Born in a steeltown: Class relations and the decline of the European community steel industry since 1974

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BORN IN A STEELTOWN :

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DECLINE OF THE

EUROPEAN COMMUNITY STEEL INDUSTRY

SINCE 1974

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ABSTRACT

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Since 1974, the steel industry in the European Community has seen a dramatic crisis of over-production. In a desperate effort to cope with the problems of surplus capacity and mounting losses, steel producers have closed tens of millions of tonnes of capacity and shed over three hundred thousand jobs. These job losses have been selectively concentrated in particular towns and regions where the steel industry has traditionally been the major provider of waged employment. International processes of change have been and are being experienced very visibly in these places. They were fashioned by capitalist production and in one sense swept aside as part of the continued dynamics of this process. In another sense, however, the people of these settlements cannot be swept aside, for attachment to place and community is becoming increasingly difficult to ignore. We therefore seek to consider here just how these conflicting processes have been acted out in and through some of these places - Consett in north east England, Ravenscraig in Scotland, Dortmund in West Germany and the region of Lorraine in France.

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David Sadler

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PREFACE

Since 1974, the steel industry in the European Community has seen a dramatic crisis of over-production. Growing surplus capacity and mounting losses have led many companies into a crisis of profitability. In a desperate effort to cope with these problems, tens of millions of tonnes of capacity have been closed and over three hundred thousand jobs have disappeared in a decline similar to the crisis in the European coal industry during the 1960's.

These job losses have been selectively concentrated in particular towns and regions. In many of these places the steel industry has traditionally been the major provider of waged employment. Moreover, material prosperity has been directly related to steel's fluctuating fortunes through economic linkages, whilst social life has been heavily conditioned through the character of work in the industry. In other words international processes of change have been experienced in these towns and regions. They were fashioned by capitalist production and in one sense swept aside as part of the continued dynamics of this process. In another sense, however, the people of these places cannot be swept aside, for the tradition of attachment to place and community represents a desire to be able to 'live, learn and work' there (to borrow a French Communist Party slogan) which is becoming increasingly difficult to ignore. We therefore seek to consider here just how these conflicting processes have been acted out in and through some of these places - Consett in north east England, Ravenscraig in Scotland, Dortmund in West Germany and the region of Lorraine in France.

We commence with a re-examination of industrial location theory, since this is clearly one traditional attempt to interpret the changing fortunes of steel companies, towns and regions. We argue that to date nearly all analyses of the steel industry have been fundamentally flawed in that they have ignored the social bases of industrial location, the dynamics of capitalist competition. We consider this in Chapter II through an appraisal of the emerging debate which seeks to relate society to space, to place industrial change in a framework where it is neither the result of nor the condition for social change. In Chapter III we locate the growing occurrence of direct and indirect state intervention in the steel industry in this framework through recent theories which relate the character of the capitalist state to the social relations in which it is grounded.

During the last decade the European Community has played an increasingly active part in terms of both regulating steel production and attempting to alleviate the consequences of its decline in particular towns and regions. We consider the development of these policy measures in Chapter IV, interpreting them within the framework of the Community as an embryonic supra-national state. For a variety of reasons, though, the main thrust of the social and political significance of the steel industry has to be evaluated in the context of national states and societies. This we undertake in detail in Chapters V to VII, seeking to draw out from analysis of the events and actions an understanding of the broader significance of particular circumstances.

Finally, we pull together the main points of comparison and contrast from the three national states and societies and re-evaluate our theoretical framework. We argue that the experience of the steel industry in the last decade is likely to be more prevalent in the future, as the place-destructive consequences of capitalism become increasingly apparent. We argue too that conceptions of spatial divisions of labour as a way of accounting for this can only be a descriptive construct which under-emphasises consideration of the processes underlying changing social conditions. These changes can only be considered through a recognition of people as active subjects. Spatial divisions of labour are, after all, about people as (reserve) labour power. This necessitates recognition of the significance of the constitution of places and societies at a variety of scales. The contrasting circumstances of change in the steel industry in different nations of Western Europe demonstrate clearly the regressive character both of action within a highly localised intersection of place and class interest and of a centralist strategy of socialist change. We conclude not with the answer, but with a question. Given the experience of the steel industry in the last decade, and the strong possibility of further wholesale devalorisation of capital and devastation of places, what can conventional politics do about the problems of growing unemployment in a society which remains geared to the relation of wage labour, which is becoming increasingly scarce?

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CHAPTER I

With and against location theory in the steel industry

I.1 Introduction - recent trends in steel production

Since the early 1970's the majority of the world's major capitalist economies have fallen into a deep and lasting recession, associated with growing over-capacity in certain key sectors, falling profitability and rapidly rising levels of unemployment (for example see Mandel, 1978; OECD, 1980). As one expression of this crisis of overproduction, the steel industry has seen drastic changes on a scale rarely experienced before. World steel output has remained stagnant since 1973 (table 1.1), contrary to forecasts as late as 1974 of continued expanding demand for steel products; capacity expansions undertaken on the basis of these forecasts have served to emphasise the magnitude of the over-production crisis facing the industry. The same period, though, has seen marked changes in the distribution of this production as a result of the closure of capacity in the U.S.A. and Western Europe and the concentration of new capacity in many newly-industrialising economies, chief among the latter being Brazil, South Korea, India, Mexico and Taiwan (for example see Archer, 1984; Aylen 1984; Balassa 1981). This shift represents an aggregate trend resulting from diverging economic characteristics of the two groups of countries, in particular the collapse of steel-using sectors in the former and the planned, capital-intensive growth programmes of the latter, rather than a conscious drive by steel producers to re-locate their own capacity - although many former European steel producers, having diversified into the heavy engineering sector, now tender for contracts to construct new steel capacity in the newly-industrialising economies[1]. EEC trade in this period has not seen any substantial rise in the volume of imports (table 1.2).

Indeed in times of recession there has been a tradition of protectionist measures aimed at limiting foreign imports of steel, dating back to the International Steel Cartel of 1926-39 (Jones, 1979) and recently resurfacing with the American Trigger Price Mechanism (Walter, 1979) and EEC measures to restrict imports as part of a broader restructuring programme.

The broader developments have taken expression within the EEC (table 1.3). From a high-point of 155 m. tonnes in 1974, total Community steel production plummetted by 30 m. tonnes the following year; saw a shaky recovery to around 140 m. tonnes in 1979; and further collapses in 1980 and 1982. This pattern has been more or less constant among all member states with the exception of one. Italy has seen limited decline in steel output - indeed, even in 1982 it produced more than in 1974, reflecting political decisions within the country not to limit production at the small, privately-owned steel mills in the north (known collectively as the Bresciani) nor to initiate cutbacks at the large, state-owned coastal plants[2]. Reductions in capacity made in other countries in response to declining demand have not proved sufficient to restore profitability, however. Capacity utilisation ratios fell from 87% in 1974 to 57% in 1982 (table 1.4). In part as a consequence of these declining margins, turning in most cases to mounting losses, there has been an element of increased state intervention in the sector, taking the form of financial assistance to private capital in the first instance (Denmark, Netherlands, West Germany) and nationalisation (Belgium, France). At the same time a further consequence has been the reinforcement of a trend already apparent in Europe in

the late 1950's and 1960's, that of the concentration of capacity at coastal or semi-coastal plants in response to the greater profitability offered through the import of richer foreign ores and cheaper coal supplies (Bradbury, 1982; Fleming, 1967; Warren, 1975). A corollary of this has been the closure or run-down of production capacity in several, higher-cost inland areas, in particular eastern France, east of the Ruhr valley in West Germany, and North East England.

