



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

Secretary of State for Industry

3 December 1982

Michael Scholar Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Prime Minister

Some interesting detailed

points about Ravenscraig's

performance at flag A

Dear Michael,

LETTERS TO THE PRIME MINISTER FROM DR JEREMY BRAY

We spoke about Willie Rickett's correspondence with me (his letters of 2 and 26 November attached) enclosing letters from Dr Jeremy Bray about Ravenscraig.

MCS 3/12

2 I think you will agree that it would be sensible to wait until after Monday's meeting before formulating a reply to Dr Bray. We shall then have a clearer idea on the line and timing of a reply.

3 In the meantime, I explained to you that we had put together a detailed note, taking account of BSC's comments (with Dr Bray's permission we sent them copies of his letters) which responds to Dr Bray's points. In case the Prime Minister is concerned that she has seen no response as yet to Dr Bray's arguments, and would find it useful to have this before her meeting on Monday, I attach a copy which you may like to put before her.

Yours ever,

Caroline Varley

CAROLINE VARLEY
Private Secretary

A



DR JEREMY BRAY'S LETTERS TO THE PRIME MINISTER
ABOUT THE CASE FOR RETAINING RAVENS CRAIG:
COMMENTARY ON MAIN POINTS.

LETTER OF 1 NOVEMBER

A. Ravenscraig is as efficient and productive as the two South Wales plants

1 It is true that the Ravenscraig complex has never had such high manning levels as the two South Wales plants (in particular Port Talbot). But BSC Strip Group management are clear that it is Ravenscraig where they have had the greatest difficulty in securing acceptance of the changes necessary over the last few years to improve efficiency and cut costs. While the introduction of "slimline" manning and flexible working practices was achieved with very little opposition from the workforce in South Wales, at Ravenscraig there was resistance up to March this year. Nearly 20,000 man-hours were lost in 21 unofficial disputes between May 1980 and March 1982; the 1982 pay settlement had to be imposed at the plant and involved a damaging three-day total strike in March; and absenteeism so far this year has been about twice the level at Llanwern. As a result, while productivity at Ravenscraig has increased since March, it has been slower to improve over recent years and it is still not as consistent as in South Wales. Peak productivity in the three plants shows Ravenscraig at 4.6 man-hours per tonne (in June 1982) compared with 4.08 at Llanwern and 4.54 at Port Talbot.

B. Ravenscraig suffers from disproportionately high freight and energy costs.

2 Dr Bray claims that British Rail impose higher charges to carry iron ore and coal in Scotland than in South Wales because road transport is a feasible alternative to rail in the latter but not the former. And Scottish electricity charges are higher than elsewhere in the UK.

3 The case is overstated and in part inaccurate. As regards iron ore, road transport is not in fact practicable in South Wales: the price for rail transport was fixed in negotiations between BSC's Welsh Division and British Rail. BSC management in Scotland and British Rail are currently taking a fresh look at the charges imposed there and there is hope of a reduction. As regards coal haulage, road transport has recently been used between Hunterston and Ravenscraig, as a result of which British Rail have agreed to reduce their own charges. And as regards energy prices, the South of Scotland Electricity Board have now accepted arrangements which will leave electricity charges broadly similar as between Scotland and Wales.



4 In sum, where there have been cost disparities which put Ravenscraig at a disadvantage, remedial action has been or is being taken. What cannot be overcome, however, is the intrinsic cost disadvantage which arises because Ravenscraig is 51 miles from its raw material port at Hunterston and 12 miles from its cold-rolling mill at Gartcosh. However low freight and energy costs can realistically be set, this widely-spread plant layout adds to the cost of producing steel at Ravenscraig. Moreover, while the plant at present manages to sell up to 70 per cent of its strip output in Scotland and the North of England, it is further than the two South Wales plants from the main steel-using areas of the UK.

C. Ravenscraig's equipment is the best of the three Strip Plants.

5 Some of the equipment, and one part of the production route, are uneconomic. The ingot route for slab production involves an old mill which is heavily underloaded. In addition, the coke-ovens are old and, together with the raw material handling facilities, are difficult to operate efficiently at high output levels. The steelmaking vessels are small - at about 130 tonnes capacity - compared with 175 tonnes at Llanwern and 330 tonnes at Port Talbot. And the Hot Strip Mill, while better than the one at Port Talbot, is less efficient than at Llanwern and is smaller than at either plant.

