact that the marchers represent so many different shades of opinion in Scotland.

We are willing to remain in London until the 15th January and look forward to receiving a positive reply that you intend seeing us.

Yours sincerely,



Tommy Brennan.

PRIME MINISTER

RAVENS CRAIG/GARTCOSH DELEGATION

You should know that the Scottish TUC have asked you to meet a delegation of Ravenscraig and Gartcosh workers who are coming down to London. Peter Morrison has agreed to meet them on your behalf. But Mr. Milne, the General Secretary of the STUC, has come back again to renew their request.

I assume you would not want to see them. But you will wish to be aware. (They offered to see you on Tuesday or Wednesday next week, when of course your diary will be very full with the return of Parliament, etc).

DNV

No - either ^{Secy of Workers} Industry

or Scottish Industry

David Norgrove

Mrs Macderelid (041-332-4966)
say to press SWC case. I said
they must take up PM's offer if they
not to meet a respectable Minister.

MCA 14/1

10 January 1986

DG2ATG

Gartcosh

The Secretary of State for Scotland (Mr. George Younger): With permission, Mr. Speaker, I will make a statement about matters relating to the steel industry in Scotland, and, particularly, about the Gartcosh cold-rolling mill and the Ravenscraig works.

On 7 August the Government announced the results of the strategy review which they had conducted with the British Steel Corporation. The most important outcome of the review was that steel making would continue at all five of the corporation's major sites, one of which is Ravenscraig, for at least the duration of the present planning period, that is until 1988, unless there should be a major and unforeseen downturn in demand. At the same time, the corporation announced as a managerial decision, and not subject to specific Government approval, that it intended to close from 31 March 1986 the Gartcosh cold-rolling mill. Gartcosh is about 10 miles from Ravenscraig, and draws its supplies of hot-rolled steel from Ravenscraig.

The corporation's decision on Gartcosh was the subject of controversy in Scotland. The Government were urged to intervene to prevent the closure, mainly on the ground that Gartcosh is an integral part of the Ravenscraig works, and that its closure would lead inevitably to the closure of Ravenscraig. It was argued that that would put in doubt the joint conclusion of the Government and the corporation that Ravenscraig should remain in operation. I have received a considerable number of written representations about the closure of Gartcosh, to which I have replied, and I have also met a number of deputations.

The most significant of the representations which I received were those from the Ravenscraig trade unions committee. On 9 October the committee asked me to meet it so that it could put to me its views on the matters I have just described. I agreed to do so as soon as conveniently possible, and we met in Edinburgh on 21 October. When the House resumed after the summer recess the Select Committee on Scottish Affairs began an investigation into the British Steel Corporation's decision to close Gartcosh. The two matters, the case put to me by the Ravenscraig trade unions committee, and the Select Committee's investigation, were and are quite separate, although obviously they relate to the same issue. Having considered the matter against the background of the Select Committee's intention to restrict its taking of evidence, and to report as quickly as possible, I decided to await the Committee's report before replying to the Ravenscraig trade unions committee. That remained the position until the beginning of this week.

There was then no certainty whether or when the Select Committee would report, and the already lengthy delay in replying to the trade unions committee began to appear discourteous, especially as the Christmas recess was imminent. I came to the conclusion that I could wait no longer, and my Private Secretary, therefore, wrote on my behalf to the Ravenscraig trade unions committee's convener on 18 December, conveying my views on the matters put to me by his committee. On 19 December, in reply to a question by my hon. Friend the Member for Edinburgh, Central (Mr. Fletcher), a copy of the correspondence was placed in the Library of the House.

My conclusion was that the Government would not be justified in changing their view that the decision to close

Gartcosh was a matter for the commercial judgment of the corporation, that the issues raised by the proposed closure are commercial, managerial and technical, rather than strategic, and that those issues are properly a matter for decision by BSC, not the Government. The corporation has satisfied me and my colleagues that the closure proposal is consistent with the strategy agreed for the corporation for the next three years, particularly in relation to continuation of steel making on the five major sites, including Ravenscraig.

On 18 December the Select Committee agreed on a report, and I understand that that report is expected to be available later today. As is the usual practice, the Government will in due course give their views on the Select Committee's report and recommendations.

Mr. Donald Dewar (Glasgow, Garscadden): The Secretary of State will be aware of the widespread disappointment and anger at his insistence that Gartcosh can be killed off without damaging the rest of the Scottish steel industry. The Secretary of State, in his letter to Mr. Brennan, the shop steward convener at Ravenscraig, set great store on the BSC assurances. How can he do that with confidence, when bad news is pressing in on every side? Today the press has reported a story of a further 430 men being made redundant at the nearby Clydesdale tube works.

Does the Secretary of State genuinely believe that he can accept a policy which BSC openly says is based on an assumption that there will be no economic recovery or increase in demand for steel products during the next few years? Is it not naive to rely on such assurances about Ravenscraig when the top management of the BSC repeatedly call for closure of one of the major strip mills? Is it not extraordinary that the letter of 18 December was sent? It refers to the Select Committee's report and carefully states that the Government's response will come in due course from the Department of Trade and Industry. Why does the Secretary of State pre-empt that consideration by his right hon. Friend, and announce his damaging views on a central issue in the report?

It is the Select Committee's conviction that Gartcosh and Ravenscraig cannot be treated as separate entities, and that any guarantee extended to Ravenscraig should also cover Gartcosh. The Secretary of State must be uncomfortably aware that the report was endorsed by eight votes to two, and carried every Tory Member except two irreconcilable diehards. Does the Secretary of State's letter to the convener not kick his colleagues in the teeth, and suggest a lack of courtesy and a cavalier disregard for the Committee system? Has the Secretary of State seen the evidence offered to the Select Committee? If he has not, his repudiation of the link with Ravenscraig is even more indefensible.

I understand from what the Secretary of State said that to some extent he accepts that he jumped the gun with his letter to Mr. Brennan, although he offers some explanation. The statement contains an implied apology. Surely he accepts that to talk of discourtesy because of the delay in sending a reply is no alibi for the way in which he acted. I can promise him that the stewards would have been much happier with an explanation of the delay, and to be informed that the Secretary of State was prepared courteously to wait for the important Select Committee evidence, rather than be faced with this dismaying and damaging document, which is so ill-timed.

[Mr. Donald Dewar]

Is it not grossly unfair on the Secretary of State for Trade and Industry who has still to reply on behalf of the Government to the Select Committee report? Will the Secretary of State assure the House today—this will be an important assurance—that, despite what he said in his letter, the Government's mind is not yet closed, and that there will be a genuine in-depth consideration of the Select Committee's evidence and findings?

This cannot be the final word on the matter. The fight will certainly continue in Scotland. Will the Secretary of State promise that the weighty considerations raised by the Select Committee's investigation are not being shelved or sabotaged by his letter to Mr. Brennan, and that they are still very much on the ministerial agenda? Neither the Government nor the BSC management must take irrevocable action to close Gartcosh during the recess. The Secretary of State owes that assurance to the House, certainly to the Select Committee on Scottish Affairs, to the whole of Scotland, and to the courageous and responsible work-force who have put a compelling case for their plant with force and dignity.

Mr. Younger: I appreciate what the hon. Gentleman has said, and entirely agree that the work force has worked hard and devotedly at Gartcosh. I am sure that he appreciates that the news about the large number of redundancies at Clydesdale tube works, which are extremely regrettable, has absolutely nothing to do either with Ravenscraig or Gartcosh. I am assured by the BSC management that they are due solely to a reduction in the demand for products which are made there. It is important that that should not be confused in any way with the controversy over Gartcosh and/or Ravenscraig.

I ask the hon. Gentleman to consider carefully the detailed responses given by the British Steel Corporation. They make extremely useful and interesting reading, and the hon. Gentleman will have to make his own judgment on the evidence submitted. Before then, he should not jump to conclusions about what his view might be.

We have been waiting for weeks to see whether the Select Committee would produce a report and, if so, what it would say. I have done some waiting, too. As I saw the shop stewards on 21 October, and as I have been pressed almost daily during the past month to say when my response would come, I thought that if I delayed my response until the recess it would be considered discourteous. I have no doubt that the hon. Member for Glasgow, Garscadden (Mr. Dewar) would have been jumping about in fury had I done so—

Mr. Dewar: Oh, no.

Mr. Younger: Yes, I have had this in the past. The hon. Gentleman would have said that I had delayed my response until the recess to avoid giving Parliament the opportunity to comment on it. The hon. Gentleman must be honest and recognise that that is exactly what he would have said. That is why I decided at the beginning of this week, there was every likelihood that the Select Committee would not come to a conclusion, that I had to play fair with the House and ensure that I responded before the recess.

However, I give the hon. Gentleman the assurance that he seeks on the Select Committee report. I have not yet received the report or all the evidence given to the Select

Committee, but we hope to receive it later today. If so, I assure the hon. Gentleman that we shall consider carefully everything that is said in the report and all the details of the written and oral evidence that was given to the Select Committee. We shall weigh everything carefully before the Government respond in the usual way in the new year.

Mr. Alex Fletcher (Edinburgh, Central): Is my right hon. Friend aware that Conservative Members regret the prospect of further job losses in the Scottish steel industry? However, is it not a fact that the problems at Gartcosh and the problems reported this morning at the tube works are not due to a lack of Government investment, financial support or political support to keep the main steel works in Scotland going? Indeed, my right hon. Friend showed unusual commitment in obtaining a guarantee of three years' further production at Ravenscraig. Does he agree that there is a contradiction in accepting that the steel industry needs orders and that it must be competitive to achieve those orders, and yet fighting to retain loss-making plants?

Mr. Younger: My hon. Friend is right to say that the British steel industry, and the Scottish end of it, must be competitive in every way possible. Our consideration of such matters must be dominated by the crucial importance of Ravenscraig to the Scottish economy. We must consider every part of the evidence against the background of whether proposals would be to the advantage of Ravenscraig, which is so large and so important to Scotland. I have considered the matter with that in mind, and I suggest that hon. Members should do the same. By far the greatest danger to Scotland would be a threat to Ravenscraig's future.

I agree with my hon. Friend that job losses are extremely unwelcome at any time, but especially now. But they cannot be due to lack of Government support for the industry, because we have given hundreds of millions of pounds to keep the industry going through its difficulties. Indeed, the Government have made a firm commitment to keep Ravenscraig open during the present planning period.

Mr. David Steel (Tweeddale, Ettrick and Lauderdale): The Secretary of State cannot seriously expect us to accept his explanation of threatened discourtesy to the trade unions for sending this ridiculous letter, when the trade unions were pinning great faith and hope on the Select Committee report and did not expect ministerial intervention before its publication. Moreover, is he aware that, on Scottish radio this morning, the Minister of State, Department of Trade and Industry, has been properly holding the line about no further Government statement on the matter until the Select Committee report is published in January? The Scottish Office should have adhered religiously to that line.

The Secretary of State must have recognised by now that it is generally believed in Scotland that the closure of Gartcosh in 1986 is bound to have a direct effect on the viability of Ravenscraig after 1988. There is no denying that.

Mr. Younger: The right hon. Gentleman completely ignores the fact that the Select Committee's deliberations have taken so long, and the fact that my response was to specific recommendations from the shop stewards joint committee. It is not a response to the evidence given to the Select Committee or to the Select Committee's views. Nor

could it be, since I have not yet received them. With that in mind, I believe that the right hon. Gentleman is being disingenuous. He, too, would have been angry had I made the announcement during the recess. Therefore, his remarks are unfair to me.

Mr. Bill Walker (Tayside, North): I am a member of the Select Committee to which much reference has been made. Is my right hon. Friend aware that those who wished to use the Select Committee to produce a political report have been found out? Anyone who examines carefully the evidence presented to the Select Committee—I have done a tremendous amount of work on this report—will be bitterly disappointed that the Opposition do not recognise that, on the basis of the evidence, the corporation's decision was clearly commercial, managerial and technical. The British Iron and Steel Consumers' Council said that its members—the customers—had a vested interest in an efficient and financially viable BSC. Were it not so, prices to the consumer would be affected.