Hence, whereas historically analysis of the steel industry has concentrated on the location of new production facilities within the developed economies, perhaps at the expense of an existing plant but more often as a complement, in the last decade it has become vitally necessary to consider the location of the closure of production facilities within Western Europe and North America. Such analyses have tended, to date, to focus on the impact of such closures in the sense of the social and economic effects within a given area, just as in much the same way many earlier location studies took the broader, social and political environment of capacity expansion for granted. Here, however, we are more concerned to consider the wider implications of such changes, attempting to relate the framework of capitalist competition within which the steel industry operates to the reproduction of social relations, by concentrating on the formative moments in the constitution of society and space through an analysis of what have often loosely been termed 'anti-closure campaigns'. In this fashion it is intended to demonstrate some of the ways in which capitalist societies unfold historically on a variety of dimensions, in a manner itself contingent upon the sometimes conflicting character of these dimensions.

Three regions have been selected as being worthy of deeper analysis, not only because of their historical relationship to one branch of the economy but also because of the nature of local social and political conditions arising in part from a dependence upon one industry. To a very real extent the reproduction of social life in the broadest sense within these regions has been heavily conditioned for the past one hundred or so years by a clearly visible association with steel production which could usefully be contrasted with the situation in, say, textiles, which has seen similar decline throughout Western Europe (Steed, 1978a; 1978b) without such readily apparent consequences for particular places or regions. This association is clear in the sense not just of dependence on the upturns or downturns of what has been, historically, a very cyclical industry, for general prosperity or poverty - a dependence all the more significant in a period of generalised recession and high unemployment - but also more generally in the form of local political associations, the nature of informal social institutions, and the gender division of labour within the household. Furthermore, the nature of the technology in the industry, whilst approaching the Herculean in its sheer physical extremes of temperature and scale, is one which has seen comparatively few radical changes and is thus more readily comprehensible than that of, say, chemicals or computer hardware. Consequently, given the combination of circumstances of historical dependence upon one industry facing a massive over-production crisis, along with relatively simple production technology, then it is not unreasonable to expect that analysis of these inter-related

conditions will be rewarding in the sense of explaining how, in this particular instance, the relations of capitalist society are reproduced within a given region in a fashion which has implications for the broader constitution of (national) societies. For if the reproduction of society can proceed more or less unproblematically within such regions this must surely demonstrate the stability of late capitalist society. In contrast, if in resolving such problems of steel over-production the state problematises its own existence, then this raises doubts and questions over the stability of such a society with pressing and urgent relevance during the course of the present decade - the more so as further contraction looms increasingly close in several sectors, notably bulk chemicals, vehicles, mechanical engineering and shipbuilding.

Clearly what needs to be considered in this context is the way in which previous analyses have theorised the (more or less implicitly) locational aspects of the development of this branch of production, since it is helpful to counterpose the common themes arising from previous material dealing with the localised expansion of production capacity with more recent analyses of the localised reduction of capacity. This is especially true in the sense that both groups of analyses face, in the main, the same set of criticisms in the context of the current analysis - a failure to appreciate and incorporate the broader social and political background to economic change, which can be demonstrated to have profound implications for the development of theory. Consequently the following sections seek to describe and account for some of the previous analyses dealing with steel

production and to develop from an exposition of their weaknesses an account of a more fully-informed theoretical platform from which to view recent changes in the European steel industry within particular regions.

I.2.1 Previous locational analyses of the steel industry

Within the broader context of generalised expansion of steel production capacity (despite periodic cyclical fluctuations in demand) until the early 1970's, followed by drastic capacity reductions in Western Europe since that time, it is possible to consider how previous analyses have theorised the concrete expression of such general trends in the physical location of production facilities. It can be demonstrated how, in the main, locational analyses dealing with the steel industry's expansion or contraction have tended to fall into one or the other of three categories. The first of these categories concentrates on a series of 'location factors' in a more or less sophisticated fashion, though always in a way which is open to two specific criticisms. In the first place, emphasis on the physical characteristics of a region tends to slip easily into a statement which in some way credits or blames the inhabitants of that region for the decision to expand or reduce capacity there. Secondly, and in a related fashion, emphasis on a series of location factors in their own right tends to abstract location decisions from their broader societal and political context. A similar criticism can be levelled at those analyses in the second

category dealing with location decisions in a behavioural framework which attaches undue emphasis to the individual capitalist enterprise in responding to a host of often conflicting imperatives. In responding to this criticism the third category of analyses takes a broader view of the production process as indicating the position of an industry within the capitalist mode of production, although even here such analyses could be criticised in that they ignore or assume away the broad diversity of options open to the capitalist firm and fail adequately to incorporate the broader political implication of its actions. Consequently it will be argued (in Section I.3) that a more satisfactory framework from within which to analyse locational patterns in the steel industry is one which centres on expansion or contraction decisions as one moment in a broader restructuring process, carried out through a system of closely-linked regions within particular societies. This process is contingent upon and at the same time cause of a wealth of local, national and even international imperatives of a social, political and economic nature. Implicit in this theoretical position is a more satisfactory methodological framework, one which analyses not the existing use of space as the only possible result of a somehow given or pre-determined series of rational and hence somehow inevitable decisions but rather centres upon the way in which closure decisions (as the starkest, most localised expression of reduction of capacity) come to be made or, perhaps, averted. It is in the possibility of such "non-closure" that one of the advantages of this methodological framework becomes apparent. For if a proposed closure does not

take place this is of significance for the generalised pattern of location yet in the earlier methodological frameworks exactly why the plant or works concerned remain part of this pattern does not come on to the agenda, is not deemed worthy of explanation, thereby ignoring or assuming away a vast range of individual and/or collective activities which helped to prevent or delay closure.

I.2.2 Location as the summation of a series of factors

In an early analysis typical of much later work Hartshorne (1928) considered the location factors influencing the iron and steel industry, taking as his initial concern the 'general rule' that 'iron moves to coal' since 'it takes two (or several) tons of coal to smelt one ton of iron ore' (p. 241) and, via an empirical demonstration of ore/coal ratios, proving this statement to be over-simplistic and only valid if the volume of coal required to convert iron into finished steel products was added to that required to convert iron ore into iron. From this starting point he progressed to argue that 'A complete analysis of the conditions influencing the location of the iron and steel industry is yet to be made ... such an analysis is greatly to be desired' (p.247). As an attempt to initiate such an analysis he listed nine factors: limestone supply, water availability, land, labour, capital and taxes, previous fixed investment, iron ore, coal and the market (p. 248).

This analysis represents a classic formulation followed by many later authors in that it sees the location of the industry as the summation of a series of externally-given factors. An adequate explanation of the location pattern of the industry is held to require only an exhaustive specification of these factors. Thus, for example, Gleave (1938) in analysing the elements influencing the development of the Teesside steel industry concluded that it was 'unlikely that many sites in the world have such advantages as Teesside for the manufacture of steel' (p. 464). Thomas (1963) considered factors influencing the location of a specific works, that at Newport in the U.K. owned by Richard Thomas and Baldwins, whilst Warren (1967) was concerned to specify the changing conditions behind the construction of new capacity within Europe at coastal locations. Further, in a useful and extensive review of the 'study of the economic geography' of steel, Warren (1979) demonstrated clearly how such analyses were typical of many others at this time. This he recognised as being inadequate:

> 'There can be little doubt that the early geographical study of the industry was narrowly conceived. It focused on location but did not explore the width of meanings implicit in that single word' (p. 538).

Unfortunately the suggested extension of the meaning of the term 'location' appeared only to incorporate technological change as a further addendum to the list of factors:

> 'The geographers were, or seemed, ignorant of the implications of technology and of technological change' (p. 538).