D. Ravenscraig is not a high-cost plant.

6 For the network of reasons described above - industrial relations problems, plant layout, and some inadequate equipment - actual costs per tonne at Ravenscraig over the last year and a half have been higher than those in South Wales at all stages of production: liquid steel, hot-rolled strip, and cold-reduced coil.

E. Ravenscraig is the only plant properly equipped for the longer-term

7 It is true that Ravenscraig is equipped to produce high quality strip and plate products and that, except in the respects mentioned above, most of its equipment is modern and efficient. But its advantages in the strip market, set out in the "product status report" attached to Dr Bray's letter, generally reflect the fact that until recently it was the only strip plant with continuous casting facilities. These are now being successfully run in at Port Talbot and that works will therefore shortly enjoy the same advantages. For cold-reduced products, both Port Talbot and Llanwern have modern rolling-mills which are on site rather than 12 miles distant.

8 As to plate products supplied by Ravenscraig, and in particular the slabs provided for processing through the Dalzell mill, most of these can be produced at other BSC plants, notably Scunthorpe and Sheffield - indeed, some top qualities of slab for Dalzell already come from Sheffield. For the limited tonnages of special plate items where Ravenscraig is currently the only source, BSC consider that alternative routes could readily be developed in their



other plants without recourse either to major capital investment or to imports. In sum, in BSC's view the advantages of Ravenscraig as a plate and strip producer are not unique in some respects and will soon no longer be in the remainder.

LETTER OF 25 NOVEMBER

F. Mothballing all or part of Ravenscraig is not an option.

9 It is true that steel plant cannot be mothballed for ever because after many years it would be so technically obsolete as to require complete replacement. But mothballing for quite a few years is a possibility: steel-making technology does not change all that quickly. There would be costs involved, as Dr Bray points out, but they might well be less than keeping production going and subsidising heavy losses.

MM Division
Department of Industry

3 December 1982

1 2 3

15:19



10 DOWNING STREET

TO <i>Mr Murray</i>	COPIES TO
FOR APPROVAL	<i>PM</i>
DRAFT	<i>FS/35</i>
APPROVED	<i>FS/35</i>
PLEASE BY:	<i>Mr Murray</i>
<i>Noon</i>	<i>Mr Gunning</i>
<i>10/11/82</i>	

From the Private Secretary

2 November, 1982

Dear Caroline

Your Secretary of State will have received a copy of this letter to the Prime Minister from Dr. Jeremy Bray, M.P., in which he makes the case for keeping open the BSC plant at Ravenscraig.

I should be grateful for a draft reply which the Prime Minister might send to Dr. Bray by 10 November.

I am copying this letter and enclosure to Muir Russell (Scottish Office).

Yours ever

Willie Rickett

Ms. Caroline Varley,
Department of Industry



DR JEREMY BENTLEY M.P.
HOUSE OF COMMONS
LONDON SW1A 0AA

01- 219 4057 (direct line)
01- 219 3000 (switchboard)

Rt Hon Mrs M Thatcher MP
The Prime Minister
10 Downing Street
LONDON SW1

1st November 1982

Dear Prime Minister,

1 You will shortly be considering the future of the steel industry, and in particular the question of plant closures.

2 If Ravenscraig works in my constituency, or indeed any of the other big five steel plants, were to be closed, it would be the confession of failure of your economic strategy not only for the next year or two, but for the next 10 years. It would be tantamount to admitting that there was no prospect of industrial recovery since most industries use steel directly or indirectly, and it is their collapse and decline in investment which accounts for the loss of steel markets. It would also be to admit that when an industry has made a successful attempt to reach international standards of competitiveness as measured by manpower and technical efficiencies with the latest plant, it will still not be able to compete in overseas markets or with importers.

3 Last week I met Patrick Minford. I suggested to him that he might produce a forecast justifying the reduction of UK steel capacity to the 8-10 million tonnes that could be produced by three or four of the big five. I could then use his forecasts as the reductio ad absurdum of Government policy. He laughed and said that I knew full well that he did not produce forecasts of steel output, but said, "surely it won't come to that".

4 It may be put to you that while it is worth preserving efficient capacity, if one of the big five was so out of line that it could not compete, then it should be closed. Much of the press speculation has named Ravenscraig as being the highest cost works. The car and shipbuilding industries in Scotland which it was meant to feed, have disappeared. British plants cannot export competitively. Ravenscraig has higher freight and energy costs. And its plant configuration gives it higher technical costs than Port Talbot and Llanwern. On top of this, it was argued until recently that Ravenscraig had lower levels of productivity.