The cause of the problems at the tube works is uncertainty in the North sea oil market, brought about by the fluctuating price of oil. The fact that the price is sinking has thrown doubt on further orders from the North sea sector. Does my right hon. Friend agree that although all of those matters are disappointing for Scotland, the most disappointing aspect is how the trade unions have been led along by those who believed that they could engineer a political report, but were unable to do so?

Mr. Younger: I appreciate what my hon. Friend says. I shall make no comment on the Select Committee's work until I have read the report in detail. I should tell the hon. Member for Garscadden that we should respect the right of all Members of the Select Committee to express their views and to be respected for them. I hope that we will not give the impression that we attach more weight to some than to others—

Mr. Dewar: It was the majority.

Mr. Younger: I think it is important to accord respect to the views of all members of the Select Committee.

As my hon. Friend said, it is perfectly correct for the BSC to decide the future of Gartcosh. What this controversy has outlined most clearly is that it is exceedingly difficult for people outside the industry to become mixed up in the complicated detail of running it, as I have discovered. Although it must be done, I believe that it is better to allow industry to make its decisions wherever possible. My hon. Friend was right to mention one group who have not been mentioned so far this morning—the customers. They are the most important people. They require products made in the best possible works at the lowest possible cost.

Dr. Jeremy Bray (Motherwell, South): Did the Secretary of State make any approach to the shop stewards asking whether they would accept a delay in his response until he had a chance to consider the Select Committee report? I believe that they received no such approach.

Is the Secretary of State aware that the finishing mills in the British Steel Corporation, with Gartcosh, are already at the bottleneck? Is he aware that the closure of Gartcosh would tighten the bottleneck to such an extent that, whatever the demand, in three years' time the BSC can close Ravenscraig without reducing the amount of finished steel that it can produce?

Is the right hon. Gentleman aware that the BSC and Ministers have wriggled and squirmed in every direction to avoid giving their direct estimates or independent estimates of the effects of closing. Gartcosh on the capacities of different stages of steel production, and thus on the viability of Ravenscraig after the closure of Gartcosh? Is he aware that it is totally inadequate for the British Steel Corporation to quibble about irrelevant details of other people's estimates while concealing its underlying strategy?

If, in three years' time, the Secretary of State, from whatever Benches, wishes to fight the closure of Ravenscraig, what arguments will he use? Does he acknowledge that the future of Gartcosh and Ravenscraig can be seen only in the context of the strip products group strategy as a whole, as other plants produce the same products and sell in the same markets? Does he condone the refusal by the chairman of the British Steel Corporation to give evidence on the strip products group strategy when, at other times, he says that that is the essential background to any decision on the future of Gartcosh and Ravenscraig?

Will the Secretary of State confirm that he has received from me a copy of a letter sent by me and other hon. Members to the Prime Minister seeking a meeting with her and other Ministers so that we can fully go into what I agree is a technical matter but one on which Ministers and the BSC have so far sought to conceal the underlying arguments?

Mr. Younger: I have seen a copy of the hon. Gentleman's letter to my right hon. Friend the Prime Minister. I am grateful to him for letting me see that. I assure him that it will be given careful consideration and that an answer will be sent to him as soon as possible.

I did not approach the shop stewards to ask their permission to delay further, because I thought that further delay would be undesirable and would certainly have been greatly disapproved of in Parliament.

I suggest that the hon. Gentleman, of all people, ought to be extremely careful about continuing to talk about the closure of Ravenscraig. It is not the case that, even if Gartcosh closes, Ravenscraig has to close also. It is terribly important that we should not go around giving the impression that it is. That is not so; Ravenscraig is far more important to Scotland than is any aspect of Gartcosh.

Several Hon. Members *rose*—

Mr. Speaker: Order. I shall endeavour to call all the right hon. and hon. Members who wish to ask questions, but I draw their attention to the fact that this is a private Members' day.

Mr. Roy Jenkins (Glasgow, Hillhead): Is the right hon. Gentleman aware that he has throughout given the impression of a pussy-footing approach on this important issue? Why did he feel confident yesterday, a few hours after the Select Committee report was published, to pronounce firmly that there was no link between Gartcosh and Ravenscraig, when the Select Committee, including the more respectable part of its Conservative membership, after weeks of taking evidence, was firmly convinced to the contrary?

I am not sure whether the Secretary of State's reply to the hon. Member for Glasgow, Garscadden (Mr. Dewar) meant that, with the Select Committee report, he is now willing to consider the matter afresh and, if necessary,

[Mr. Roy Jenkins]

reach a different decision about Gartcosh from that conveyed to the shop stewards yesterday. Is the right hon. Gentleman merely playing with words by saying that he is willing to look at the evidence? If his mind is not open, that is meaningless. Unless his mind is open, how can anyone have any trust in the future of Ravenscraig in his hands—if it be in his hands in three years' time?

Mr. Younger: The right hon. Gentleman will have to make his own judgment on that, on the basis of the record. The response that I gave yesterday had no relevance to the Select Committee report, because I have not yet received it. It was a response to the detailed recommendations and suggestions by the trade union shop stewards' committee put to me on 21 October—

Mr. Jenkins: Is the Gartcosh decision open?

Mr. Younger: —to which I gave a very full reply yesterday. I ask the right hon. Gentleman to look at that very carefully indeed, because he will find that the arguments are extremely strong.

I assure the right hon. Gentleman that I and my colleagues in the Government will give the most careful consideration to everything said in the Select Committee report and all the evidence presented to it and we will look at that with an open mind.

Mr. Jim Craigen (Glasgow, Maryhill): Will the Secretary of State give us an assurance that, whatever else, Gartcosh will not have to close because of his well-known courtesy? Now that the Select Committee has reported, will the right hon. Gentleman take that report as an expression of Scottish opinion across the political spectrum, save one or two Conservative eccentrics? Will he assure the House that, as Scotland's representative in the Cabinet, he will have a change of heart, take on the Department of Trade and Industry and try to save Gartcosh?

Mr. Younger: As I have said already today, my overriding priority is the future of Ravenscraig. It is the largest part, the most important part and the central part of the Scottish steel industry. If I were convinced that the closure of Gartcosh put Ravenscraig in greater danger, I should oppose that closure root and branch. But as, on the evidence presented to me by the shop stewards committee, I am not so convinced, I have to think of the future of Ravenscraig. It is clearly the opinion of the BSC management, and in the light of the shop stewards' evidence it is my opinion, that Ravenscraig is certainly no worse off, and is probably slightly better off, if Gartcosh does, regrettably, have to close. [HON. MEMBERS: "Oh!"] That must be our top priority and I hope that the hon. Gentleman will not join his hon. Friends and go around giving the impression that Ravenscraig cannot be run if Gartcosh closes. That is very damaging for the Scottish steel industry.

Mr. John McWilliam (Blaydon): If Ravenscraig is so safe, why is the National Coal Board closing one third of its coke production for steelmaking by closing the coke plant at Derwent Haugh in my constituency, which serves Ravenscraig?

Mr. Younger: That has no relevance to future decisions on Ravenscraig. The BSC has made it clear that it has adequate coking capacity at Ravenscraig for the

future, with the silicon welding, and it is putting more investment into Ravenscraig for direct coal injection. With all the problems that we have to tackle, that is not one.

Mr. Charles Kennedy (Ross, Cromarty and Skye): When the right hon. Gentleman reads the report of these exchanges, he will surely acknowledge the unbelievably tortuous logic that he is trying to use. He told my right hon. Friend the Member for Glasgow, Hillhead (Mr. Jenkins) that he has an open mind on the issue and will be looking at the Select Committee report in that frame of mind, but in response to another question, he said that he had a hunch—presumably he has had that hunch for some time—that Ravenscraig might be better off if Gartcosh were closed. What sort of open, objective analysis is that?

Given all the publicity about the deliberations of the Select Committee, surely the right hon. Gentleman does not have to wait for the report to arrive to know, as every hon. Member knows, that the Committee has said that it does not see the case for the distinction between Gartcosh and Ravenscraig that the management of the BSC is trying to make. Surely the right hon. Gentleman can respond to that today, instead of dodging the issue yet again.

Mr. Younger: I do not think that, on reflection, the hon. Gentleman will believe that that is a sensible proposition. He would not be pleased with me if I gave my response to any Select Committee report after merely looking at its conclusions and without studying the evidence. I have not had access to all the evidence. I have seen only the evidence that has been published. I do not think that, on reflection, the hon. Gentleman will feel that he has made a sensible suggestion.

The hon. Gentleman will not be doing anybody in Scotland any good if he backs a solution that is worse for Ravenscraig. He ought to think carefully, as I have, about what is best for Ravenscraig.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich): Is not the truly outrageous aspect of the Secretary of State's behaviour the fact that he deliberately sought to pre-empt the conclusions of a Select Committee? He rushed out his response not because of any suddenly realised need for courtesy, but because he was horrified at the conclusions that he thought that the Select Committee had reached. Has not he undermined the whole system of Select Committees?

Mr. Younger: I suspect that the hon. Lady has not studied the history of the Select Committee on Scottish Affairs. I note that the hon. Lady thinks that, when a proposition has been put to a Minister on 21 October, a response on 18 December has been "rushed out". I do not think that that would carry much conviction among Scottish Members.

Mr. Frank Field (Birkenhead): Are the two arguments that the Secretary of State has put to the House—the importance of competitive pricing and the need to pay attention to the preference of customers—identical to the arguments that he is deploying in his discussions with the Secretary of State for Defence over the placing of the next batch of SSK submarines?

Mr. Younger: There is no conflict between those two views. I have been concentrating this morning on trying to get the best deal for the British steel industry. All hon. Members should carefully study with open minds the evidence that I have published and put in the Library.

Against all that evidence, they should ask which course is the best for the Scottish steel industry and will give the best prospects for Ravenscraig. If hon. Members look at the evidence with that question in mind, I think that they will come to a different conclusion from the one that they hold at present.

Homelessness (London)

Question again proposed, That this House do now adjourn.

Mr. Speaker: We now return to the Adjournment debate. I say to the hon. Member for Newham, North-West (Mr. Banks) that the best thing would be for him to continue his Adjournment debate until just before noon, which will enable the hon. Member for Chipping Barnet (Mr. Chapman) to have one minute extra.

11.29 am

Mr. Tony Banks (Newham, North-West): I hear what you say, Mr. Speaker. The exchanges that we have just heard are very important. However, it is regrettable that the Government did not choose to find a somewhat more convenient time to make that statement, more convenient for Back-Bench Members who have matters to raise and for Scottish Members, many of whom will already have returned to their constituencies.

At least the Minister whom the Government have chosen to make their apologies for the homelessness in London is in the form of the Parliamentary Under-Secretary of State for the Environment, rather than the chairman of the Conservative party, the Chingford boot boy who unfortunately reduced to the level of the gutter what should have been a good debate last Wednesday on the problems of the inner cities.

In a supposedly civilised society, it should be unacceptable that anyone who so desires should be without a roof over his or her head, but within a few yards of the House may be found hundreds of people—men and women, young and old—who are sleeping rough on the streets. The Greater London council has just received an interim report by Professor John Greve of Leeds university on homelessness in London. He previously reported in 1970 and he now finds that the level of reported homelessness in London is up by 700 per cent. since then. Professor Greve's report, with others that came from the Duke of Edinburgh and the Archbishop of Canterbury's commission, show that there is incontrovertible proof of the social crisis that is facing inner cities.

Instead of approaching this problem with the same urgency that sent a task force steaming towards the Falklands, the Government have sought to rubbish all the evidence. If we believe the Government, the Duke of Edinburgh has become a Marxist, the Church of England has become the Kremlin at prayer and recent inner city riots are just isolated incidents of hooliganism. Perhaps the Government think that they can contain the growing problem by recruiting more policemen and giving them plastic bullets, clubs and water cannon. Such a response would simply add blind stupidity to the criminal negligence of which the Government are already guilty in their policies towards inner cities.

