

PRIME MINISTER'S MEETING WITH WALES TUC

The Prime Minister, accompanied by Sir Geoffrey Howe; the Secretary of State for Wales, Nicholas Edwards; Adam Butler (Minister of State, Department of Industry); and Patrick Mayhew (PUSS, Employment) today met an eight-strong delegation from the Wales TUC. The meeting was first asked for when the Wales TUC met Mr Edwards in May.

The meeting lasted about an hour and a half: tone and tenor - "reasonable, clearly argued and temperate".

Mrs Thatcher told the delegation that the whole Government strategy, realised through a combination of its decisions and people's own efforts, was aimed at raising living standards and increasing the number of genuine jobs. She had no sympathy with anyone who saw unemployment as an objective. The country had to create more wealth if we were to have greater public expenditure. (Sir Geoffrey Howe pointed out that Britain had created no more wealth in the last five years so it was imperative to allocate what limited resources we had. The Government was seeking to hold public expenditure down - and inevitably choices would have to be made between jobs, pay and services).

The Prime Minister also pointed out that if we were to secure tomorrow's jobs, we had to enter tomorrow's world. We had to utilise the investments which had been made in British industry (the Chancellor had estimated that £3 bn had gone into the British Steel Industry). This could be taken as a reference to the Hunterston dispute which had repercussions for Shotton. Told that 41% of sheet steel used in Britain was imported, the Prime Minister said she was grieved to hear the figure - but she had no powers to force British manufacturers to use British steel. The Wales TUC suggested temporary selective import controls as an aid to British Steel - Ministers noted the suggestion but did not encourage it.

A large proportion of the discussion centred on the problems facing the steel industry in Wales: Mr Edwards pointed out that there had been a significant improvement in productivity at the Llanwern <sup>and Port Talbot</sup> plants - the Prime Minister said it was a pity that things had to come "to the brink" before the co-operation could be achieved which led to increased productivity. In a discussion about the Shotton steelworks, Ministers pointed out that the future of the works was a matter for British Steel management but that every encouragement would be made to get jobs to move to the Shotton area should the works there close. Ministers stressed that no decision had been taken by BSC - a suggestion from the Wales TUC that Shotton be considered for up-grading to the status of a special development area if the works were to close was taken on board by Ministers (this is in accord with Lord Trenchard's statement of 12 July in which he, too, said the Government would consider the possibility of STA status - at present Shotton is a development area).

Mr Edwards told the delegation that he did not detect any falling off of industrial development interest in Wales.