

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

in Scottish Industry

David Norgrove

Mrs Macderelid (041-332-4966)
very 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