London this year has reached the depressing record of more than 27,000 households accepted by the boroughs as being homeless. That is only part of the problem. There are also over 20,000 single homeless in unsatisfactory accommodation or sleeping rough.

Hon. Members will shortly be departing for Christmas, no doubt a merry one. However, I hope that they will spend some time during the season of good will and festivity thinking of the poverty and degradation facing so many of our citizens in London and elsewhere. The lucky

PM: meeting with Clarke, Sept 1985

[Mr. Tony Banks]

ones will go to bed and breakfast or temporary accommodation, where two thirds of the homeless accepted by councils end up. However, I doubt whether any Member of Parliament would consider himself or herself to be lucky in such accommodation. Conditions in bed and breakfast for the most part are squalid and overcrowded. Fire regulations are often flouted and many mothers and children suffer from ill health and severe social stress brought on by living in such appalling circumstances. The stable in Bethlehem would have offered more pleasant accommodation than many mothers and children will enjoy this Christmas.

The cost to the state of bed and breakfast are formidable. In his interim report, Professor Greve concluded that far from representing an economical way to deal with the problem, the use of bed and breakfast hotels for homeless families is financial and economic madness. In London, the GLC figures show that financial cost to local authorities alone of subsidising this type of accommodation for the homeless exceeded £12.5 million in 1984-85. It is estimated that this could rise to £16 million in the present financial year. However, this expenditure represents only a fraction of the financial cost to the state imposed by the use of this type of accommodation. In addition to local authority spending, huge costs are borne by central Government, through DHSS board and lodging allowances the Government are acting on that not by building more council houses or providing more accommodation but by harassing the homeless in bed and breakfast accommodation.

In his report, Professor Greve compares the cost of housing families in bed and breakfast hotels with that of building new homes and flats for the families concerned. Taking into account only the estimated DHSS board and lodging costs, he shows that the average annual cost of keeping a couple with two children in bed and breakfast accommodation is over £13,000 compared with only £7,600 for building the family concerned a suitably sized council flat or house. That is how ludicrous the situation is becoming. If one takes into account the other costs, to the local authority and to the families themselves, Professor Greve concludes that these:

"reinforce the financial case for giving priority to housing as against bed and breakfast accommodation . . . the social case for doing so is overwhelming."

It might be overwhelming to all sensible people, but that excludes the Government. Their economic and social policies are taking the country towards the status of a banana republic, or, as Prince Charles pointed out, a fourth-rate country. Perhaps the Government think that he too has been recruited into the Militant Tendency.

Yesterday, in a written parliamentary answer, the Secretary of State for the Environment announced the housing capital allocation for 1986-87. I have not had a chance to study it in great depth, but as far as I can see, far from increasing the allocation to reduce homelessness, the national housing improvement figure is cut by 13 per cent. in real terms over 1985-86. The London HIP allocation for 1986-87 is £430 million, a heavy cut from the £483 million allocated in 1985-86. When the Conservative Government came into office in 1979, the HIP allocation for London was £1,563 million, but next year it will be only £430 million. That is a reduction of 72 per cent.

I know that the Government's philosophy is that problems are not solved by throwing money at them, but I should like the Minister to explain how one solves London's housing crisis by a 72 per cent. reduction in HIP allowances since the Government were elected.

The Minister may say that local authorities have lots of vacant property that they could use to house the homeless. However, in London most vacancies come about because the dwelling is not fit to live in and is undergoing repair or improvement. One of the boroughs with the most empty property is the borough that the Government like to praise as a fine example. In Wandsworth, 2,000 council houses are being kept empty because the authority is trying to sell them off. The Minister may say that authorities have capital receipts, but in inner London the capital receipts are simply not there. They are accumulating in outer London areas where the problem of homelessness is not so desperate. The Government should recognise this in the HIP allocation.

The Minister cannot deny that homelessness has increased dramatically throughout the Government's period of office. I am happy to give way if the Minister wishes to deny that, but he cannot and he remains in his place. On this occasion, I do not blame him. Throughout their term of office, the Government have enforced repeated and vicious cuts on local authority housebuilding and repairing programmes. Since 1979, the amount that councils are allowed to spend on housing has been cut by over 60 per cent. Largely as a result of this policy, the Government have also presided over an increase in recorded homelessness of 70 per cent. in London and nearly 50 per cent. nationally.

The social cuts should be obvious to even the nastiest of Tory Members—I accept that the Parliamentary Under-Secretary does not fall into that category. Perhaps the economic argument is not so apparent. The Government say that it costs £6,500 to keep each unemployed person on the dole, in terms of benefits paid and revenue lost. There are 400,000 unemployed construction workers on the dole, which shows that a major housebuilding programme to tackle the housing crisis would save £2,600 million. That money is at present going down the drain to keep 400,000 construction workers on the dole. What is it, apart from an ideological hatred of the public sector, which prevents the Government from ending what is essentially a man-made scandal—homelessness?

The Minister knows my borough of Newham fairly well. He has visited it several times. We are obliged to him for that. I even offered him accommodation in one of our 110 tower blocks, but he has not taken the offer up yet. I would like to think that, when he replies, he will give the Christmas message that I would like to take back to Newham, which is that we can look forward to partnership status in 1986.

In Newham, the number of priority need clients seen by the homeless persons unit increased from 972 in 1982 to an estimated 1,680 in 1985, and Newham is by no means the worst of the London boroughs for homelessness. Those figures exclude all of the non-priority groups, most of whom are people over pensionable age, single people and childless couples. I can give a dramatic demonstration of how bad things have become in Newham. In 1981, the average nightly placement in bed and breakfast was just 1.6 people but it is estimated to have increased to 71.4 a night in 1985. The cost of bed and



FILE

cc: SO
27

10 DOWNING STREET

THE PRIME MINISTER

30 September, 1985

Dear Mr. Aire

Thank you for your letter of 10 September. Perhaps I could take your points in turn.

On your first point, BSC's recent use of capacity has not been typical. In particular, the Scunthorpe and Teeside plants are, at present, particularly heavily loaded because the Redcar blast furnace is to be relined. In each of the three years up to 1984/85 BSC as a whole used somewhat less than two-thirds of capacity.

On your second point, you greatly exaggerate the cost of the transfer of the two Alphasteel casters to Llanwern.

On your third point, I recall saying that some of the Welsh coke plants are older than those at Ravenscraig. I accept that Ravenscraig will be the first integrated works to be affected by BSC's decision not to make further major investments in coke ovens for the time being. But that is why BSC are planning a significant investment in the new coal injection technology at Ravenscraig. This, together with BSC's other measures to extend the life of the coke ovens, will ensure that Ravenscraig will be able to continue operation based on two blast furnaces.

Rev

Perhaps I could make two further comments on points raised in your letter. First, I understand that the additional production which will follow from BSC's acquisition of Alphasteel's quota will be shared out among the strip mills to which the customers and orders are best suited. This is, of course, entirely a commercial decision to be made by BSC. Secondly, you will by now have seen that Austin Rover have made it clear publicly that they do not expect to face difficulties as a result of the closure of Gartcosh. More generally, BSC have detailed action in hand with their customers to ensure that the transfer of Gartcosh orders to other BSC cold rolling mills works smoothly and with no significant loss of business.

Yours sincerely
Raymond Shalton

James Milne, Esq.



GR's

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

PS/ Secretary of State for Trade and Industry

25 September 1985

David Norgrove Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear David,

... I enclose a draft reply for the Prime Minister to send to James Milne STUC, in reply to his letter of 10 September about the effect of BSC's strategy on Ravenscraig and Gartcosh.

2 Taking Mr Milne's points in turn:

a. Capacity Utilisation. There was evidently a misunderstanding here. BSC do not publish capacity utilisation figures, but for the first 3 months of 1985/86 Milne's understanding is in fact correct. Overall, BSC's capacity utilisation was 74 per cent. As the draft explains, this was however not a typical period and the statement he attributes to the Prime Minister is by no means inappropriate when applied to the past few years.

b. Transfer of Alphasteel casters to Llanwern. The actual cost will be a little over £40m, not £100m. Mr Milne is probably confusing this with the cost of installing new casters at Llanwern, an option made unnecessary by the Alphasteel deal. Precise figures should be treated as commercially confidential at this stage.

c. Coke ovens. BSC have recently made it clear that Ravenscraig will be one of the first works to invest in the new coal injection technology, at a cost of around £10m. The production level at which Ravenscraig would need to move to single blast furnace operation is, in any case, somewhat less than the 20,000 tonnes per week mentioned by Mr Milne.

d. Allocation of Alphasteel's quota. Lackenby will acquire a significant share, but by no means all, of the Alphasteel orders. This is an operational matter for

JF5AHP



BSC.

e. Austin Rover said on 13 September that the closure of Gartcosh would not give them any difficulties in ensuring that they get the volume of steel needed from BSC mills. The memorandum mentioned by Mr Milne has therefore been firmly contradicted.

3 I am sending a copy of this letter to Andy Rinning, Scottish Office.

*Yours ever,
Michael*

MICHAEL R GILBERTSON
Private Secretary

encl

JF5AHP

Please type

~~DRAFT~~ LETTER FOR THE PRIME MINISTER TO SEND TO:

James Milne Esq
Scottish Irades Union Congress
Middleton House
16 Woodland Terrace
Glasgow
G3 6BF

BOK

Thank you for your letter of 10 September, in which you raise some points following our discussion on 5 September about the strategy which has been announced for the British Steel Corporation. Perhaps I could take your points in turn.

On your first point, about BSC's current level of capacity utilisation, your understanding of the most recent levels is broadly correct, but these are not necessarily indicative of either normal or future levels of utilisation. In particular, the Scunthorpe and Teesside plants are, at present, particularly heavily loaded because of the forthcoming Redcar blast furnace ^{is to be} relined. In each of ^{the} three years up to 1984/85, capacity utilisation for BSC as a whole was ^{used somewhat} somewhat less than two-thirds ^{of} capacity.

^{with} The only comment which I wish to make on your second point, ^{on your second point, you} about the transfer of the two Alphasteel casters to Llanwern, is that the cost of over £100m which you attribute to this task is greatly exaggerated.

JF5AHR

On your third point, I recall saying

~~Your third point concerns coke ovens. What I think I said~~
~~was~~ that some of the Welsh coke plants are older than those
at Ravenscraig. ~~I~~ ^{related to} accept that Ravenscraig will be the first
integrated works to be affected by BSC's decision not to make
further major investments in coke ovens for the time being,
~~and it is for that reason that~~ ^{is why} BSC are planning a significant
investment in the new coal injection technology at
Ravenscraig. This, together with BSC's other measures to
extend the life of the coke ovens, will ensure that
Ravenscraig will be able to continue operation based on two
blast furnaces.

Perhaps I could make two further comments on points raised in
your letter. First, I understand that the additional
production which will follow from BSC's acquisition of
Alphasteel's quota will be shared out among the strip mills
to which the customers and orders are best suited. This is,
of course, entirely a commercial ^{decision to be made by} matter for BSC. Secondly,
you will by now ~~no doubt~~ have seen that Austin Rover have
publicly made it clear that they do not expect to face ~~any~~
difficulties as a result of the closure of Gartcosh. More
generally, BSC have detailed action in hand with their
customers to ensure that the transfer of Gartcosh orders to
other BSC cold rolling mills works smoothly and without ^{no} ~~any~~
significant loss of business.

~~I hope this clarifies the position on the points you have
raised.~~



[The text in this section is extremely faint and illegible, appearing as a series of light grey lines across the page.]

JAMES MILNE 23/9



NEW ST. ANDREW'S HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

David Norgrove Esq
Private Secretary
10 Downing Street
LONDON SW1

20 September 1985

Dear David,

You wrote to Andy Rinning on 12 September enclosing a letter which the Prime Minister had received from the STUC about the steel industry in Scotland. We have agreed with DTI that in view of their responsibility for BSC it would be preferable for them to provide the reply in this case.

I am copying this letter and enclosure to Edmund Hosker in DTI.