The implicit formulation of technological change as an independent force in this paper presents a fine example of the limitation of this approach. For it has consistently been argued (see for example Toft-Jensen et al, 1983), that technological change is not independent of society but is rather socially-determined in a complex, dialectical fashion. More generally, 'explaining' location as the summation of a series of such factors can be criticised for abstracting all of them from their broader social and political framework. Even seemingly immutable characteristics such as, for example, the advantage of imported ore over European ore due to its higher iron content is contingent upon a set of broader conditions: the relative wage-levels in the ore-producing countries, their political stability and the strength of political ties between exporting and importing countries, to name but a few. Consequently this category of analysis can be regarded as providing only partial explanation of the locational pattern of the industry.

A further criticism of the approach which considers location in this way is that by listing those factors pertinent to a particular region or set of regions there is a very grave danger of explaining investment decisions (perhaps only partially) as the direct consequence of the characteristics of the population of that region or set of regions. In a similar fashion Massey and Meegan (1982, p. 123; 195) have criticised the use of shift and share analysis in the explanation of regional unemployment trends. This (false) association between regional characteristics and regional investment not only has serious political implications but it is also analytically inadequate in

that it fails to specify the mechanisms which might be involved in the postulated causal framework. Just as correlation between two sets of variables can not be held to imply causation, so association between a set of regional characteristics and steel industry locational patterns should not be held to imply a relationship of a simple, mechanistic and causal nature.

I.2.3 The limits to a geography of enterprise

An attempt at resolving some of the problems implicit in the first group of analyses is made by several studies which fall into the second category, introducing the behavioural element of the individual firm or enterprise as the focus of study. This enterprise is conceptualised as responding to a series of factors just as considered under Section I.2.2, but as an extension of such studies, the way in which the appropriate enterprise makes decisions when considering relevant information is taken into account and given considerable explanatory power. As an early exponent, Krumme (1969, p.30) summarised the postulated advantages of this theoretical framework particularly well:

> 'In economic geography - particularly in manufacturing geography - relatively few attempts have been made to take the phenomenon "enterprise" into account ... (this neglect) seems to have been due to the predominance of economic thinking with deterministic mono-causalities. This economic determinism resulted in a pre-occupation of economic

> geographers merely with geographic implications of optimal combinations of productive factors rather than with the underlying forces and the decision-making processes themselves'.

Moreover in an attempt to apply this framework within the steel industry, Fleming and Krumme (1968) analysed the locational implications of the formation of the West German steel company Hoesch from a series of constituent partners, and the significance of the ties between this company and the Dutch firm Hooghovens for the location of productive activity (see also Ch. VII).

Whilst the emphasis on the decision-making processes within the individual enterprise represents an advance on previous analyses which regarded a satisfactory explanation of location as the exhaustive specification of a series of external factors, there are at least two specific criticisms which can be made of this approach. In the first place, many analyses in this framework attach undue competence to individual enterprises in responding to a range of often contradictory imperatives. This is itself problematic for it runs the risk of ignoring the broader determinants of the economy outside the firm, in the sense not just of changing patterns of supply and demand for raw materials and imported goods but also of competition between individual firms in the search for surplus profits (see Mandel, 1975; esp. Chs. 3 and 10). This is not to argue that these broader determinants specify exactly what an individual firm can do, however. The reality is far more sophisticated: actions of enterprises form the bounds of their own possible future actions

at the same time as constituting and replicating the capitalist system of which they are but a part.

In a related fashion this emphasis on the individual accumulating unit as a decision-maker in its own right is incomplete and inadequate in that it does not incorporate the actions and decisions of those able to influence the activity of the enterprise though not necessarily charged with nor identifiable with its long-term development, in particular trades unions but also other organisations or institutions within the broader locality or region. For example Hayter and Watts (1983) in a recent re-appraisal of 'enterprise geography' defined it as:

> 'the study of the policies and structures of multi-product, multi-plant enterprises <u>on</u> changes in industrial location and <u>on</u> processes of regional development' (p. 157, emphases added).

In other words the policy of an enterprise is seen as acting in some sort of unproblematic, straightforward way upon the region or locality in which it is situated. This is clearly inadequate since it ignores or assumes away the possibility of any reciprocity in the relationship between an enterprise and its location(s). Just as the tradition of, for instance, male-dominated shift-work has historically moulded and influenced the nature of social and economic life in the steel-producing regions of Europe, so too is it possible to identify a recognition within these regions of the necessity to maintain these bases of production in terms of, at the least, employment security, leading to considerable pressure upon the respective enterprises

to continue operation, exerted through local structures of trade unions and political parties. Such an influence can in practice be either active or passive : active (as above) in the sense of openly encouraging an enterprise to locate or discouraging it from disinvesting, or passive in the sense of representing (in the case of several steel regions, for instance) a tradition of union militancy and relatively high wage levels discouraging certain kinds of mobile investment from the area. In this way to conceive of an enterprise as acting in a region from above, as it were, is fundamentally wrong in that it assumes away the ability of those in that region or even employed in that enterprise to influence the policy and activity of an enterprise (see also Weaver, 1978).

I.2.4 Location and the production process

In an extensive and influential series of writings, Massey has attempted, with a considerable degree of success, to incorporate several of those elements sorely under-theorised in many previous locational analyses, in particular the relationship of individual units of accumulation to the broader economy and to other elements of social relations (see Massey, 1973, 1978, 1979; Massey and Meegan 1978, 1982). Consequently, although not to date applied in the steel industry, such analyses are considered here. In particular Massey and Meegan (1982) examine the nature of the production process within the enterprise or group of enterprises within a particular branch of the economy, where the

production process is conceived as the way in which diverse inputs are combined and transformed to produce a series of products. In this analysis three forms of production reorganisation resulting in job-loss are recognised : intensification, where labour productivity increases without major new investment (e.g. speed-up of the line in conveyor-belt production); investment and technical change where labour productivity increases as a consequence of investment (e.g. introduction of capital-intensive machinery); and rationalisation, where employment is reduced as a simple consequence of capacity reduction. Such a framework for analysis has the advantage of enabling consideration of the policy of an 'enterprise' not as some pre-ordained decision by capital in response to inevitable economic circumstances but rather as part of the broader functioning of capitalist society, where employees are not regarded as those to whom the system issues instructions but as partially-knowledgeable agents with their own capacity for meaningful collective action. For instance in many cases speed-up in conveyor-belt production has resulted in employee action to secure increased wage-levels thereby at least partially nullifying the intended consequence of increased profitability (see Beynon, 1973). Equally the more general emphasis on the combination of productive forces, both physical in the sense of machinery and human in the sense of more-or-less-skilled manpower is of value in that it enables the analysis to relate to the broader characteristics of particular societies - their relative wage and income levels and class structures representing particular expressions of the nature of their development. Consequently this framework for analysis represents a significant advance over those discussed in sections I.2.2 and I.2.3.

Despite these advances, however, it is possible to identify a number of limitations. In the first place, to identify just three possible strategies, whilst initially helpful, runs the risk of ignoring the subtle complexity of options open to the multi-plant, multi-product capitalist unit. Thus whereas over the branch of production as an aggregate it is possible to categorise using this three-fold system, individual strategies can adopt a mixture of these possibilities (a fact recognised in Massey and Meegan, 1982, p.185). This is most clearly illustrated in the context of the current analysis by the West German steel industry, where job loss has occurred as a consequence of rationalisation and intensification in the main but where this has been used by some companies, for example Hoesch, as a lever or bargaining counter to secure further job loss through investment and technical change. Moreover such an interplay can be given a spatial dimension across different works of the same company in a fashion which can, under certain circumstances, be capable of affecting if not determining the aggregate trends. In other words it is necessary to distinguish between the analytic categories of intensification, rationalisation and technical change and the way in which the object of analytical separation is recombined in later analysis. An aggregate analysis of the trends in labour productivity and capital investment is sufficient to consider broader trends in the industry and relate these to the social fabric; to determine exactly the locational element of such trends requires more detailed consideration of individual company options. Similarly, locational analysis should entail a more satisfactory consideration of the multitude of divergent characteristics of

particular places (see Lipietz, 1977, 1983). To consider the social relations of capital as being imposed in some way upon an even plane is inadequate in that location is as much a social attribute as, for example, degree of capital investment, yet analysis of aggregate trends across branches pays insufficient attention to the place-specificity of the events constituting these trends.