/2...

5 Ravenscraig never had the high levels of manning that used to exist at Port Talbot and Llanwern. However, when manning was reduced and productivity and working practices greatly improved at Port Talbot and Llanwern, I saw the difficulties that might arise at Ravenscraig. So I wrote an article in the local press saying that absenteeism and overtime must be reduced, and flexible working practices adopted, fully competitive with the standards that had been accepted in South Wales. This was widely reported and mis-reported in the Scottish press, and caused a ferment in the works, some sections of which walked out. The able and competent shop stewards and management at Ravenscraig had been trying to bring about improvements but the atmosphere did not exist in which they could bring about the necessary changes. But the truth registered when it was spelt out by their own Labour Member of Parliament. I suggested to BSC management that they should insist on making the changes needed in the ensuing annual round of negotiations. This they did, and after one or two dodgy moments they were accepted.

6 Ravenscraig management now tell me that there is no aspect of labour relations, working practices or productivity on which they have any complaints. There have been further major reductions in manning. The result is that while Ravenscraig still had a reasonable order book in the second quarter of this year, they achieved a productivity level of 4.54 man hours per tonne, which was the best in BSC, and indeed in Europe. It can no longer be said that Ravenscraig lags behind any other works in BSC in productivity.

7 On freight and energy charges, there is still a tendency to treat Ravenscraig as a pork barrel. Despite representations from George Younger, British Rail impose monopoly charges on the haulage of ore from Hunterston to Ravenscraig which are far higher than for comparable distances between Port Talbot and Llanwern or Immingham and Scunthorpe. The reason is that while on these other routes road haulage is practicable and therefore sets a ceiling on British Rail charges, there is no such option for Ravenscraig. Also, even with their latest 'contracted load management tariffs', electricity charges are 9% higher than in Sheffield, and 6% higher than in South Wales. These can and should be reduced.

8 However, the most important consideration for the longer term is that only Ravenscraig is equipped to produce the highest quality strip and plate products. It has the most advanced, complete set of equipment from the sinter plant through the blastfurnaces, the basic oxygen furnaces, the continuous casting units, to the hot and cold strip mills and the plate mill. Llanwern has no continuous casting units, and while Port Talbot is now running in continuous casting, it has an ageing strip mill. So only Ravenscraig is able to supply those products where surface quality, internal cleanliness, homogeneity, ductility, and weldability have to be of the highest standards. I enclose a copy of a product status report giving some examples of what this means in terms of critical markets for strip products.

Since specifications required in markets are rising, Ravenscraig is the plant best equipped to meet future demand. I am not for one moment suggesting that demand for more standard products from Port Talbot and Llanwern do not fully justify their retention, and any reasonable level of activity would require all three flat product plants, as well as the general steels from Redcar and Scunthorpe.

Ravenscraig also supplies high quality products through the plate mill at Dalzell works, particularly with the use of its own unique secondary steel making facilities for producing very highly refined steels for the most demanding applications. It is a measure of the technical progress achieved with the continuous casting units and the plate mill, that Ravenscraig can now contemplate closing down entirely its slab mill without losing the capacity for producing the thickest high quality plate at Dalzell. Recent trials with rolling flatter than conventional ingots in the plate mill have been successful. If it were found possible to close the slab mill which operates in parallel with the continuous casting units, without diminishing the product range, it would be a tribute to the technical progress made in the works. The loss of a further 800 jobs would be a sad blow, but Ravenscraig would achieve levels of productivity which were quite beyond the reach of any other BSC plant provided it got a comparable order book.

I have concentrated on the economic and technical arguments. The social and political arguments are overwhelming. The closure of Scotland's biggest single industrial plant would mean the speedy loss directly and indirectly, of some 13,000 jobs in Scotland. It would push levels of unemployment in Motherwell up to the 50% mark. It would block off a major channel for further industrial development and recovery in Scotland. Because it has come to be a symbol of Scotland's industrial strength, the closure of Ravenscraig would be opposed bitterly by every person and interest in Scotland. It has been a privilege to represent such a major industrial interest in Scotland, having previously represented a steel constituency in England. So I have been in a unique position to see the role of Ravenscraig in Scotland. Apart from the immediate industrial reactions which would be ruthless, strong and well-organised, the long-term political consequences not only for the Conservative Party but in undermining the Union, would be such that I cannot for one moment imagine any Government closing Ravenscraig.