Yours sincerely,
John Graham

J S GRAHAM
Private Secretary

DTI



James MILNE
23/9



✓

10 DOWNING STREET

From the Private Secretary

M 12 September 1985

STUC

The Prime Minister has received the letter enclosed from James Milne, following her trip to Scotland. I should be grateful for a draft reply for her signature, agreed with Department of Trade and Industry, by Monday 23 September.

I am copying this letter and enclosure to Edmund Hosker (Department of Trade and Industry).

(DAVID NORGROVE)

Andy Rinning, Esq.,
Scottish Office.

DTI

SCOTTISH TRADES UNION CONGRESS
General Council

cc PW and
return please



R12

Our ref. JM/HC

Your ref.

10 September, 1985

The Rt Hon Margaret Thatcher, MP
Prime Minister
10 Downing Street
LONDON

Dear Prime Minister,

Following our discussion last Thursday morning, I am writing to thank you for agreeing to meet us at such short notice when you obviously had a very busy schedule.

I also thought I should write to re-raise with you some of the points which were discussed on Thursday, as it was clear to both myself and my colleagues that you had been poorly advised on some very important aspects of the Gartcosh closure implications.

The specific points on which you appear to have been misinformed are as follows:-

Firstly, you said to us that BSC's five integrated plants were operating at only two-thirds capacity. My understanding is that three strip mills are operating at two-thirds capacity and that the other two integrated plants - at Scunthorpe and Redcar - are operating at approaching full capacity.

Secondly, you told us that you did not expect to be popular in South Wales because of the closure of Alphasteel. What in fact is happening is that Alphasteel's strip production is ceasing and its concast is being refurbished and transferred to Llanwern but there will be no redundancies amongst the Alphasteel workforce, as they will either be transferred to semi-finished production for the US markets or absorbed by the other South Wales plants. You also told us that the takeover of Alphasteel was costing BSC over £100 million. This is only partially correct, as the cost of refurbishing the concast and installing it in Llanwern will be in excess of a further £100 million. The total cost, therefore, of the proposed changes in South Wales is well in excess of £200 million with the Port Talbot investment additional.

Thirdly/...

If phoning or calling ask for



Middleton House
16 Woodlands Terrace, Glasgow G3 6DF.
Tel: 041-332 4946/7/8.
General Secretary: James Milne.

.../Thirdly, you stated the Llanwern and Port Talbot coke ovens were older than Ravenscraig's. This is simply not true and the British Steel Corporation has already indicated to the Ravenscraig workforce that Ravenscraig will be first affected by the decision on no investment in coke ovens. Ravenscraig will be reduced through a lack of coke to an effective steel-making capacity of under 20,000 tonnes per week within two-three years, which means a one blast furnace operation with serious implications for Ravenscraig's competitive position.

I would very much welcome your comments on these three points, given the apparent inaccuracy of your information on Thursday.

I understand also from T Clark, MP that you expressed disbelief to him that we are currently importing steel products from the rest of the EEC at a rate equivalent to 2.2 million tonnes per annum (Ravenscraig's output last year was just over 1.5 million tonnes). This information was contained in a report of the "Financial Times" of Tuesday, 20 August, which I take it was derived from EEC figures.

There was one further point which you raised during your meeting with us on which your information and ours differed. You indicated that the closure of the Alphasteel strip production would enable Alphasteel's quota to be transferred to BSC's strip mills. Our information is that it will in fact be transferred to Lackenby. However, the nature of our information is less certain on this than on the above points.

Finally, we expressed concern to you at BSC's ability, should Gartcosh be closed, to transfer the order book to its other finishing mills without losing any customers. I now have in my possession a copy of notes of a meeting between Messrs Tune and Whittaker of BSC and Messrs Blackwell and Gourlay of Austin Rover held in Oxford on 9 August 1985. It is very clear from this report that Austin Rover are deeply concerned at the proposed closure of Gartcosh, as the other finishing mills, particularly Shotton and Port Talbot, have completely unproven track records in supplying automotive parts. I quote from the note:

"This proposal (close Gartcosh and transfer the order book to the other finishing mills) caused some concern to ARG, as Shotton is still in the throes of supplying three trial full-finish orders and these are not due for delivery until October. Shotton have no history of supplying uncoated automotive orders and ARG were concerned that if orders are placed on Shotton and quality and delivery performances are not satisfactory, they could find themselves in production difficulties. Delivery of coated products by Shotton to ARG leaves a lot to be desired and if an extra lead time is required by Shotton, this would go against ARG's attempts to reduce order lead times." There is a great deal more of interest in this Minute but no doubt the paragraph I have quoted will make clear to you that there are serious problems involved in transferring the Gartcosh order book and all is certainly not rosy as BSC are claiming publicly.

Our/...

.../Our own belief is that BSC will in fact lose a substantial part of the Gartcosh order book if the plant is closed. It should be noted that this includes over 50,000 tones per annum of high-quality exports.

I trust that an investigation of the points raised above, together with the many other issues raised in the document, of which you have a copy, will convince you firstly that the Gartcosh closure would be a disaster for the British automotive industry as well as for the community and secondly it would so weaken Ravenscraig's position as to render closure of Ravenscraig a likelihood within the near future. Given that you are, as you said to us, "a great fan of Ravenscraig", I hope that this new factual information will help you to come to a more positive assessment of our case.

I look forward to hearing from you and in particular, to hearing your comments on the specific points raised in this letter.

Yours Sincerely,
James Milne

Subject - cc monitor

cc SO
DTT

NOTE OF A MEETING BETWEEN THE PRIME MINISTER AND REPRESENTATIVES
OF THE STUC IN THE VIP SUITE AT PRESTWICK AIRPORT ON THURSDAY
5 SEPTEMBER 1985 AT 1015

Present: Prime Minister	Mr. J. Milne, STUC
Secretary of State	Mr. J. Henry, STUC
for Scotland	Mr. D. Harrison, STUC
	Mr. H. Wyper, STUC & TGWU
	Mr. G. Boulton, NUM
	Mr. C. Lewis, ISTC
	Mr. Evans, ISTC
	Mr. T. Brenan, Convenor - Ravenscraig
	Mr. Doyle, Convenor - Gartcosh

After thanking the Prime Minister for seeing them at such short notice, the spokesman for the STUC said that there was no issue of greater economic concern in Scotland than the future of Ravenscraig and the closure of Gartcosh. Mr. Milne recalled that the development of Ravenscraig, which was of tremendous importance to the local economy of Motherwell, had been decided under a Conservative Prime Minister. All but one Conservative backbenchers were urging the retention of Ravenscraig and Gartcosh. Ravenscraig would no longer be an integrated plant if Gartcosh closed, and he doubted whether Ravenscraig could survive without Gartcosh. Closure would lead to an irretrievable loss of market share. The Prime Minister would not succeed in her aim of increasing British content in our manufacturing goods, which was so necessary in view of the deterioration in the balance of manufactured trade, if BSC was unable to provide steel of the right quality. This required the retention of Ravenscraig because only that plant could supply certain grades of high quality steel. Ravenscraig's future could be assured only if Gartcosh continued and the coke ovens were developed. Another STUC speaker recalled events leading to the concentration of the steel industry on the five integrated coastal sites. The British steel industry was now the most efficient in Europe. A further speaker said that the future of Ravenscraig went beyond party politics in Scotland. If the MacGregor closure decisions had been carried out, 1½ million tonnes of sheet steel would have been lost for Britain. The workforce at

Gartcosh, which had the lowest conversion costs in BSC, had done everything the Prime Minister had asked for in the way of reliability, cutting costs and so on. There should be an investigation by the Government into the future of Gartcosh.

The Prime Minister said that there was only sufficient business to employ four of the integrated plants. The key to retention of all five plants was therefore winning more orders. She was aware of the determination and commitment of the Ravenscraig workers (and those in Llanwern and Port Talbot) who kept the plants working during the coal strike. The future of Gartcosh was a matter for BSC. Obviously Government would need to be involved in major decisions concerning the future of Ravenscraig, one of the five integrated plants.

The Government had shown its commitment to Ravenscraig by authorising BSC to spend well in excess of £100 million of taxpayers' money for the purchase of Alphasteel's quota. This decision which would benefit Ravenscraig (as well as the two Welsh integrated plants) would not be popular in Wales. She disagreed that Gartcosh was vital for the future of Ravenscraig, Ravenscraig would produce steel for Shotton. Her duty was to be fair to all plants in the UK. There was no need for extra investment in coke ovens. Techniques were changing; and some Welsh coke plants were older than Ravenscraig. The real answer was for BSC to be hungry for business and win more orders.

STUC delegates disputed that the purchase of Alphasteel's quota would benefit the Scottish steel industry. They repeated their plea for a Government inquiry into the case for closing Gartcosh. The Prime Minister replied that that was a decision for BSC.

The meeting closed at 1045.

N.h.w.

7 September 1985

subject
a master

✓ SO
DTI

NOTE OF A MEETING BETWEEN THE PRIME MINISTER AND MR. TOM CLARKE MP IN THE VIP SUITE AT PRESTWICK AIRPORT ON THURSDAY 5 SEPTEMBER 1985 AT 0950

Present: Prime Minister
Secretary of State
for Scotland

Mr. Tom Clarke, MP for
Monklands West

Mr. Clarke, after thanking the Prime Minister for seeing him, said that there was a fear that the closure of Gartcosh, in his constituency, would soon be followed by the closure of Ravenscraig. There would then be no iron and steel industry in that locality. 800-1,000 jobs, including indirect jobs, would have been lost. Gartcosh was not a clapped out plant. It was exporting excellent quality steel to Germany and the Soviet Union with a superb record for delivery dates and industrial relations. The plant needed more investment. If Gartcosh was closed, orders might be lost for ever because of an initial loss of quality from the less experienced replacement British Steel plants. He knew that Nissan feared loss of quality if they were sourced other than from Gartcosh. Gartcosh was integrated into Ravenscraig and had co-operated fully on new technology. BSC had yet to put forward a "full balance sheet" of the pros and cons of closure. One problem was the over rigid European steel quota system and the possibility of an influx of steel imports from Europe. In answer to an interjection from the Prime Minister, Mr. Clarke justified his comment about imports of steel by reference to studies made by the STUC, the Strathclyde Regional Council and Strathkelvin Council.

The Prime Minister said that everything possible was being done to keep Ravenscraig open. Alphasteel's quota had been purchased through a taxpayers' investment well in excess of £100 million. Her duty was to be fair to all parts of the UK steel industry.

Her hope was that the five main steel plants could be kept going. The difficulty with Gartcosh was excess cold rolling capacity. The decision to close the plant was a matter for BSC, not the Government. She understood that BSC had undertaken to use their best endeavours in avoiding redundancies.

At the end of the discussion Mr. Clarke said that he supported the STUC view that Gartcosh was essential for the future of Ravenscraig. The Prime Minister replied that that was not true. The key for the future of Ravenscraig was BSC's success in finding bigger markets.

The meeting closed at 1010.

N.h.W.

7 September 1985

CONFIDENTIAL

SCOTT LITHGOW

Line to Take

1. The most important and positive factor is that Scott Lithgow is still open and in business, and even after this round of redundancies will still have a workforce of about the level forecast by Trafalgar House when they took the yard over from British Shipbuilders at the beginning of April 1984.
2. I and my colleagues in the Government are concerned that further redundancies should have become necessary. Trafalgar House have made good progress over the past 18 months in improving the yard's performance. The redundancies are an inescapable consequence of the failure so far to win further orders.

Background

3. Scott Lithgow management are informing the TUs this week that up to 1,000 redundancies (out of 2,500 employed) are necessary; there are unlikely to be sufficient volunteers. The company's hope is that this should not become public until the week beginning 9 September, but there may be leaks.
4. Scott Lithgow is a former shipbuilding firm at Port Glasgow and Greenock on the Clyde, which was part of British Shipbuilders' offshore division, and was to specialise in semi-submersible rigs. The yard made heavy losses, and from April 1984 was taken over by Trafalgar House. There were two rigs in the yard at the time; one for BP was nearly finished, and has now been delivered, and another for Britoil, which was then more than two years from completion. The Britoil rig, for delivery November 1986, is the only substantial work now in the yard. At the time of the TH take-over S of S/Scotland warned that its future depended on performance, and on the yard's ability to win new orders.
5. Scott Lithgow has not so far succeeded in obtaining other than very small orders for new work, and badly needs a major contract. TH say that they are now satisfied with efficiency and productivity, but they must reduce the workforce in line with the present and anticipated workload. Even if new orders were obtained now, redundancies would still be necessary, because it would take several months before the work would be in the yard.