Secondly, it is necessary more carefully to consider the political aspect of such trends and their concrete expressions in locational decisions. For in part as a consequence of the significance of the steel industry for particular localities, in many cases locational decisions have become openly political issues, especially where the steel industry has been nationalised - the Ravenscraig works of the British Steel Corporation being the most obvious example in the U.K. Indeed in some instances it has been possible to talk of politicisation as representing a further option to the individual capitalist unit, in particular in the hope of securing state financial support in the face of declining profit margins. More usually, however, the political aspect of location has come to the forefront as a consequence of strategy by those within the company and/or region threatened by a proposed closure or run-down of capacity. Hence this political element must be incorporated in a location analysis since it is crucial either in the sense of actually making the decision (nationalised steel producers), preventing closure (Ravenscraig), delaying it (North East France before 1979) or injecting alternative resources with the intention of carrying out closure (North East France after 1979).

I.3 A framework for locational analysis

From this broad review of previous approaches to locational analysis we are left with a number of significant elements from which to build a more satisfactory framework. The most important of these is the way in which the production process has itself been seen as central to locational decisions since, crucially, this process incorporates both the application of physical means of production (machinery, etc.) to raw materials and the human element of production, the question of skill-levels, wages and union tradition of the workforce. In this way the representation of employee interests is introduced not as some additional, neutral locational factor but is rather accorded central priority as illustrating a more general point, the nature of the relations of the production process, the way in which a broader system of production is given concrete expression on the factory floor in a fashion which is central to the perpetuation of that system. This, then, should represent a point of departure for an adequate analysis of location.

Moreover, a further element readily observable in the steel industry but also of more general applicability is the openly political character of many locational decisions, in a fashion which bridges the "artificial" separation of the spheres of economy and polity. This separation was integral to early capitalist society in the sense that the doctrine of "laisser-faire" was founded upon the apparent independence of economy from institutionalised political control and from political choices expressed "democratically" through the ballot box. A chronic

feature of late capitalist society has been the growing interpenetration of economy and polity, as evidenced not only by the growing extent of state intervention in the economy but also by the emergent economic limits to political activity (see Chapter III). Hence any adequate locational analysis must also incorporate awareness of the 'political' implications of 'economic' change, the extent to which they derive from this change and exactly how they might influence or determine it.

What this suggests, then, is a framework for analysis rooted in the functioning of the capitalist system in its most general sense. The framework should incorporate not just a series of somehow externally-given factors, but the changing response of individual (steel) companies' policies, of those influenced by such policies but able to influence them only indirectly or under particular circumstances, and of the elements of the political system in some way involved or affected, within the broader limits of the existing social system but at the same time constituting and reproducing this system. In other words, this analysis is grounded in a materialist epistemological position, one which recognises the overarching significance of the historical development of conflictual social relations under capitalism and the need precisely to examine why these relations are conflictual through consideration of their dialectical performance[3].

A major implication of this epistemological position is that location of productive activity in space should not be regarded as one facet of a series of broader conditions regarding this

productive activity. For just as it is wrong to specify the structural conditions of capitalist society in the abstract without regard to their spatial expression (see Harvey, 1982, esp. part 3), so too is it inadequate to consider the spatial expression of these trends as materialising in some sort of mechanistic mono-causal fashion. That is to say, production is not imposed on a region but rather operates through it, interacting in a complex fashion with the broad diversity of local social and political structures and agents. For instance Massey (1983) related the structures derived from previous layers of investment or rounds of productive activity to the current socio-political structures of several regions in England and Wales, and considered their implications for the potential for future economic development. In a similar fashion the current analysis deals with the societal structures related to the historical development of steel production in several regions of Europe, and their responses to, conceptualised as moments in, the adjustment of these structures to changing circumstances in the world economy. What this suggests then is a locational theory firmly embedded in a broader social theory yet able to contribute to this theory in that it elaborates more fully the changing circumstances of productive activity.

Of equal significance are the methodological implications of this framework, in particular the implications of a focus on the active constitution and reproduction of social relations. For what this implies is that analysis should not be centred on the existing pattern or locational distribution of productive activity but rather on the changing circumstances behind this

pattern or, if the pattern remains constant, on exactly how and why this is so. Hence in the context of the capacity contraction of the steel industry in Western Europe since the early 1970's it is insufficient to analyse the where, why and when of the changing pattern in the aggregate, it is necessary to consider also the ways in which this contraction is actualised or made concrete in particular instances - in short, the how of capacity contraction. Thus it is necessary to consider the nature of the anti-closure campaigns waged in many localities since these represent both a response to the broader dynamics of accumulation and at the same time an attempt to challenge or direct them in a fashion which has very strong implications for the reproduction of society. To this end our empirical analyses of the steel industry (Chapters V-VII) focus particularly upon these campaigns - for it is only through an analysis of the 'how' of locational change that it is possible fully to comprehend the broader implications and determinants of this change.

Moreover this methodological approach has implications beyond its application here in the context of declining output and employment in one particular industry. Most especially, there is a strong parallel between the consideration of campaigns against disinvestment and those for investment, very relevant in the context of the continuing recession and the limited amount of mobile manufacturing investment when compared to the 1950's and 1960's. The most celebrated recent example in the U.K. of this is perhaps that of the Nissan car plant, with a whole host of regional lobbies competing in the hope of attracting the promised fresh investment and employment[4], but this competition

has been by no means unique and is highly likely to be replicated in the future. The analysis of such campaigns to attract new investment to a particular region can be undertaken in just the same way as that of campaigns against disinvestment. Further, the increasing frequency of both the former and the latter are suggestive of the broad applicability of the methodology adopted here.

I.4 Concluding remarks

This introductory chapter then, has attempted to relate the subject of study, the European steel industry since the early 1970's, to broader changes in the sector of steel production during this period and to previous analyses which incorporated the locational aspect of this industry. Building from a review of these it has advanced a platform from which to analyse locational change as part of the broader social system of which it is but a part, incorporating both the political element of these changes and the social and economic environment within which they take place. It has been argued that an adequate explanation of these changes, however, necessitates some consideration of the 'how' of locational change, the way in which decisions are made within this broad framework, entailing in turn consideration of the nature of anti-closure campaigns in a sector in decline or of pro-investment campaigns in terms of internationally mobile capital. The following chapters seek to theorise, firstly, the nature of this relationship between

production and the space in which it is located and, secondly, the extent and nature of political involvement through a consideration of recent theories of the state.

Table I.1 Trends in world steel production, 1973-81

	Output m.t.		% annual change,
	1973	1981	1973-81
Western Europe	171.8	148.7	- 1.68
Eastern Europe[1]	181.1	210.1	2.00
Newly-industrialising economies	25.9	54.5	13.80
U.S.A.	136.8	109.6	- 2.49
Japan	119.3	101.7	- 1.84
Others[2]	62.7	83.1	4.07
World	697.5	707.7	0.18

1 excluding China and N. Korea, but including Yugoslavia.

2 including Canada, China, N. Korea, S. Africa and Australia.

Source: Compiled from information supplied by International Iron and Steel Institute, Brussels, dated 21.1.83.

