

PRIME MINISTER

c.c.Mr. Lankester

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Shotton

Sir Keith Joseph answered a PNQ from Mr. Barry Jones about Shotton this morning.

Mr. Jones accused the Government of washing its hands like Pontius Pilate, and of condemning many men and women to a decade on the dole. He said that closing Shotton would be an unwarranted and foolhardy risk, since the British Steel Corporation would not be able to guarantee the supply of sheet steel to the remaining part of the Shotton works.

Sir Keith Joseph said that Labour's attempt to defer adapting to the market had led to greater changes now than would have been necessary if the Beswick plans had gone ahead in full; and that if the BSC was not competitive many more jobs would be at risk.

Sir Anthony Meyer described the closure as inevitable, but asked for very special measures to deal with the ensuing unemployment. Mr. Alec Jones described the closure proposal as a scandal, given the 1977 pledge by the Chairman of the Steel Corporation. Sir Keith Joseph said that he paid tribute to what had already been done at Shotton, but that it was necessary to compensate for the huge investment in new plant for the BSC by taking out some of the old plant. He said that the 1977 context was different from the present one: in particular, there had then been plans to rebuild Port Talbot. Now there was enormous over-capacity, and the consequence of supporting an industry larger than consumer demand could sustain would in the end be longer and longer dole queues, and a poorer and poorer country. In response to repeated pressure, he said that he

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did not under-estimate the social consequences of closure if it happened, but there were also the consequences of keeping the jobs going. He said that there was some hypocrisy in maintaining that all closures were reprehensible. Mr. John Silkin said that the Government could not shrug off its responsibility and put it on the BSC. He asked how, as a man of honour, Sir Keith could support the BSC in these negotiations given the 1977 pledge. He also said that it was time for Sir Keith to face the reality that the BSC could not be brought back into profitability by March, 1980.

Sir Keith said that the Labour Government had nationalised the steel industry, and had put responsibility for its management on the BSC Board. The Government were committed not to bear revenue costs in 1980/81, but there would be a high call on the taxpayer in that year in any case for capital expenditure on modernisation.

There was not much discussion of the measures which are being proposed to alleviate the effects of a closure of Shotton; you may be able to speak on that theme when the topic comes up at your own Question Time next week, as it surely will.

MS

13 July, 1979.