6. There were 600 voluntary redundancies in May 1985 bringing the workforce down to about 2,500. The present round will be 600 directly employed, and about 400 sub-contractors personnel. There would then be about 1,500 working in the yard.

7. Scott Lithgow are pursuing orders for jack-up rigs (no semi-submersible orders seem to be around at present), and have tendered for up to three SK2400 non-nuclear submarines to be ordered in the next 2/3 months by MOD.

PRIME MINISTER

SCOTT LITHGOW

I have discussed the brief with DTI and Scottish Office.

The Scott Lithgow unions have been told about the redundancies. But the announcement is not to be until next week in order to allow time for management-union discussions.

The management are concerned that these discussions could be undermined if the news spreads.

DTI and Scottish Office agree that if this is raised at the meeting with the STUC, it would be best if you said simply that any redundancies would have to be a matter for discussion between Scott Lithgow management and employees. This would also be the line if you are asked in public.

The brief will be relevant if the news about the redundancies becomes public while you are in Scotland.

DLN

David Norgrove

4 September 1985

CONFIDENTIAL

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US TOBACCO INTERNATIONAL INC - SKOAL BANDITS

The Prime Minister should be aware that a proposal by US Tobacco Inc to set up a facility to manufacture Skoal Bandits, a tobacco product contained in a small sachet and absorbed by sucking, in a factory at East Kilbride has led to considerable controversy in the media. Representations have also been made to Ministers by MPs of all parties and by representatives of the medical and dental professions.

US Tobacco is already marketing this product in Europe and the new facility was designed to provide manufacturing capability to supply that market. The manufacture of tobacco products is eligible for regional assistance and because the company choose to locate in a former special development area it will receive grant totalling around £1 million on investment of almost £5 million. Around 60 jobs will be created with the possibility of more in non tobacco related products later.

Marketing & Promotion

In recognition of the potential health hazards of this product, US Tobacco has entered into a formal agreement with Health Ministers in relation to the marketing of Skoal Bandits as follows:

- (i) marketing will be specifically directed at adult tobacco users and the use of presentations and persons designed to appeal to young persons will be avoided;
- (ii) use of the product will not be portrayed in advertising as a healthy pursuit in its own right;
- (iii) "snuff dipping" will not be promoted as a way of giving up smoking;
- (iv) free samples will not be given to people under 18 and no anonymously addressed offers involving receipt of free samples will be mailed;
- (v) retail outlets will be restricted to those where tobacco products are normally sold.

Medical Aspects

Chief Medical Officers have expressed their concern at the harmful effect of sucking tobacco contained in a small sachet. The practice, in their view, increases the likelihood of oral cancer. This view is based on the findings of the DHSS Committee of Carcinogenicity, who studied medical evidence on the practice. As a result of this concern, the Chief Medical Officers have written to all doctors warning about the dangers associated with tobacco sucking.

LINE TO TAKE

US Tobacco is already marketing Skoal Bandits in the UK and Europe. Although the manufacture of tobacco based products remains an eligible activity qualifying for the provision of regional assistance, Ministers recognised the potential dangers of this product and were in fact able to reach voluntary agreement with the company to place severe

restrictions on the marketing of the product in terms of the media used, the content of the material and the target audience. These restrictions are designed particularly to prevent the promotion of the product to young people and to non-smokers. The company has also agreed to finance independent research on the effects of this habit.

cc/PA

STUC: NEED IN SCOTLAND FOR FULLY INTEGRATED AND GOVERNMENT SUPPORTED STEEL INDUSTRY

Line to Take

1. It is important not to talk Ravenscraig out of business; BSC has said it wants to close Gartcosh, but Ravenscraig is very much in business, and will stay for the next three years at the very least.

A two-edged argument to be handled with care. It risks implying that Ravenscraig could go.

2. Scottish industry is not a major or significant user of Ravenscraig's output, and only 2.8%; total cold rolled strip used in the UK goes to Scottish customers; Scottish industry is not dependent on Ravenscraig or Gartcosh for its steel as a semi-finished material.

3. The Government's aim is to move BSC from being Government supported - whether financially supported or merely controlled - into profit and into the private sector.

4. Acknowledge importance to Scotland of Ravenscraig in economic, employment and social terms.

Background

5. Ravenscraig's significance in Scotland is as a symbol of the country's industrial strength and maturity. Regardless of the underlying industrial position its closure would be seen as a significant weakening of the industrial base, and the loss of a basic industry which has been a major component of the economy for the past 200 years.

6. Ravenscraig employs 4,000 people (710 at or connected with Gartcosh) directly; and current annual expenditure in Scotland on wages and bought in services is about £125m. Any loss of this employment and expenditure would have a serious economic effect locally.

GARTCOSH: FURTHER INFORMATION FROM BSC

1. Capacity: BSC has a substantial excess of cold rolling capacity, and forecast utilisation with Gartcosh is 65%; without Gartcosh utilisation improves to 78%.
2. Financial Return: Improved utilisation leads to an overall improvement in the financial return to the Corporation of £11m a year.
3. Facilities and Investment: BSC point to Gartcosh's relatively low capacity of 12.1 thousand tonnes a week, constrained by its annealing, finishing and inspection facilities. In order to bring Gartcosh up to the required standard about £20m of investment would be needed, in particular at the pickle line, and at the tandem mill for better dimension and shape control.
4. Location and Market: Following the Gartcosh closure and redistribution of BSC's orders transport costs to BSC between works and to customers will be reduced, mainly because Scottish customers take only 2.8% of the UK consumption of cold rolled steel.
5. Loss of Business: Contrary to recent statements by the TUs and others, no loss of business to BSC is expected as a result of the Gartcosh closure, except of a very marginal nature. All the product dimensions and qualities at Gartcosh can be produced at BSC's other cold rolling mills. No customer has indicated that he intends to put orders outside BSC because of the Gartcosh closure.

RAVENS CRAIG AND GARTCOSH

Line to Take

1. Ravenscraig's future is assured for the duration of the current BSC planning period to 1988 (unless there is an unexpected downturn in demand).
2. The closure of Gartcosh is regarded by the Government as a management decision for BSC, it has no implications for the future of Ravenscraig.
3. Ravenscraig's financial position will be strengthened by the closure within BSC's strip division of excess capacity, and by its links with the more modern mill at Shotton, producing coated steels, for which demand is growing.
4. BSC is reviewing its coke making, and is not investing in new coke making plants at any of its works; again, the decision has no implications for Ravenscraig's future. The 'need' for investment in coke ovens had been made an issue of confidence in Scotland; industrial and commercial investment decisions cannot be made on that basis.

Background

5. The British Steel Corporation announced on 7 April details of its plans for the years 1985 to 1988, following Ministerial consideration in July. These included its decision to close Gartcosh cold-rolling mill at the end of March 1986. The closure is intended to improve overall cold mill productivity within the Corporation, reduce surplus capacity, and avoid capital investment which BSC would otherwise regard as necessary at Gartcosh to improve competitiveness and productivity. The closure will result in the loss of 550 jobs at Gartcosh and 160 at Ravenscraig. Ravenscraig itself is to continue in production for the three year period at least, subject to radical and unforeseen changes in market conditions; there was no announcement of new investment at

Ravenscraig, although the need for investment in new coke ovens had been widely canvassed in Scotland.

6. There has been widespread adverse reaction to BSC's plans and a number of meetings have already taken place between Ministers and BSC and those seeking a reversal of the Gartcosh decision. A campaign is being organised to persuade the Government and BSC to reverse the Gartcosh decision. Back-bench Conservative MPs are supporting the Gartcosh campaign.

7. Opposition concentrates on the implications of the closure for the future of Ravenscraig itself. The argument advanced is that the closure of Gartcosh is the first step towards the closure of Ravenscraig in 1988 or shortly after, once the present need for its production has passed, when Llanwern and Port Talbot have been re-equipped, and are back in full production again. Ravenscraig already sends substantial tonnages of hot-rolled coil to the more modern cold rolling mill at Shotton in North Wales, which produces coated steels, for which demand is increasing. BSC say that the strengthening of this existing link will be to Ravenscraig's advantage. Also, the closure will improve the overall finances of BSC's strip division.

8. The other point of controversy over BSC strategy concerns the future of Ravenscraig's coke-making facilities. Half of its coke ovens are nearing the end of their working lives, but BSC has decided to attempt to prolong the lives of existing ovens rather than invest in new coke-making capacity, while developing techniques of steel-making which require smaller quantities of coke. This decision has also been interpreted as a sign that the Corporation are seeking to run down operations at Ravenscraig, though Llanwern is in broadly the same position as Ravenscraig in respect of coke-making, its ovens being in general older.

4 September 1985

RAVENS CRAIG AND GARTCOSH

(1) The Prime Minister will obviously want to start the meeting by expressing sympathy for the Gartcosh workforce, explaining that in the long term it is in no-one's interest to prop up an unviable operation (indeed EC rules debar such subsidies), and to do so can only be at the expense of funding other businesses where genuine prosperity and lasting jobs could be created.

In any detailed discussion, as an alternative to the somewhat defensive official line of sheltering behind BSC, the Prime Minister might consider a more challenging approach.

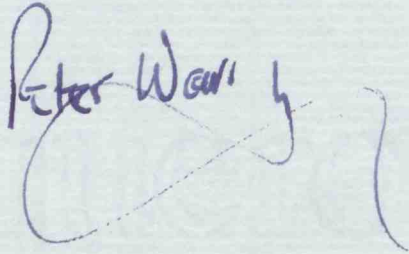
1. On strictly financial grounds BSC have in the past indicated that they ought to close one of their integrated steel works. Furthermore, in the interests of steel-makers throughout Europe, EC rules require each country to reduce capacity so as to achieve full profitability.
2. Quite apart from the Government's desire to help preserve jobs in Scotland, the commitment of the Ravenscraig workforce that kept the plant going throughout the coal strike should be recognised. So to avoid the closure of Ravenscraig [during the next three years] the Government is committing a large sum of money to permit BSC to buy most of Alphasteel, a privately-owned steel producer in South Wales, and effectively remove its capacity. [The basic Alphasteel purchase costs £130m but this is commercially confidential.]
3. This will help BSC's finances, increase their steel quota and output, and should also meet EC requirements (although EC negotiations have yet to be completed.) In effect, the Government has made a major investment to help preserve the future of Ravenscraig.

4. But some sacrifices have to be made. Gartcosh's plant is not the most modern, overall its capacity is surplus to BSC needs, and is distant from its markets. Spending money on Gartcosh would only mean taking it from other areas where it could be applied more cost-effectively to preserve and create jobs.
5. A substantial amount of Ravenscraig's output already goes directly to Shotton for cold-rolling and by switching all production to Shotton - which is an efficient, modern plant - it will help reduce the ultimate cost of Ravenscraig's product, expand its range, improve its quality, and thereby reinforce Ravenscraig's sales and financial viability.
6. The coke ovens are a red herring; with new techniques there is no need for early replacement, no BSC plant is investing in new ovens. Scotland is not being singled out, indeed, three out of Llanwern's four ovens are 22 years old - older than any at Ravenscraig.
7. Of course, no absolute assurance can ever be made about the future of any industrial enterprise, but subject to that qualification, Ravenscraig's future is guaranteed throughout the plan period which runs to 1988 (a three year plan like the last BSC one). After that it will, as always, depend upon demand for steel and the efficiency of production at Ravenscraig. But the Alphasteel investment demonstrates this Government's commitment to Ravenscraig and that in no way can Gartcosh be regarded as the tip of an iceberg.