Table I.2 EEC trade in ECSC products, 1975[1] - 1983

m. product tonnes

	Internal trade	Imports	Exports	External balance
1975	19.6	6.1	20.8	14.7
1976	23.6	9.8	16.5	6.7
1977	21.8	9.9	21.5	11.6
1978	22.9	8.9	25.8	16.9
1979	25.0	9.4	24.7	15.3
1980	25.6	9.0	22.2	13.2
1981	24.3	6.6	23.5	16.9
1982	21.7	8.7	18.4	9.7
1983	23.1	8.5	18.9	10.4

[1] data for 1973 and 1974 are only available for the six founder members of the EEC.

Source: Eurostat, **Iron and Steel Yearbooks**, 1978, 1982, 1984, table 5.5.

Table I.3 EEC crude steel production by member states, 1973 - 1983

m. tonnes

	73	74	75	76	77	78	79	80	81	82	83
West Germany	49.5	53.2	40.4	42.4	39.0	41.2	46.0	43.8	41.6	35.9	35.7
France	25.3	27.0	21.5	23.2	22.1	22.8	23.4	23.2	21.2	18.4	17.6
Italy	21.0	23.8	21.8	23.4	23.3	24.3	24.3	26.5	24.8	24.0	21.8
Netherlands	5.6	5.8	4.8	5.2	4.9	5.6	5.8	5.3	5.5	4.4	4.5
Belgium	15.5	16.2	11.6	12.1	11.3	12.6	13.4	12.3	12.3	10.0	10.2
Luxembourg	5.9	6.4	4.6	4.6	4.3	4.8	5.0	4.6	3.8	3.5	3.3
U.K.	26.6	22.4	19.8	22.4	20.5	20.3	21.5	11.3	15.3	13.7	15.0
Eire	0.1	0.1	0.1	-	-	-	-	-	-	-	0.1
Denmark	0.5	0.5	0.6	0.7	0.7	0.9	0.8	0.7	0.6	0.6	0.5
TOTAL	150.1	155.6	125.2	134.2	126.1	132.6	140.2	127.7	125.2	110.5	108.6

Source: Commission of the European Communities, **Iron and Steel Yearbooks**, 1974-1983.

Table I.4 Capacity utilisation ratios in crude steel production, EEC member states 1973 - 1982

%

	73	74	75	76	77	78	79	80	81	82
West Germany	84	88	64	64	58	60	67	66	61	55
Belgium	90	91	61	65	59	63	69	62	69	58
France	90	89	64	70	66	70	73	71	72	63
Italy	75	82	67	69	69	68	67	67	60	58
Luxembourg	91	96	61	56	52	63	67	72	60	55
Netherlands	93	95	78	68	60	67	69	62	64	51
U.K.	92	80	75	76	71	73	74	40	61	55
Denmark[1]										
Ireland[1]										
EEC	86	87	66	68	63	66	69	63	63	57

[1] Calculation beyond one significant place inadmissible hence no value recorded.

Source: ECSC, **Investment in the Community coalmining and iron and steel industries** (annual surveys).

Footnotes to Chapter I

1 For example the West German company Mannesmann Demag was one of four companies to sign a contract with the Pohang Iron and Steel Company in South Korea, to construct an additional 2.7 m. tonnes of annual steel capacity on top of the existing 8.5 m. tonnes (see **Financial Times**, 21 December 1983).

2 Only recently has the possible closure of one of these coastal plants, the Cornigliano steel complex at Genoa, appeared likely. See, for example, **Financial Times**, 22 June 1984 and 19 December 1984.

3 At the same time this recognition that the way in which we act is simultaneously constrained by the material fabric of society and part of the reproduction of that fabric has to be extended to the role of academic research. In the words of Harvey (1984, 7) 'The geographical studies we make are necessarily a part of that complex of conflictual social processes which give birth to new geographical landscapes'; that is, research is not undertaken into a subject in a clinical, observer-neutral fashion. Rather, the way in which research is conducted is part of the broader material fabric of society. What we research into is not unchanged by this act. It is necessary, therefore, to accept that there is a politics of epistemology (Lewis and Melville, 1978), and that it is preferable to make this explicit rather than to ignore it or assume it away in a fashion which is not only intellectually dishonest but politically inadequate.

4 Nissan formally announced in March 1984 that it intended to establish its new car plant at Washington in Tyne and Wear (**Financial Times**, 31 March 1984). It later became apparent that should Nissan decide to go ahead with the larger, second phase of the project, the British Government was willing to provide £112 m. in financial assistance on a total project budget of £350 m. (**Financial Times**, 11 February 1985). The conditions under which the choice of site was made by Nissan have been described as follows:

> "It is very difficult for the Government to tell a company such as Nissan where it should go and that would seem to be the only alternative to allowing the various localities to put their case ... What the Government was concerned with was to make available to Nissan the same sort of aid as would be available to any motor manufacturer setting up business in an assisted area and to leave it to Nissan to decide where to go". (qu 2757, evidence to Public Accounts Committee, "Regional Industrial Incentives", **House of Commons** paper 378, 1983/84).

CHAPTER II

From industrial location to the nature of place and class

II.1 Introduction

The previous chapter analysed the significance of the decline of the European steel industry in the period since the early 1970's in the context of previous work, more or less explicitly geographical, concerned with the location of industrial activity in space. It concluded with a view of industrial location as social process. The present chapter aims to build upon this foundation by considering the way in which analysis of industrial change as a process within capitalist society entails consideration of the way in which this society is continuously, contingently reproduced. It will be argued that this reproduction should be regarded as the ongoing result of the constitution of class relations in space; that social development is the outcome of a complex balance of, predominantly, class forces, typically constituted with respect to particular places; and that this development is mediated by the appropriate state formation(s), a theme returned to in the following chapter.

Clearly, these statements require elaboration. To this end we examine more closely just exactly what is meant by social development, concentrating in particular on the concept of class and accounting for the use of a Marxist conception of class with its emphasis on the contradictory position of capital and labour in the process of production. It is recognised, however, that within this broad framework a greater degree of differentiation than that postulated in classical Marxist theory is required, in terms of the variety of possible positions with respect to class interest present in capitalist societies. This differentiation

is, at least in part, typically constituted with respect to particular places, hence we move on to analyse the significance and meaning of place, drawing on and developing from a critique of humanistic studies of 'sense of place' to re-consider the **social constitution** of meaning of sense of place. This can be demonstrated to be constantly-recurring, for social development is a continuous, lived experience. Consequently we seek, finally, to draw together these strands through the co-development of place and society through time in a framework which underpins the reconstruction of socially and geographically-situated historical events.

II.2 Social theory and industrial change

We have reached the point, then, where industrial location is seen as a process, as a constantly reproduced feature of a constantly developing society; what needs to be accounted for is the nature of the development of this society. A number of features stand out as being worthy of immediate comment. We are dealing here with capitalist society in the generic sense that production is mainly oriented according to the criterion of profitability. We are dealing too with capitalist societies - for although the profit motive is common, the historical development of this motive has taken different expression across national and, in some cases, regional boundaries. Across national frontiers, though, profit has been the driving force through the development of the production of goods and

commodities for sale. In Britain, for example, from the earliest roots in the textile trade, through the age of the Industrial Revolution, the development of the heavy industrial base centred on coal and steel, the expansion of motor vehicle production, and more recently with the age of computers and communication (to name but a few examples), the production of goods for profit by industry has been a recurrent feature despite turbulent change in terms of what is produced. Although the products change, the motive remains the same. Accordingly, our present concern with production within modern society can be traced back to the foundations of that society, to the onset of the industrial age. Equally, in seeking to understand modern society we can trace back a theoretical heritage to the nineteenth century, to the classical social theorists of Marx and Weber, and in particular to the ways in which they theorised the relationship between social change and industrial development.