Though I am sure you will take account of the social and political considerations, I would urge most strongly that you take seriously the economic arguments and that in the announcement of the Government's decision, it should be made absolutely clear that the decision to retain Ravenscraig along with the rest of the big five, had been made on economic grounds. There are ample reasons on the lines I have indicated for saying this. Ravenscraig has been handicapped for 20 years by being



regarded as a 'political' creation. For years it did not perform as well as it should, or as well as it must in the future. But present levels of achievement will not be maintained unless they are publicly recognised and made the basis of the decision.

13 I am sending a copy of this letter to Patrick Jenkin and George Younger.

Yours sincerely
Jeremy Bray

1. Major Advantages of Concast Strip

1.1. Surface Quality

Steelmaking surface defects considerably improved using Concast compared with ingot route, confirmed by both internal rejections and customer complaints.

1.2. Internal Cleanliness

Concast Shrouding techniques mould level control etc. minimises arisings of macro/micro inclusions, segregation effects which are typical of ingot steel.

1.3. Homogeneity

Chemical, microstructural variations are virtually eliminated within length of Concast coil from coil to coil and from cast to cast thus providing greater consistency of product compared with Ingot route. This characteristic vital on automatic press lines e.g. Motor trade, radiator market sectors.

1.4. Ductility

Established higher r values using Concast, allowing applications to most difficult press work applications. Non-ageing characteristics for full product range applications allows greatly superior shelf life, hence maximum press shop efficiency.

1.5. Weldability

Because of superior internal cleanliness and homogeneity characteristics, Concast performs better on ERW lines e.g. (tubemaking) and equally as well as ingot route on all other systems.

2. Market Trends

2.1. Motor Trade

Ford, B.L. now moving rapidly to RR St 13 ordered caption to replace previous CR2 applications. Concast able to satisfy this trend because a) killed steel characteristic, b) superior ductility. Other B.S.C. Works must therefore a) supply killed steel via costlier ingot route for no price extra, b) supply existing CR3 rimming quality, which violates "killed" requirement of RR St 13 spec.

2.2. Drums

All major drum-makers moving towards triple seam manufacturing process. European companies e.g. Van Leer, Sweden, exclusively order Concast. Concast established as preferred steel type for triple seam because of non-ageing characteristics vital during the stoving and seam forming operation. Concast applied exclusively to all U.K. manufacturers.

2.3. Re-rollers

Diminishing availability within Europe of traditional ingot rimming steels now focussing re-roller companies on Concast. Ductile Steels e.g. over 90% this type. Other companies involved J B & S Lees, Steel of Staffs, Brunions, all recognising need to introduce Concast to their process route.

2.4. Radiators

U.K. manufacturers now also using Concast in this traditional rimming steel market. Shelf-life of importance to them, plus consistency of chemical/mechanical properties along length of coil etc. Automatic lines installed in almost all major U.K. manufacturers. European supplies also known to be of Concast.

2.5. Stock-holders

Non-ageing characteristics vitally important, allows Stock-holder maximum flexibility of stock rotation and application. Crucial when end-users stocks now being kept to absolute minimum levels.

2.6. Tubemaking

Greater demands on tube manipulation ability being placed on Tubemakers, and being met best by Concast (e.g. Tube Products, Phoenix Tubeman).

3. Market Reaction

3.1. Exclusive Markets

3.1.1. Michelin Wheel Centres

Ravenscraig only accredited B.S.C. supplier.

3.1.2. Tallent - Sierra Suspension Arms

Ravenscraig/Gartcosh exclusively supplying for that ductility critical unit with no rejections.

3.1.3. Gas Bottles

Although currently almost non existent, Ravenscraig only mill able to supply if trend is reversed.

3.1. Template

D.W.I., D.R.D. can-making made exclusively from Ravenscraig H.R. coil supply.

3.1.5. Galvanised

Ravenscraig exclusively supplying rephosphorised grades to Shotton for tensile qualities e.g. Z28, Z35, Z40 as used by Butler Buildings, Ward Brothers for factory construction.