DEFENSIVE

8. The EC have indicated that they may look for further hot-rolled steel cutbacks beyond those already announced, which would place the future of Ravenscraig's

hot strip mill in jeopardy (employs 750 people). If pressed, the Prime Minister could respond by emphasising that the efficiency improvements being made throughout BSC could increase the amount of steel they are able to sell and so increase demand for Ravenscraig steel. If hot-rolling capacity has to reduce sometime in the future, it is folly to try and predict today how or where this might take place.

A handwritten signature in blue ink that reads "Peter Warry". The signature is written in a cursive style with a large, sweeping flourish at the end.

PETER WARRY

PRIME MINISTER

MEETING WITH THE STUC

When you arrive at Prestwick Airport your first meeting is with Tom Clarke for fifteen minutes starting at 0950 hrs in the VIP suite. Then you have half-an-hour with the STUC, after which you depart for the British Aerospace visit (their building is at the other end of the Airport).

When you leave the VIP suite, the press will be behind the barrier, and you will be able to have a few minutes with them, before travelling to the British Aerospace building.

The following are expected to attend your meeting with the STUC:-

Mr. J. Milne	General Secretary, STUC
Mr. J. Henry	Deputy General Secretary, STUC
Mr. D. Harrison	Assistant Secretary, STUC
Mr. H. Wyper	Chairman, General Council STUC and TGWU
Mr. G. Boulton	NUM
Mr. C. Lewis	ISTC
Mr. Evans	ISTC
Mr. T. Brenan	Convenor at Ravenscraig
Mr. Doyle	Convenor at Gartcosh

You have in this folder the following briefs:-

- note on steel by the Policy Unit (Flag A).
- note on steel by the Scottish Office (Flag B).
- note on US Tobacco International Inc. (Flag C)
- note on Scott Lithgow. (Flag D)

The two briefs at Flags A and B take somewhat different approaches to the line to take on steel. The brief by the Policy Unit is more positive and forward; the brief by the Scottish Office is rather more defensive. Both have been endorsed by DTI and the Scottish Office is content with the

brief by the Policy Unit if that is the way you choose to handle it. The choice is political.

The Secretary of State for Scotland has not seen the Policy Unit brief. However, I have outlined it to him and he would be content for you to use it, though he would like you to emphasise that the decision to close Gartcosh was taken by BSC management and that the Government would think it wrong to second-guess the management on decisions of that kind. He has also suggested that on matters of detail that are raised you could undertake to draw them to Mr. Brittan's attention (unless, of course, they fall to Mr. Younger himself).

I recommend you to follow the Policy Unit line. It puts the arguments in a more convincing way, and adds the important point about Alphasteel, and it could be made just as sympathetic and understanding as the other brief.

The Secretary of State for Scotland will meet you on the steps of your aeroplane and travel with you to the meeting with the STUC.

US Tobacco is a matter of controversy and there is concern about the future ^{of} Scott Lithgow.

DN

(David Norgrove)

4 September 1985

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DN

(David Norgrove)
4 September, 1985

I am not happy about the
Scott Lithgow brief, and am
pursuing with DTI and Scottish Office.
I'll send you a note later, but
you may like to have the bundle
now.

DN

RAMASY



Mark Addison Esq
Private Secretary
10 Downing Street
LONDON

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

2. September 1985

You asked on Friday for urgent advice on the request from the STUC for a meeting with the Prime Minister during her forthcoming visit to Scotland.

Our view is that public opinion in Scotland is wholly condemnatory of BSC's intention to close Gartcosh. This has been presented as a management decision, but BSC have so far done nothing to counter criticism. We think that they should be more active. If say an hour could be found during PM's visit to Scotland we should be inclined to suggest that a meeting be offered, mainly because it seems feeble to make a prolonged visit to Scotland and then decline to hear views on a major current issue. Against that it could be said that offering a meeting with the PM would give the pro-Gartcosh campaign undue recognition. But if the timetable for the visit is already too full, we would suggest a meeting with Mr Tebbit be offered.

Before the BSC announcement on 7 August the STUC asked for a meeting with the Prime Minister and you suggested instead a meeting with the Secretary of State for Scotland. The STUC have now written seeking a meeting with the Secretary of State and the advice from officials is that the request must be granted. However, the Secretary of State who is still on holiday at present has a fairly full programme covering the next few weeks, including a visit to Russia, and it is unlikely that any meeting with the STUC can be arranged before the end of September.

As discussed this morning I enclose a copy of a letter received from Michael Grylls MP and I should be grateful for advice on whether the Prime Minister's programme would allow for the additional item as suggested by Michael Grylls.

ANDY RINNING
Private Secretary

PRIME MINISTER

SCOTLAND

You have had two further requests for engagements in Scotland and a request from Tom Clarke MP, for a meeting.

The first is a request (Flag A) from Scottish trades unionists and representatives of Scottish institutions for a meeting about the Scottish steel industry while you are in Scotland.

The Scottish Office's advice is at Flag B. They set out the arguments but then have the cheek to suggest that you should find time in your diary to see them even though the Secretary of State for Scotland is unable to find time in his. They have now, however, found a slot for next Tuesday, 10 September for Mr. Younger to see the trades unionists.

The argument that if you refuse to see them you would be making a prolonged visit to Scotland and then not wanting to hear views on a major current issue remains valid. But your earlier correspondence with Mr. Milne, General Secretary of the Scottish Trades Union Congress, (Flag D) does not augur well for a useful meeting and the fact that they will have (or will have been offered) a meeting with the Secretary of State tips the balance against you seeing them - even if you could have fitted it in, which is not certain.

A letter of regret is below.

The second request is from Mr. Clarke who would like to see you to discuss the closure of Gartcosh (Flag C). The Scottish Office have suggested that the Secretary of State for Scotland should see Mr. Clarke, and another letter of regret is below.

Finally, Mr. Michael Grylls, MP, (Flag E) has written to the Secretary of State for Scotland to suggest that you might

*W will leave
for US home
to see the
F.M.C.
then to
refuse.*

*If Tom
Clarke would
like to
come for
15 mins
before 7
after
that
meeting -
we can
deal
with
him too.
Will find
half for
I can't find
no time
not*

visit a Shell training scheme when you are in Aberdeen. It would not be easy to find room for this while you are there and unless you feel strongly that you want to go I shall pass your regrets to the Scottish Office for transmission to Mr. Grylls.

D.N.

pp. (DAVID NORGROVE)
2 September 1985

Telemessager

KEB1183 GWZ4056 PAJ0036 INA P09 4946LOND

29 AUG 1985/1807

16 Woodlands Terrace
Glasgow

29 August 1985

R30

TELEMESSAGE
THE RIGHT HON. MRS THATCHER M.P
PRIME MINISTER
10 DOWNING STREET
LONDON
SW1

SCOTTISH TRADES UNIONIST AND REPRESENTATIVES OF MANY SCOTTISH
INSTITUTIONS MET TODAY AND REITERATED SCOTLAND'S NEED TO
MAINTAIN A FULLY INTEGRATED AND GOVERNMENT SUPPORTED STEEL
INDUSTRY. WE WOULD ALL ASK YOU TO MEET WITH US DURING YOUR
FORTHCOMING VISIT TO SCOTLAND

JAMES MILNE, GENERAL SECRETAY, STUC

TO REPLY BY TELEMESSAGE SEE REVERSE SIDE

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— International Telemessages received by British Telecom before 10pm (7pm on Sundays) are transmitted to a postal centre near the destination and are normally delivered the next working day.

SCOTTISH TRADES UNION CONGRESS

PAPER TO BE PRESENTED TO THE STUC CONFERENCE ON THE STEEL INDUSTRY

TO BE RECONVENED AT THE BSC SOCIAL CLUB,

NEW JERVISTON HOUSE, MOTHERWELL,

ON THURSDAY 29 AUGUST 1985

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- SECTION 2. "THE BSC ANNOUNCEMENT" (pages 2-4)
- SECTION 3. "THE IMPLICATIONS OF THE BSC ANNOUNCEMENT"(pages 4-7)
- SECTION 4. "WHAT ARE BSC AND THE GOVERNMENT UP TO?" (pages 8-9)
- SECTION 5. "GARTCOSH/RAVENSCRAIG AND THE FUTURE OF THE BRITISH STEEL INDUSTRY" (pages 9-11)

INTRODUCTION

Three years ago Mr Ian Macgregor, as then Chairman of the British Steel Corporation, attempted to close Ravenscraig. The resistance of the Scottish people lead the Government and BSC to have second thoughts and in 1983 Mr Macgregor's proposals for a reduction in the scale of Ravenscraig's operations, exporting partly finished products to the USA, was presented to us. That proposal was too rejected by the people of Scotland, who correctly saw it as spelling the death of the Scottish steel industry in a short number of years.

It is just as well for the Government and the BSC that the Scottish people in 1982 and 1983 had such good sense, because in 1984 Ravenscraig produced 1,580,670 tonnes of liquid steel, which was needed by the British economy and by export markets.

During the period since the closure proposals were first raised in 1982 the Ravenscraig workforce has broken productivity and output records with such regularity that it has almost ceased to be newsworthy. It is against this background that the BSC announcement of 7 August must be viewed. The following sections analyse the announcement and its proposal in some detail.

SCOTTISH TRADES UNION CONGRESS

PAPER TO BE PRESENTED TO THE STUC CONFERENCE ON THE STEEL INDUSTRY,
TO BE RECONVENED AT THE BSC SOCIAL CLUB, NEW JERVISTON HOUSE, MOTHERWELL,

ON THURSDAY 29 AUGUST 1985

1. RAVENS CRAIG AND GARTCOSH - A FACTUAL DESCRIPTION

1.1 The British Steel Corporation currently has five integrated steel mills - on Teesside (plate) at Scunthorpe (plate) at Port Talbot (strip) at Llanwern (strip) and Ravenscraig/Gartcosh/Dalzell (strip and plate). Thus the Ravenscraig/Gartcosh/Dalzell operation is the most flexible of all the BSC's major plants as it permits production of both strip and plate products. According to the BSC the break-even output level of the Ravenscraig complex is some 36,800 tonnes per week. Current output varies between 31,000 and 35,000 tonnes per week. This year Ravenscraig is producing around 25,000 tonnes per week of hot rolled coil, which will revert to 22,000 tonnes per week when the Port Talbot plant in South Wales reverts to full production. Of this strip production at Ravenscraig deliveries to Gartcosh and Shotton for the year ended December 1984 amounted to an average of 8,706.13 tonnes per week to Gartcosh and 6,519.56 tonnes per week to Shotton. Gartcosh therefore takes around one third of Ravenscraig's current strip production and about one quarter of its total output (strip and plate combined).

1.2 The 8,700 odd tonnes per week supplied to Gartcosh is, for the most part, high grade steel for the automotive and other strip using industries. BSC has perfected a special high grade steel called "Tenform" which cannot now be supplied from any other BSC mill and which gives a particularly high strength to weight ratio for complex pressings in the automotive industry, including car bonnets, roof panels, etc. Amongst Gartcosh's major customers at present are the following:-

Austin Rover	52,000 tonnes per annum
Soviet Union	28,000 tonnes per annum (exported via Grangemouth)
Lye Spencer	23,000 tonnes per annum
GKN	19,000 tonnes per annum
Tube Investments	17,000 tonnes per annum
Stelrad Radiators, Dalbeattie	14,000 tonnes per annum
Ford UK	12,000 tonnes per annum
Ford Germany	9,000 tonnes per annum (exported via Grangemouth).... /

Canadian exports	9,000 tonnes per annum
Phoenix Steel Tubes	9,000 tonnes per annum

smaller quantities also go to BMW in West Germany.

1.3 A major investment programme for the past decade now means that the Ravenscraig complex is able to produce high quality steels (including Tenform for the automotive industry and special steel plate for the North Sea oil industry, submarine hulls, etc.) which cannot presently be produced at any other British plant.