For Marx and Engels the key to understanding this relationship lay in the division of labour within society, the distinguishing feature of which was the emergence of a body of people with nothing to sell in the market place other than their labour power, the ability to perform work (see, for example, Marx, 1977; Marx and Engels, 1962). This was accompanied by the emergence of those owning the instruments of production but dependent upon the purchase of labour-power in order to operate this machinery. In this juxtaposition a contradiction was identified, between the forces of production on the one hand and the relations of production on the other. For whilst the reproduction of the forces of production, the transformation of nature by labour

power thereby deriving profit from that labour, required the reproduction of that labour power, the oppressive nature of the relations of production in no way guaranteed that reproduction and indeed made for greater social inequality. In the very process of production itself the fruits of the socially-produced transformation of nature were appropriated by the owners of capital thereby denying the holders of labour power. Ironically enough, the source of this inequality lay in the very fact that a surplus had been produced over and above the immediate requirements of the producers. This separation of interests, though, was for Marx and Engels at the heart of the formation of the classes of capital and labour; the division of labour led not to a fragmentation of individual interests but a coalescence around class lines. Those in a position to appropriate surplus value, whilst recognising the existence of competition between appropriators in the search for profit, found it convenient to express some common motive; the holders of labour-power came to realise both their common concerns and the opposition to the interests of capital (see especially Thompson, 1963).

For Weber, on the other hand, capitalism was not a type of relationship but rather a type of practice, a particular way of organising and giving meaning to action (see, for example, Weber 1930, 1968). He was particularly concerned to identify the reasons for the emergence of rational action, that which could be justified according to an economic plan, in the rise of capitalist production. The break from 'traditionalism' into rational action was supported by an ethos that defined as

necessary, possible and proper social relations and social practices which the whole ethos of traditionalism stamped as either inconceivable or obnoxious (Abrams, 1982, 94). This ethos he found in the rise of Protestantism in Europe in the sixteenth and seventeenth centuries, which challenged the ethos of traditionalism at its most influential and vulnerable point, the sphere of religious meaning. The austerity and ordered nature of Protestantism led, he argued, to a willing and conscious acceptance of the roles of employer and employed in the development of capitalism. This, in turn, was paralleled by the development of a rational, bureaucratic administration, based on a formalised set of laws, as the most efficient means of administering the population.

Weber's main concern, then, was with the development of capitalism as a result of conscious action whilst specifying the preconditions for these actions. To the extent that the framework he presents represents a logical structure, it is possible to identify the implications of his conceptualisation of the early development of capitalism for an analysis of continued social development under capitalist conditions. While Weber would agree with Marx that the distinguishing feature of capitalism is the way in which production is organised, this was not carried through to an analysis of social organisation in the same manner. Following Giddens (1979, 109) two conceptions of class can be distinguished; the Marxist 'groups or collectivities' and the Weberian 'category of aggregate qualities (chances in the market, or traits of occupations)'. The former is quintessentially related to social development but difficult

to identify in practice; the latter easily identifiable but distinguished only because of this ease of identification. And it is in this very grounding of Marxist class theory with the continuing development of capitalist society that the greater sophistication over Weberian conceptualisation becomes apparent. For many of the implications of Weber's concern with the development of capitalism for an analysis of continued social development have been subsumed under the debate concerning whether we have entered in Western Europe and North America an age of post-industrialism, where the rational actions of capitalist society begin to break down (see for example Bell, 1974; Touraine, 1980) under the influence of increasingly more capital-intensive forms of production. Modern interpretations of Marx, however, would distinguish contemporary capitalism from its heritage in terms of the evolutionary framework posited by Marx. And therein lies the explanatory power of Marx's method. Class should not, indeed cannot, be conceived of as a thing, but rather as a relationship, ever-changing, ever more complex, yet grounded upon a fundamental antagonism which is at once inevitable and contradictory. In the words of E.P. Thompson:

> 'Sociologists who have stopped the time-machine and, with a deal of conceptual huffing and puffing, have gone down to the engine-room to look, tell us that nowhere at all have they been able to locate and classify a class. They can find only a multitude of people with different occupations, incomes, status-hierarchies and the rest. Of course they are right, since class is not this or that part of the machine, but <u>the way the machine works</u> once it is set in motion - not this

> interest and that interest, but the friction of interests - the movement itself, the heat, the thundering noise.'

(Thompson, 1965, 357; emphasis in original)

In this very conceptualisation of class, then, is an inherent dynamism which cannot be separated from its existence. And given that all society, in the sense that it is lived through, is dynamic, a framework which can account for this has considerable explanatory significance.

At this point in the argument we must step sideways a little to emphasise that whilst the emphasis in Marx's analysis lay firmly on class relations in the field of production, this is in no way to deny the significance of other possible sources of group formation, in particular within the field of reproduction. Indeed, a multitude of alternatives can be observed, over issues ranging from gender, housing and ecology through to nuclear disarmament[1] (see also Doherty, 1983; Murgatroyd et al 1984). The complex unity within capitalist society between production and consumption is apparent where the failure to realise exchange values, that is to sell as use-values commodities produced in the production process, represents a disjunction between production and consumption, a crisis of over-production, with implications for all aspects of social relations (see also Bleitrach and Chenu, 1979). What this suggests, then, is a society riven with conflict on several planes simultaneously, with particular issues intersecting in a contingent manner in a variety of circumstances, in a way which requires analysis with respect to concrete situations.

It is precisely in this analysis of concrete circumstances that a more differentiated conception of class than that of capital versus labour is necessary. For it would be possible to criticise any analysis predicated on the existence of two major classes and concerned only with the manifestation of this simple division as grossly over-emphasising the significance of structural constraints within society (see Duncan and Ley, 1982). To take account of the broad complexities of the relationship between individual and structure we must incorporate a more differentiated conceptualisation of class relations. With regard to the differentiation of capital, Aglietta (1979) has analysed the significance of inter-capitalist competition, emphasising the importance of the increasing concentration and centralisation of capital[2]. By contrast Olin Wright (1978, especially 30-110) has considered the possibility of a more differentiated notion of the class of labour through the concept of contradictory class locations. In this context 'contradictory' refers not to what is commonly labelled the 'fundamental contradiction' between capital and labour but rather to the fact that certain clusters of positions within the social division of labour can be characterised as occupying objectively contradictory locations within class relations, being incapable of inclusion within the same major class at all times and under all circumstances. For example how can the position of middle management be incorporated into a two-class framework when the factory they operate is threatened with closure leaving them equally as vulnerable to redundancy as those supposedly under their direction?[3] (see also Abercrombie and Urry, 1983).

Examples of this need for differentiation can be highlighted from within the steel industry. Within the U.K. there are numerous examples of rivalry between the multitude of unions representing steel workers, whose diversity can be dated back to the original lines of craft demarcation in the industry during the nineteenth century. In France also division exists, in this instance not between occupationally-defined interests but arising from the highly political nature of the trade union structure ranging from the Communist Confédération Générale du Travail to the broadly right wing Force Ouvrière. In West Germany, by contrast, a single union organises the entire steel production sector, the IG Metall (for an overview see Owen Smith, 1981). Equally, the class of labour is divided by industrial branch with, in the U.K., steel workers negotiating labour contracts independently of other metal production industries regardless of common union affiliation. In West Germany the organisation of union structure by industrial branch effectively isolates labour within each sector in a very rigid fashion. This can be contrasted to the French experience where, despite a federal structure on sectoral grounds within the small number of unions, it has frequently been possible to observe more generalised action co-ordinated from the central Confédération.

Whilst recognising the significance and explanatory value of a Marxist conception of class, then, it is imperative not to seek to apply a two-fold system in a rigid, deterministic fashion. For the very nature of class lies in the working of the system itself, not in some set of attributes analysed in a particular circumstance. It follows from this that account must be taken of

the range of possibilities for intra-class and even inter-class division within each and every passing moment. These moments, however, take place in space; for events must be historically and geographically situated. In the following section we move on to consider the significance of this geographical situation for the analysis of class relations.

