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BRITAIN

British steel on downward slide

After World War II, Britain fought tooth and nail to constrain the expansion of the French and West German iron and steel industries and keep them from outdistancing Britain's vintage 19th century plant. The British failed then, and a recent survey by a British government body documents that today Britain's share of the shrinking European steel market is continuing to dwindle. The only thing nationalized British Steel has going for it, in fact, is the British-supported EEC's "anti-crisis" steel plan, which is collapsing the Continental steel industry faster than Britain's.

This year's report by the iron and steel sector of the National Economic Development Council reveals that in 1978 British steelmakers' share of their own home market fell below 80 percent for the first time ever, from 95 percent in 1970. "Some parts of the industry" are reported by the working party to be suffering from "problems over delivery performance and reliability of products," the *Financial Times* reported Feb. 14. British steel users have simply been forced by the inadequacy of the British industry to buy from overseas suppliers.

A statement issued to the NEDC industrial strategy meeting in early February by the British Iron and Steel Consumers' Council complained about the inconsistent quality of British Steel's strip and mill products, the complete absence of facilities producing good quality heavy plate and certain other products, and high prices — the highest in the EEC, despite the fact that British Steel pays the lowest hourly wages in the EEC.

Steel production in Britain has now fallen 25 percent below 1970 levels, capacity utilization in the industry is running, on average, below 70 percent, and the BSC is running an estimated 350 million pounds loss in the current financial year.

The only solution to BSC's problems offered by the steel consumers is more shutdowns. According to Sir Richard Marsh, chairman of the consumers' council, faster rationalization of Britain's old, high-cost steel facilities will produce a streamlined, more competitive industry. In reality, the call for faster rationalization is in line with the recent scrapping of the Labour Government's 1975 strategy for the "Regeneration of British Industry" — the last facade of commitment to industrial growth in Britain — and the attainment of the condition lauded by Bernard Nossiter in his recent book *Britain, The Future That Works:* an economy which has dropped the last baggage of industrial capitalism in favor of the information industry, management services, etc.

Under the direction of its chairman, Sir Charles Villiers, the BSC has begun carrying out this futuristic policy with a vengeance, laying off 17,000 British steelworkers over the past year. Sir Charles is currently in China with British Secretary of State for Industry Eric Varley to discuss arms sales. To the extent that any upgrading of the British steel industry occurs, it will be for the purpose of supplying Harrier jets and the like for Britain's Peking and other allies.

Britain is simultaneously seeking to cripple its European competitors by pressuring them to rationalize their steel sectors out of existence. Under the ominous title "200,000 Must Go," the London *Economist* of Feb. 10 assailed Europe for preserving an "oversized" steel industry, and defended the "anti-crisis" steel plan authored by Vicomte Etienne Davignon, EEC Commissioner for Industry. Under the Davignon plan, France is slated to lay off a further 30,000 steelworkers by 1982-83, principally in Lorraine, the news of which provoked labor strife across France earlier this winter. According to a well-informed source, shutdowns are planned for modern steel facilities built in th 1960s, not just for crumbling mills. By the mid-1980s France's steel workforce will be cut by one-third from early 1976, if the Davignon plan is fully implemented.

British spokesmen are at the same time freely admitting that the minimum steel prices set by the Davignon plan have greatly benefited BSC by limiting imports into Britain. Likewise, they are openly defending the Davignon plan for allowing the flow of subsidies to BSC to continue, against criticism by West German steelmakers. "Without massive state aid, British Steel would soon shut," wrote the *Economist*. Subsidies have also been used in Britain to help relocate laid-off British steelworkers in new industries — like the 20 BSC employees who were reemployed last year in Irving New Town, Scotland making golf clubs.

—Lydia Schulman

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