2. THE BSC ANNOUNCEMENT

2.1 The BSC announcement of 7 August incorporates the following features (quotation directly from the BSC Press Statement):-

"An agreement reached with Alpha Steel, Newport, South Wales, as part of the necessary further restructuring in the European Community's steel sector, for the acquisition by BSC in 1986 of Alpha's hot strip mill.

"The installation in Llanwern, following their acquisition from Alpha Steel, of two continuous slab casting machines; and the completion of the Port Talbot hot strip mill refurbishment through the provision of a second new reheat furnace, thereby enabling the full benefits of that development scheme to be attained.

"The closure of BSC's Lanarkshire based Gartcosh cold rolling mill and, in due course, of Alpha Steel's hot strip mill, to assist the process of bringing capacity and demand more into balance in these two product sectors.

"No intention to make investments in new coke ovens at this stage.

"Maintaining steel making at BSC's five integrated steel works sites, for a least three years from now, but subject to market demand and BSC's performance.

"Agreement, in principle, for Government funds to support establishment of the Phoenix II business with GKN, thereby restructuring the UK engineering steels sector for the future."

These bald statements require some further factual comment.

2.2 The Alpha Steel Agreement

The current Alpha Steel strip mill is the fourth steel strip mill in the UK. The STUC understands that the agreement to take over and close down this facility by the BSC was arrived at only days before the critical announcement on 7 August.

2.3 The Alpha Steel Concast

The STUC understands that the Alpha Steel twin strand concast will have to be almost completely rebuilt in order to instal it at Llanwern - where it can apparently be installed without affecting the ongoing productive capacity of the mill. The cost of the rebuild and installation will almost certainly be virtually as high as the installation of a completely new twin strand concast at Llanwern. The last twin strand concast installed by BSC was at Port Talbot and this cost a total of £120M. It is therefore unlikely that the transfer of the Alpha concast to Llanwern will cost any less. The BSC Chairman, in a recent meeting with the STUC, refused to make any comment on the cost of transferring the Alpha Steel concast to Llanwern.

2.4 The proposed closure of Gartcosh will be commented upon in more detail below.

2.5 The decision to make no investment in new coke ovens at this stage was arrived at as a result of a report of a Working Party on direct coal injection into blast furnaces, which was received by the BSC within a fortnight prior to the 7 August announcement. The report was based on analysis of experiments in coal injection techniques at the BSC' Scunthorpe plant (where coke savings of ten to fifteen per cent have been achieved as against the BSC's hoped for twenty per cent by reliance on this technique) and at Dunkirk in France. In a discussion with STUC representatives a few months before the announcement, the BSC Chairman had made no indication whatsoever that the BSC held any prospects for this new technology. Instead, the discussion had focussed.../

.../focussed on a possible NCB/BSC investment programme in coke ovens. It appears, therefore, that the BSC's sudden discovery of the reliability of this new technology has come as a complete bolt out of the blue for BSC management as well as for the world at large.

2.6 The assurance that steelmaking will be maintained at BSC's five integrated steelworks sites for at least three years from now, subject to market demand and BSC performance, is a hollow one. If Gartcosh closes, Ravenscraig will no longer be an integrated plant and the impact of a Gartcosh closure on Ravenscraig and, indeed on the ability of BSC to meet demand in the market place from its entire operation, is analysed below in some detail.

2.7 The Phoenix II announcement will effectively create a private monopoly in engineering steels in Britain and may have some impact in Scotland through the GKN subsidiary Scottish Stampings in Ayr.

3. THE IMPLICATIONS OF THE BSC ANNOUNCEMENT

3.1 The implications, not only for Scotland but for the whole British steel industry and indeed for key areas of British manufacturing industry, are very serious indeed.

3.2 Closure of Gartcosh would leave the UK automotive industry incapable of depending on BSC for vital body pressings. BSC intend to transfer the Gartcosh order book, 15% to Shotton in North Wales, 45% to Llanwern and 40% to Port Talbot. BSC apparently now thinks it will lose 25% of orders in the transfer (although two weeks ago the BSC Chairman was denying there would be any loss). But Port Talbot is a general purpose mill incapable of producing fully finished automotive parts, and the Llanwern concast cannot be fully commercially operational in under three years. The Shotton cold rolling mill, on the other hand, does not have the capacity to roll high quality Ravenscraig steel for sophisticated body pressings. At present its small output for the automotive market is restricted to under bonnet parts, trim and fascia. It is virtually certain therefore that closure of Gartcosh would result in the BSC losing most of the Gartcosh order book completely, leaving British automotive producers dependent on imports in many areas. It would also render BSC incapable of supplying the new Nissan car plant in County Durham with these vital parts.

3.3 The proposed closure of Gartcosh would also have a serious immediate impact on the economics of the Ravenscraig hot strip mill. In the year ended December 1984 Ravenscraig supplied some 761,284 tonnes of cold rolled strip for finishing to Gartcosh and Shotton. Under the BSC proposals Ravenscraig has been guaranteed 75 per cent of the total Shotton order load. This comes to over 488,967 tonnes for the year 1984, and would leave a shortfall on the current Ravenscraig order book of 272,350 tonnes. The loss of over a quarter of a million tonnes per annum hot rolled coil output from Ravenscraig would have a very serious impact on unit costs at Ravenscraig and, therefore, on the entire plant's competitive position.

3.4 Furthermore, BSC management have admitted that because of the comparative condition of the Ravenscraig/Llanwern/Port Talbot coke ovens, Ravenscraig will be the first to feel the impact of the decision to provide no new investment in coke ovens. The new technology upon which BSC intend to depend so heavily, instead of investing in coke ovens, is completely unproven in large-scale commercial conditions and the condition of the Ravenscraig coke ovens is such that it will be left with a coke making capacity of only 10,000 tonnes per week in two years' time. At present Ravenscraig needs to produce 19,400 tonnes of coke per week to meet the break-even steel output figure of 36,800 tonnes per week. It is almost certain, therefore, that on the basis of no investment in the coke ovens and the closure of Gartcosh, Ravenscraig would be reduced to a one blast furnace operation with a capacity of only 20,000 tonnes per week within two years. Given the installation of an almost totally reconstructed twin strand concast at Llanwern, this would inevitably mean that Ravenscraig's unit costs were significantly higher than either of the two South Wales strip plants.

3.5 The largest local impact of a closure of Gartcosh would, of course, be in its effect on the unemployment levels in the North Lanarkshire area. Closure would involve 550 BSC employees at Gartcosh and 160 directly at Ravenscraig, with around 200 more involved in sub contracting. Thus, over 900 direct redundancies are involved, with an inevitable multiplier in the local community taking it to well over 1,000. The impact of the closure on the future of Ravenscraig would put several thousand more jobs in jeopardy. On the June 1985 figures from Strathclyde Region, unemployment in the area of Gartcosh is as follows:-

<u>Area</u>	<u>Males</u>		<u>Females</u>		<u>Total</u>	
	Nos.	Rate	Nos.	Rate	Nos.	Rate
Moodiesburn /Stepps	799	16.8	414	12.5	1,213	15.0
Easterhouse/Garthamlock	2,959	36.1	833	16.7	3,792	28.8
Coatbridge	2,931	20.4	1,131	11.8	4,062	17.0
Motherwell	8,755	20.9	3,556	13.2	12,311	17.9

It need hardly be added that an additional 1,000+ on the dole in an area with some of the worst unemployment and social conditions in Europe would be catastrophic.

3.6 A further inevitable impact of the Gartcosh closure would be on the economics of the Scottish ports. Currently Scottish ports, principally Grangemouth, handle exports of Gartcosh finished steel at the rate of over 50,000 tonnes per annum. As the SDA recognised in a study it commissioned a couple of years ago, the current economics of the Scottish ports operation are very problematic indeed and the loss of such a large throughput would, inevitably, further weaken the ability of Scottish ports to service Scotland's industries.

3.7 A further inevitable outcome of a closure of Gartcosh would be to provide a massive disincentive to steel-using industries to come to Scotland in the future. Any industry requiring strip steel would have to transport the finished product from at least as far away as Shotton - a distance of nearly 250 miles. Given that 75 per cent of Shotton's output is allegedly to come from Ravenscraig, this could mean that finished steel users in Scotland were using expensive steel which had undergone a round trip on the railways of some 500 miles since being made at Ravenscraig (assuming Ravenscraig is still there to produce the steel). A closure of Gartcosh would, therefore, be a hammer blow to the endeavours of the SDA and others to attract new upmarket industry to Scotland.

3.8 A further serious implication would be on the operations of Stelrad Radiators at Dalbeattie, who are heavily dependent on Gartcosh for finished strip for the production of radiators. Stelrad employ around 200 at their Dalbeattie plant. The impact on Stelrad's operation of having to import finished strip from Wales is unknown, but the company has had problems with Shotton steel in the past and are known to prefer Gartcosh.

3.9 In the longer term the likely impact of the Gartcosh closure on the economics of Ravenscraig could have a vital knock-on effect, not only on the remaining Ravenscraig complex with more than 13,000 workforce but, in the event of Ravenscraig closing, on vital areas of UK industry which currently depend exclusively on Ravenscraig as their steel source. These include the North Sea oil industry and the submarine building industry for whom Ravenscraig is the only UK supplier of high quality specialised steels required for submarine applications.

3.10 When at a recent meeting with the BSC Chairman and senior staff these points were put by STUC representatives they were largely dismissed. The BSC expressed great confidence in its ability to transfer the Gartcosh order book, although no guarantees were given about the long-term future of Ravenscraig, given the loss of Gartcosh. It was pointed out by the STUC representatives that in the past BSC management had expressed confidence in its ability to transfer order books from a plant which it wished to close to another plant which has no previous experience in dealing with the markets concerned. This happened some two years ago at the Clydebridge finishing mill for specialist plates, where BSC management were confident that Scunthorpe could takeover the Clydebridge order book. In the event, Scunthorpe was unable to handle the specialist techniques at Clydebridge and much of the Clydebridge order book was lost completely to the BSC. The BSC Chairman's ignorance of this fact at the meeting in question gives little confidence that the BSC's current optimism about transferring the Gartcosh order book will in fact be sustained.

3.11 To summarise: the inevitable outcome of a Gartcosh closure would be a loss to the UK automotive industry of vital UK produced steel supplies, increased mass unemployment in North Lanarkshire, a serious impact on the economics of Scottish ports, and the loss of potential steel-using industries in Scotland.

3.12 Beyond that the likely outcome of a closure of Gartcosh would be the complete closure of the Ravenscraig complex within the next few years, a huge increase in mass unemployment in North Lanarkshire and throughout the Scottish economy, and a loss to Britain of the vital specialist steels markets currently held only by Ravenscraig, including output for the offshore oil industry, submarine building, etc.

4. WHAT ARE BSC AND THE GOVERNMENT UP TO?

4.1 These horrific costs of a closure of Gartcosh, which would have an impact right across the British steel, automotive, and engineering industries, pose inevitable questions about the motivation of the BSC and the Government. Apparently something is so important to the BSC and the responsible Government Ministers that they are prepared to sacrifice vital UK steel-making capacity and lose important strategic markets to imports as well as impose further mass unemployment on parts of the country which already have more than their share.

4.2 The BSC and the Government have hidden behind the cloak of EEC steel quotas for many years, using these as an excuse for successive contractions in UK steel-making and processing capacity. The reality, however, is that neither the BSC nor the Government have seriously fought within Europe to have our quotas increased. The fact is that our current quota levels are based on BSC output figures during a period which included the 1980 steel strike, which massively distorted output during that period and has, therefore, subsequently distorted the quotas "enjoyed" by the Corporation within Europe. Any company or Government which was seriously unhappy about that situation could have rectified it by now. This has not been done and the Government and the BSC can no longer claim that they are obliged to contract the UK steel industry because of EEC pressure.