II.3 On the social constitution of place

Possibly the most distinctive contribution of the school commonly labelled humanistic geography during the 1970's was that of the differentiation between space and place, between location as a neutral attribute and location with meaning for the individual (see, for example, Ley and Samuels, 1978; Relph, 1976; Tuan, 1977). Examination of this endowment of meaning was frequently undertaken within an existentialist framework which emphasised the significance and uniqueness of the individual. This emphasis has been criticised as under-estimating the significance of the broader social fabric within which the individual is constrained (see, for example, Thrift, 1982). The constitution of meaning does not take place in a vacuum: it is a social process where the individual can only act within the bounds set by social circumstances, at the same time reproducing these limits in that very action. And, crucially, the overriding influence on the social fabric is the nature of class relations. Hence whilst space has to be distinguished from place, we seek here to locate place in a social context, through the experiences of individuals

but recognising the significance of socially-produced constraints.

The significance of place in the constitution of social relations is most readily apparent in the workplace. For we have argued in Chapter I that a theory of industrial location has to be grounded in the labour process, representing as it does a medium for the social relations of capital and labour. This takes concrete form for the individual in the very act of production, on the shopfloor itself. The nature of the labour process has systematic implications for labouring individuals, through for example the development of Taylorism (or scientific management) and of Fordism (or classic production line assembly) (see, for example, Braverman, 1974; Friedman, 1977). The implications for individuals of working in a capitalist society have been documented in detail in their own words, in motor vehicle production and bulk chemical manufacture, for example (see, respectively, Beynon, 1984; Nichols and Beynon, 1977). It is on the factory floor that the social relations of capital are played out, by actors who are, at the least, partly aware of the significance of their actions.

At the same time, however, we can recognise a variety of spatial scales at which the relations of capitalism might become most readily apparent. One further possibility is that of the town, village or community, especially in cases where one industry is the only large-scale provider of employment, for there work and home overlap as bases for the constitution of meaning in life. For example the significance of coal-mining to a community in

North East England has been analysed through the life of one man, the author's grand-father (Williamson, 1982), whilst the broader links between workplace and home have been especially apparent on the British coalfields during the 1984/85 miners' strike (see Beynon, 1985; Hudson et al, 1985). A number of comparisons can be drawn with the steel industry; for example towns such as Consett in North East England or Longwy in Eastern France have historically depended upon one industry as the sole source of employment, indeed developed largely to provide a labour force for that industry. Hence a threat to employment in the steel industry in such circumstances can, indeed should, be interpreted as a threat to the very place of the community itself.

It is similarly possible to identify the region, defined for the time being in the broad geographical sense, as a focus for individual meaning and action. In an early work, Mandel (1963) considered the nature of regionally-based popular protest in southern Belgium, Wallonia, where economic problems (see Quevit, 1978) have been and are today heightened by cultural and linguistic differences from the north of the country, Flanders (see Bologne, 1973). Within the steel industry since the mid-1970's there have been a number of similar developments. For example we can speak of a regionally-based movement in Eastern France during the early part of 1979 in specific response to the threat posed by the planned rundown of the industry there, a rundown affecting many small communities but challenged, at least initially, within the region generally rather than by specific communities individually[4].

Clearly, then, the social constitution of place cannot be distinguished from the characteristics of particular places. In this preliminary conclusion we are touching upon a recent and emerging theoretical debate which arises from a growing realisation of shared concern between social theory and human geography. This debate is one which emphasises the fact that society is not just constituted in space and time but that the web of space-time relations is equally a formative moment in the constitution of society. Social relations no more determine the use of space than spatial relations determine the nature of society[5].

There is by no means a single coherent theme to this debate, however. For example Soja (1980) identified three positions adopted with respect to the relationship between society and space. The traditional response has been to maintain that the centrality of class analysis is inviolable, that organised space represents nothing more than a reflection of the relations of production (see, for example, Dunford and Perrons, 1983; O'Keefe, 1984). From this perspective analysis of spatial relations is criticised as fetishising the nature of space, failing to reveal the true nature of the underlying mechanisms. This approach is clearly unsatisfactory in that space is not an empty container which is somehow separate from the material objects (for example a steelworks) located within it. Rather, location is at the same time an attribute of the object and of the space (see Urry, 1981a).

Against this can be counterposed two related positions. The first recognises the significance of spatial relations but when pushed to an explicit choice, the pre-eminence of aspatial social class definition is maintained (see, for example, Castells, 1977)[6]. This approach, then, is ultimately subject to the same criticism as the first. The second, which Soja ultimately favours and associates with Mandel and Lefebvre, (see, for example, Mandel, 1963; Lefebvre, 1971) acknowledges that social and spatial relations are dialectically inter-reactive, that social relations of production are both space-forming and space-contingent (see, for example, Cooke, 1983; Thrift, 1982).

Care has to be taken, however, in the specification of the meaning and nature of this inter-relationship between society and space. For example Peet (1981) in a reply to Smith's (1979) criticism of the term 'spatial dialectics' claimed:

> 'I used the term "spatial dialectics" as part of an account of the attempt by marxist geographers to move through spatial description into an analysis of the social processes which originate spatial appearance.' (p. 105, emphasis added).

Thus in this instance he falls into the second category of analyses, recognising the significance of spatial relations but maintaining the prime position of social relations. In a reply, Smith (1981) characterises this approach as "spatial interactionism", arguing that it refines, but does not remove, the orthodox fetishism of space:

> 'In fact there is nothing dialectical about "spatial dialectics" ... It begins from a dichotomy that it never does transcend: space on the one side, social process on the other ... the theory treats space in practice as a relatively autonomous thing or field.' (p. 112)

What this suggests, then, is that an analysis predicated on the inter-dependence of society and space is one which must avoid attributing causal significance to either the development of social relations or of spatial relations. Rather, it must consider, through the analysis of concrete circumstances, the ways in which, historically, this web of socio-spatial relations has developed and, just as importantly, the possibilities presented for future development. This is not to argue that theory must be constructed only from unique case studies nor even that there is such an object as a unique case study. Rather, fully informed theory can only be developed from consideration of concrete circumstances whilst, at the same time, recognising the causally-determining powers of unobservable structures, in line with a realist conception of theory (see, for example, Sayer, 1982)[7].

Briefly to illustrate this theme, it is possible to speak of a variety of possible bases for intersection between place and class when considering the diversity of experiences regarding the articulation of campaigns in defence of jobs in the steel industry through the workplace and the community. This articulation is in part dependent upon whether the meaning of closure becomes broadly associated with, or intercepted by, the

family or household, and upon the absolute significance of steel employment to the community. The degree of local support for the campaign at Longwy in France during the latter part of 1979, for example, represented an expression of class interest predominantly, though not wholly, at the level of the community, in contrast to the situation in Dortmund, in West Germany, where following an initial broad base of support the campaign became more narrowly based on the various workplaces of the steel company in the town.

A corollary of this state of affairs is that in a variety of circumstances it is possible for the realisation of class interest to be part of a tendency towards competition between workforces at different locations within the same company or between companies in the same branch of production. In this way many campaigns become affairs of fighting for 'our workplace', for 'our town', at the expense of somebody else's workplace or town. For example, the history of works closure in the British Steel Corporation illustrates clearly the ability of the parent company to "play off" one works against another in this context of a highly localised intersection of place and class interest.

In other circumstances, however, it is possible to recognise a far broader base to anti-closure campaigns where class relations are realised at the level of regional places. In a number of examples it is possible to demonstrate that at this level campaigns are characterised by a degree of cross-class support, that is to say a purely regional alliance between locally-bound capital and labour in defence of the regional structure (compare

Kesselman, 1981, reviewing Dulong, 1978). In this category fall events in Lorraine during January 1979 and in Scotland during 1982 in defence of Ravenscraig.