3.1.6. Corten

Demand for Corten met only by Ravenscraig 5 000 T 1981, from both Concast, Ingot route. Major customers include Glen Metals (largest stockist of Corten in U.K.). Howdens of Glasgow, Cleveland Bridge of Darlington who successfully applied Corten to major Egyptian bridge contract.

3.1.7. Side-trimmed H.R. Coil

Significant export tonnages met only by Ravenscraig for H.R. S.T.L. e.g. Interstate and Metron of U.S.A. Increasing demand for this product from U.K. stockholders to supply to overseas.

3.1.8. Slick-surface

Gartcosh only B.S.C. Works to participate in and successfully apply to increasing demand for slick-surface C.R. strip. Major participation with B.L. in both trial and production tonnages. Also with Tube Products.

3.1.9. Low-Soluble Aluminium Grades

Japanese strongly recommend use of low Al Concast which not also already possesses very favourable advantages over Ingot type, but also over existing Concast. Ravenscraig in a unique forward position in this important development.

3.1.10. Dimensional Range

- a) Ravenscraig only B.S.C. Works to roll 9.5/12.5 at 1560 mm compared with Llanwern's max. width of 1400 m.m., and Port Talbot's max. gauge of 6.5 m.m.
- b) Ravenscraigs minimum width is 610 mm compared with 785 mm at Port Talbot and 720 mm at Llanwern.

3.1.11. Si-Killed Steels

Concast route significantly better than Ingot route in Si-Killed manufacture due to absence of pipe lamination. This is a common problem at Ductile Steels and Phoenix Tube with Llanwern Si-Killed product. Ravenscraig successfully supplied via B.S.C. Whiteheads Si-Killed Concast to Phoenix Tube this now onto a regular order basis.

Tube Products exclusively purchase .18/.23C from Gartcosh, and vast majority of .19/.15C also. These used for Raleigh Bicycle Frames. Now Concast under trial.

3.1.13. Phosphorus controlled

Phoenix Tubeman's requirements for batch galvanising met exclusively from Gartcosh supplies.

3.2. Automotive Performances

3.2.1. Ford

Currently Ford Halewood unreservedly prefer Gartcosh of the B.S.C. suppliers. No restrictions exist on the allocation of outside parts based on performance. Recently ascertained that Llanwern to lose all skin panel participation to Gartcosh. Ductility critical panels running well on Concast ex Gartcosh. e.g. front fender. Only major panel at Halewood not being supplied is bodyside, which no other B.S.C. mill currently supplies either.

3.2.2. B.L.

Gartcosh have had greatest F.F. participation in recent years. Also majority share of panels for new LM10 model now ongoing.

3.2.3. Vauxhall

On particular panels, Gartcosh highly preferred. e.g. wheel arch at Ellesmere Port. On European and other B.S.C. Mills rejection rate once over 20%, now less than 1% on Gartcosh supplies.

3.2.4. B.M.W.

First major trial from B.S.C. successfully accomplished this year using Gartcosh Concast strip.

3.2.5. Ford - Germany

Significant tonnages now supplied with no complaints.

3.2.6. Puegeot

Gartcosh established as reliable supplier to this company over last three years with minimal complaint.

3.3. Ravenscraig/Gartcosh Preferred

3.3.1. Signode

Very strong preference for Ravenscraig/Gartcosh H.R. P & O coil recently expressed by this S. Wales customer (10 miles from Port Talbot). Llanwern strongly criticised by Signode over quality.

3.3.2. Tube Products

Gartcosh is clearly the firm first choice at Washington Works. 12 000T ordered 1982 so far. Have stated would go abroad for supplies before accepting Llanwern or Port Talbot steel.

3.3.3. Phoenix Tubeman

Again Gartcosh the strongly preferred B.S.C. Mill. 40 000T delivered in last three years with 0.1% reject level! No confidence in Llanwern/Port Talbot.

3.3.4. Thorn Heating

Of B.S.C. suppliers, Gartcosh much preferred to S. Wales mills in terms of quality, service and reliability.

3.3.5. Stelrad

Their Mexborough Works very pro Gartcosh. Again, have stated they will not participate in Llanwern or Port Talbot supplies for their radiator production.

3.3.6. J Tainton

Prior to pricing factors putting this customer to foreign suppliers again Gartcosh was the preferred B.S.C. Mill.