4.3 The fact is that it suits the BSC, and particularly the Government, perfectly well to be able to use the excuse of EEC steel quotas to further contract BSC's operations. The reason is simple and can be found in the deepest recesses of the Prime Minister's heart. It is PRIVATISATION. This was made absolutely clear by the Chairman of the BSC in his recent meeting with the STUC. He made clear that he was acting under orders to make the British Steel Corporation PRIVATISABLE. To do this the Corporation have to return an annual operating profit well over £200M per annum. The utter desperation of the Government and the senior BSC management in cobbling together the August 7 statement is all too clear. The announcement was only made possible by the hasty Alpha Steel deal - finalised within a few days before 7 August - and the complete unreserved acceptance of a specialist report on an experimental new technology (coal injection), which report again had only been received a few days prior to the announcement. The haste of the decision has left the plant in an unprecedented position of having no current production plans. There can be few.../

.../few times in Britain's economic history when such vital decisions on the future of an entire strategic industry have been taken on such a hasty and illconsidered basis.

4.4 One would think that privatisation must be a very good thing indeed for British industry for it to put such pressure on Ministers of the Crown and senior officials of a nationalised industry. The facts, however, suggest otherwise and particularly for an industry which is central to the country's industrial strategic needs, not to mention its defence capacity. The recent privatisation of Britoil has simply meant that that company, which represented the UK Government's principal active interventionist arm in North Sea oil, is now predominantly in foreign ownership. There is no doubt that if and when the Government are allowed to privatise BSC the same thing will happen. British investors have demonstrated by their track record that they have little interest in developing British industry, preferring to make a faster buck elsewhere. A further major floatation following the Government's other notorious exploits in the field of privatisation will almost certainly mean that British Steel is British no longer. It really is difficult to think of a worse reason for butchering a vital British industry.

5. GARTCOSH/RAVENS CRAIG AND THE FUTURE OF THE BRITISH STEEL INDUSTRY

5.1 It will be clear that the Ravenscraig complex, including its finishing mill at Gartcosh, has a vital part to play in the British steel industry and in the Scottish economy. It can supply qualities and finishings of steel which cannot be produced anywhere else in the UK and closure of Gartcosh, with the threat to the future of Ravenscraig which that implies, would inevitably deprive British manufacturing industry of the possibility of purchasing quality British made steel. It is also clear that the BSC announcement of 7 August, with the major investment it entails in South Wales, will place Scottish steel-making at a severe disadvantage relative to the South Wales plants. The STUC has a particular responsibility to use all its resources to retain what remains of Scotland's steel industry.

5.2 The STUC also has a commitment, however, to the defence and rebuilding of the British manufacturing economy as a whole, and for that reason believes it is essential, not only that the Ravenscraig complex is maintained intact and developed, but that THE OTHER FOUR INTEGRATED MILLS IN BRITAIN ARE ALSO RETAINED AND DEVELOPED. Further contraction of UK steel-making capacity at any of the mills would be a disaster for Britain's manufacturing economy. Between 1977 and 1984 UK effective capacity in crude steel production was reduced from 28.9M tonnes per annum to 23.6M tonnes per annum - a reduction of 18.4 per cent. Whilst some other European countries also reduced capacity, Italy increased its capacity by 8.5 per cent and the average capacity reduction for the Community was considerably below the British level. Britain now has a small steel industry in relation to its steel-using industrial base, compared with other European countries and this is reflected in the current level of imports of steel into Britain. The British economy can afford no further reductions in capacity if we are to have a secure manufacturing base for the future. In the period ending May 1985 steel imports into Britain from other EEC countries were running at a monthly rate which would equal over 2.2M tonnes per annum (184,600 tonnes per month). If Ravenscraig were to operate at the BSC's quoted break-even output of over 36,000 tonnes of steel per week, its annual output would be around 1,900,000 tonnes. Britain is therefore importing steel from Europe equivalent to more than the total annual capacity of Ravenscraig. It is therefore patently nonsense to argue that we require any further reductions in capacity.

5.3 To safeguard the future of our steel industry we therefore require to convince BSC management that its announcement of 7 August represents the wrong course; that investment in coke ovens, including a £90M programme at Ravenscraig is needed; that the small investment needed to upgrade Gartcosh should be committed; and that the present configuration of steel-making capacity within the Corporation should be retained. The Chairman of BSC, however, has made it quite clear that he is acting under instructions from the Government to make BSC "privatisable" and this is the primary reason why the operation is being scaled down in size. It is not only BSC which needs to be convinced therefore but the Government, which is setting BSC its financial and political objectives. If that task can be achieved then the problems imposed by EEC quota levels will disappear in their turn - given a Government which has the political will to fight for Britain's interests within the EEC.

5.4 To achieve these changes will be a political task of monumental proportions. Both the BSC and the Government have now some commitment to their announcement of 7 August and it is always much more difficult to get a change of view once a public announcement has been made than before it has been made. It is clear, however, that this is an issue on which virtually the entire spectrum of Scottish public opinion is absolutely united and the STUC has convened this Conference in the belief that a united, rational and well presented campaign will convince both the BSC and the Government that the proposals announced on 7 August were a serious mistake. If we fail to do that then we will have lost not only 1,000 jobs in North Lanarkshire, but a vital component in Britain's manufacturing base.



HOUSE OF COMMONS
LONDON SW1A 0AA

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0236 22550

Rt Hon Mrs Margaret Thatcher M.P.
Prime Minister
10 Downing Street
LONDON
SW1

27 August 1985

Lilac Cottage
12 Lugar Street
COATBRIDGE
ML5 3JS

Dear Prime Minister >

R29

As you are no doubt aware Sir Robert Haslam of B.S.C. has announced the projected closure of the Gartcosh Works in my constituency. The closure is planned to be completed by the 31st of March 1986 and taking into account a small number of associated positions at Ravenscraig over 700 jobs will be lost.

This figure does not of course include additional lost jobs in transportation, public services, small businesses etc, all of which would suggest that we can envisage the loss of about a thousand jobs in a very hard pressed community. The implications for Ravenscraig are obvious and I associate myself with the considerable representations which have been made to you about the future of that important plant.

However, my first concern as the local M.P. must be about the future of Gartcosh which at the moment has a death sentence hanging over it. The blow that such a closure would involve for this community cannot be underestimated. Coming on top of the recent closures of Cardowan and Bedley collieries, Speedwell, about which you were kind enough to meet me, and other redundancies, even the announcement of such a closure is knocking the heart out of our people and producing considerable anguish and despair.

As the local M.P. I would like to have the opportunity of having a discussion with you on this important matter and I shall make myself available at any time or place which you consider to be appropriate.

Kind regards

Yours sincerely

TOM CLARKE



ES GR
letter should be copied

to 80, and then
on 2/2/8
MAY 27/8

10 DOWNING STREET

no

Pine Milne.

A letter from the
Scottish TUC claiming
that they helped Ravenscroft
during the miners strike.

A classic case of selective
memory as you will see
from the attached quotation
from Milne. Still, I do not
think there is anything to
be gained by pursuing the
point.

DA

27/8.

SCOTTISH TRADES UNION CONGRESS
General Council



cc DTI
SO.

Our ref. JM/AMcC
Your ref.

12 August 1985

The Rt Hon M Thatcher MP
Prime Minister
10 Downing Street
LONDON

ppp 69

Dear Mrs Thatcher,

I wish to acknowledge receipt of your letter of 29 July. Whilst doing so, let me clear up a misapprehension. It was the Scottish Trades Union Congress, in concert with the rail unions and the National Union of Mineworkers, who arranged for the carriage of coal for many months during the miners strike between Hunterston and Ravenscraig by rail. It was also partly through our efforts that two successive dock strikes were brought to a conclusion. Far from seeking to put Ravenscraig out of business, we did what we could to ensure orderly delivery of supplies through the routine channels.

Other people may have attempted to bring the Ravenscraig operation to a halt, certainly not us. You might perhaps draw these comments to the attention of Mr Tebbit.

The BSC, with the Government's approval, have in most peoples minds, taken a decision that will mean the closure of Ravenscraig - hardly a fitting reward for the efforts of the Ravenscraig workforce.

Yours Sincerely,
James Milne

If phoning or calling ask for



Middleton House
16 Woodlands Terrace, Glasgow G3 6DF.
Tel: 041-332 4946/7/8.
General Secretary: James Milne.



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10 DOWNING STREET

THE PRIME MINISTER

29 July 1985

Dear Mr. Milne,

Thank you for your letter of 19 July about Ravenscraig. Given the nature of the delegation you propose, I think it better if you see the Secretary of State for Scotland, who would be happy to receive such a delegation.

I cannot help commenting, however, upon the irony that the STUC should be setting itself up as the defender of steel-making at Ravenscraig when a year ago during the miners strike you were seeking to stop production.

Yours sincerely

Margaret Thatcher

James Milne, Esq.

RB

E.R. ce BT.
PRIME MINISTER

RAVENS CRAIG : MEETING WITH STUC

I do not think you should see the delegation led by Mr. Milne and the Scottish TUC.

- i) Such delegations should not come to you directly without first having seen Departmental Ministers. The trade unions have not recently been to see either Scottish Office or DTI Ministers.
- ii) An all-Party delegation, including representatives of local communities is more appropriate to the Scottish Office.
- iii) Mr. Milne's approach is entirely hypocritical as a year ago he was trying to close down Ravenscraig. *- see attached cutting*

I have spoken to Mr. Younger's Office who are content to receive such a delegation. They would schedule this for late August when Mr. Younger returns from holiday. BSC are likely to conclude a deal with Alpha Steel around 2 August and to make an announcement about their plans, including the form of words on steel-making at Ravenscraig agreed at E(A). DTI Ministers will follow up with a statement of endorsement. The meeting with the TUC would then not be about what should be done at Ravenscraig but will provide an opportunity for the Scottish Office to explain what has been decided.

I attach a draft reply to Mr. Milne.

ANDREW TURNBULL

25 July 1985

L03A1H

NOTE FROM ANDREW DUNLOP

Jimmy

~~Jeremy~~ Milne, General Secretary of the
Scottish TUC:

"They (the miners) are saying they will
do everything to keep Ravenscraig
safe but not allow the production of
steel. I think it is an inevitable
step in the miners fight and I hope
the steel workers understand that."

Morning Star 19 June 1984

SCOTTISH TRADES UNION CONGRESS
General Council

223



Our ref. JM/EF
Your ref.

19 July 1985

Rt Hon Mrs M Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1A 2AA

Andrew Turnbull

Per you, libik.

MUSA 23/7

Dear Mrs Thatcher,

RAVENS CRAIG STEELWORKS

As you will no doubt be aware, the question of the future of Ravenscraig Steelworks is again up for consideration. We certainly hope that the British Steel Corporation and the Department of Industry take the decision to maintain the three strip mills presently operating in Britain. We believe they are needed and, additionally, it must be appreciated that Ravenscraig steel is used for purposes other than rolling into strip steel.

There is another problem at Ravenscraig in that the coke ovens have reached the end of their useful lives. Certain up-dating would leave them perhaps 5-8 years use. The Ravenscraig unions are of the opinion, however, that a major new investment is needed, which would allow the erection of a new coke ovens facility, which, because of its size, would allow much more efficient use of fuel and other materials. The net result would be a saving of as much as £7.00 per tonne of steel produced. The limited investment, which would allow prolonged use of the coke ovens, would not provide any greater efficiency in the use of energy and, therefore, would have no impact whatever on the price of steel produced.

I am writing to ask you to meet a deputation, which would not simply be composed of trade unionists, but would be representative of local communities dependent upon Ravenscraig for employment. The deputation would seek to impress upon you the absolute necessity, firstly, for a positive decision on keeping the three strip mills open, and, secondly, the need for a speedy decision on an investment which would cost the BSC some £90m, but at the end would give additional cost advantage.../

If phoning or calling ask for



Middleton House
16 Woodlands Terrace, Glasgow G3 6DF.
Tel: 041-332 4946/7/8.
General Secretary: James Milne.

Rt Hon Mrs M Thatcher MP

- 2 -

19 July 1985

.../advantages to Ravenscraig.

We would like the meeting to be held as quickly as possible, notwithstanding the difficulties presented by virtue of the Parliamentary recess.

Yours sincerely

James Hume

Grey Scale #13



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