3.3.7. Coated Metals

Nearly 14 000T Gartcosh C.R. coil has been supplied in 1982 to this major strip user, based some 8 miles from Port Talbot. For several years a "Gartcosh Special" grade was exclusively ordered by them. As a supplier to Tube Products of Aludip the latter customer insisted on Concast.

3.3.8. American Can

This drum-maker now exclusively orders CR Concast from Gartcosh for drum-making. High regard for this supply.

3.3.9. Braby

Recently learned that 90% of their requirements will be ordered on Gartcosh.

3.3.10. B.S.C. Shotton

Ravenscraig well established as the preferred B.S.C. supplier in view of product type and dimensional range (1.8 mm H.R. recently successfully rolled in single pass to 0.25 mm) coil size (twice that of Port Talbot) and higher Pickle Line yields. Their F.F. requirements for critical Zintec applications met exclusively by Ravenscraig. Also their rephosphorised grades as previously mentioned.

Miscellaneous Points to Note

4.1. Bruntons

Previously Ravenscraig was the traditional supplier, but lost out over last 12 months to Llanwern. This B.S.C. supplier now has 850T at Bruntons under complaint, to be removed.

4.2. Port Talbot/B.L.

Participation of Port Talbot at B.L. is minimal in F.F. and not highly regarded in G.P.

4.3. Port Talbot/Ford

Port Talbot have no participation in supplies to the Halewood Plant.



TO Mr. G. ... COPIES TO
 BML
 P. B.
 R. C.
 J. H.
 M. B.
 M. R.

10 DOWNING STREET

From the Private Secretary

26 November, 1982

Dear Caroline

On 2 November I sent you a copy of a letter the Prime Minister had received from Dr Jeremy Bray, MP about Ravenscraig. I asked for a draft reply for the Prime Minister's signature. I now enclose a further letter from Dr Bray on the same subject. I should be grateful if you could take this into account in the drafting of the reply to his earlier letter. It would be helpful if your draft could reach me next week.

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

Yours ever

Ms. Caroline Varley
 Department of Industry

Colin Rickett

R26



DR. JEREMY BRAY M.P.
HOUSE OF COMMONS
LONDON SW1A 0AA

01- 219 4057 (direct line)
01- 219 3000 (switchboard)

Rt Hon Mrs M Thatcher MP
The Prime Minister
10 Downing Street
LONDON SW1

25th November 1982

Dear Prime Minister,

I wrote to you on 1st November, about the steel industry and Ravenscraig in particular.

In that letter, while I conceded that it might be possible to close the slab mill, I did not consider the possibilities of closing or mothballing the second blastfurnace, the hot strip mill at Ravenscraig, the cold strip mill at Gartcosh, or any combination of these. Ravenscraig would not be viable merely as a producer of plate and/or hot rolled coil, so that is not a viable alternative.

Once major units are mothballed then the likelihood of their ever reopening is slim, except in an old-fashioned war. Start-up costs are huge with the costs of re-lining furnaces, training workers and recommissioning plant. Operating plants are constantly updated and a mothballed plant would quickly fall behind the state of the art. It would be argued subsequently that it was cheaper to import steel, steel products, products of steel products, and so on. The process of deindustrialisation would be irreversible. The partial mothballing of Ravenscraig would amount merely to a two-stage closure, and would be clearly understood as such with the consequent reactions.

The decisions on steel hinge on the view the Government takes of the future of manufacturing and construction in the UK. At present the prospects are exceedingly gloomy. In his Autumn Statement, the Chancellor forecast a deterioration of £3½ billion in the balance of payments in 1983. The balance of trade in manufactures has deteriorated from £3.6 billion in 1980, and £2.7 billion in 1981, to zero in the first 3 quarters of 1982. Much of the further deterioration in the balance of payments forecast for 1983 must be in manufactures. In the Treasury Select Committee this week I questioned the Chancellor closely on his view of the prospects for competitiveness, and its components, wage costs,

productivity, and the exchange rate. I did not get the impression that he was prepared to contemplate the accelerated decline of our trading and manufacturing prospects as the consequence of your policies. In your decisions on steel and on Ravenscraig in particular I am not concerned about how you reach your conclusions, but I am concerned that they should not be reached in abject defeatism about the prospects for British industry which would be the clear implication of any decision to close or mothball any part of Ravenscraig beyond the slab mill, or any of the rest of the big five.

I am sending a copy of this letter to Patrick Jenkin and George Younger.

Yours sincerely
Jeremy Bray