Clearly, then, we have moved from a question of place versus class to one of their dialectical inter-relatedness and inter-dependence. In this context it becomes doubly necessary to consider the relationship between agency and structure, the way in which the action of individuals takes place within the framework of a certain space and a certain society. This question has been considered extensively by, among others, Giddens, in his theory of structuration (in particular Giddens, 1979; also 1981) and within human geography by Gregory (1981) and Thrift (1983). Giddens (1979, 66) makes a useful distinction between system and structure, defining system as 'reproduced relations between actors or collectivities, organised as regular social practices' and structure as 'rules and resources, organised as properties of social systems', whilst structuration can be regarded as 'conditions governing the continuity or transformation of structures, and therefore the reproduction of systems'. Hence, in this terminology, systems have structural properties: they are not structures in themselves. Action takes place within a framework of partially-acknowledged conditions with a series of partially-intended consequences, in particular the reproduction or otherwise of the social system. This action is regularly reflexively monitored with respect to the constitution of the system. In this, again, it becomes apparent that class relations can only be analysed with regard to particular places, for the way in which the individual conceives

(in) action against a proposed closure depends upon her relationship to, indeed acceptance of, any number of place-specific institutional formations: the works' union committee; the national trade union organisation, or more ad hoc bodies such as the Burgerinitiative Stahlwerk Jetzt in the town of Dortmund.

A further element introduced by Giddens (1979, esp. 216-22), and of particular relevance for the current discussion, is that of routinisation in the production and reproduction of social systems. The significant characteristic of routine action is that it is largely taken for granted and, as such, is an implicit condition in the reproduction of social systems[8]. For example in the case of language, the act of communication in that language is simultaneously an act of motivated purpose (communication) as it is of generally non-motivated consequence, the reproduction of that language as a form of communication (although Giddens, 1979, 218, observes the important exception of an ethnic minority attempting to preserve a language threatened with extinction). The notion of routinisation can be applied with equal aptitude to the characteristic of wage labour in capitalist society, with the 'traditional' or routine way of life associated with, for example, shift work in the steel industry. When, however, the routine is broken in a drastic way such as the closure of a community's main employer of wage labour, the possibility exists for a questioning, rich in practicalities, of the causes of the 'de-routinisation' of life, of the functioning of society at the level of structures. To borrow Habermas's (1976) term, the possibility exists of a 'legitimation crisis' in the reproduction of society (see also Robinson and Sadler, 1985).

The historical development of class relations and of places is also of significance for the circumstances of action. For the broader base of support for the defence of jobs in the steel industry in Scotland and Lorraine represented, as we shall see, recurring expressions of regional consciousness, which in the act of recurrence reinforced an element of regional identity - which has to be related to the historical development of the region in the broadest sense (see, for example, Hechter, 1975; Nairn, 1977). This history has frequently been analysed in the context of changing patterns of historical domination or of some degree of ethnic feeling within the regions - of being Scottish or Lorrainese in a way which is not readily observable in all areas of Europe. Rokkan and Urwin (1982), for example, provide a wealth of historical material on the changing patterns of political domination in what they identify as the 'peripheral' regions of Europe, and relate this to historical expressions of regional consciousness. Whilst it has to be acknowledged that this historical tradition of attachment to place is of great significance in the broadening of anti-closure campaigns, an analysis predicated purely on historical development over a long time-period is unable to incorporate the implications of economic changes such as plant closures in the development of 'regional' consciousness. To analyse changes such as these requires precise sectoral consideration of changing production trends (for example in steel) and examination of the relation between short- and long-term cycles of social and economic development.

II.4 Concluding comments

We have progressed, then, from consideration of the relationship between industrial location and social development to the point where social and spatial development are seen as simultaneously constitutive moments. Places are reproduced just as social relations are reproduced, by people; the motor of capitalism is not just the class relation between capital and labour but also the development of place, the two combining and intertwining in a complex and intricate fashion (see also Pred, 1984). To a degree places are specific - they have their own characteristics which are the hallmark of their historical development (see Massey, 1983). So too are people specific. But it is possible to consider the generality of experience of place and class through reconstruction of events within this two-dimensional structure. The way in which to understand the relationship between society and space lies in the medium wherein they are similarly constituted. Hence the approach adopted here is to reconstruct events within their place and class origins, recognising the specificity of these events but generalising the more relevant lessons. And to do this requires considerable detail. Bland statements of the kind 'if x then y' or that regional economic problems are related to occupational structures (see, for example, Buck, 1979; Buck and Atkins, 1978) fail even to begin to get at the heart of the problem. A sympathetic yet critical understanding of detail is necessary to reconstruct events in their proper historical and social place.

This reconstruction of events, the re-creation of context, accords with several recent contributions to social theory (see, for example, Giddens, 1984, ch. 3). Associated with these, there have been calls for a recognition of shared interest between social science and history. For example historians

> 'cannot properly be regarded as specialists along a dimension of time, any more than geographers can be regarded as specialists along a dimension of space; such disciplinary divisions, as ordinarily conceived, are concrete expressions of the repression of time and space in social theory.'

and again

> 'If there are divisions between social science and history, they are substantive divisions of labour; there is no logical or methodological schism.'

(Giddens, 1984, 355, 358)

The logic of these statements should by now be self-evident, given our earlier concern for the reconstruction of events in their proper historical and social place. Abrams (1982) in his call for a historical sociology held that the reconstruction of events is as much the work of the historian as of the social scientist, whether the events are past, present or future tense. The problems of social theory, of agency, structure and explanation, are shared by all the social sciences. It is in this shared set of problems that the present research has been grounded.

Footnotes to Chapter II

[1] Perhaps the most frequently quoted study of such issues is that of Cockburn (1975) with regard to housing in the London borough of Lambeth.

[2] Concentration of capital refers to the tendency for individual capitals to expand in size whilst centralisation refers to the tendency for some capitals to subsume the operations of others. These different processes lead to the same result, the progressive elimination of competition and a consequent strengthening of common interest among capitals.

[3] Revelli (1982) has described the temporary resolution of this particular problem in one concrete instance, a five-week strike against large-scale redundancy at the Fiat plant in Turin during October 1980. This collapsed after a counter-demonstration by some 20,000 including middle managers and foremen, under the slogan 'work is defended by working'.

[4] Whilst in part touching upon the concerns of the following Chapter, it is possible to speak also of the nation state as a potential place of meaning. Given that the nation state has been an integral feature of the development of capitalism (see e.g. Giddens, 1981, 182-202) such an eventuality is of little surprise. In particular the advent of claims for the imposition of import duties against other nation's steel products or for increased national allowances within the supranational state's plan, the EEC steel quota regime, represent several of the ways

in which meaning can become apparent at this scale of capitalist society: a theme receiving closer examination in the following Chapter.

[5] Although the analysis of this Chapter has used the terms 'place' and 'class' to date, they are intended to be parallel terms with those of 'society' and 'space', although with certain reservations. As already indicated, 'place' is preferred to 'space' in that it is a more subjective term (although Soja (1980, 210) uses 'space' in this way also). 'Class' is preferred to the more generic term 'society' since the societies in question are of a particular kind, in which it has been argued class relations are the dominant characteristic.

[6] Soja (1980, 211) associates Harvey with this theme but more recent contributions (especially Harvey, 1982, chapters 12 and 13) do not consider class analysis to be distinguishable from their constitution in space.

[7] The significance of the causally-determining power of unobservable structures is a major tenet of the realist mode of scientific enquiry (see, for example, Bhaskar, 1975; Keat and Urry, 1975).

[8] In a very real way, however, it is necessary to distinguish this conception of routinisation from the time-geographic approach pioneered by Hagerstrand (see, e.g. Thrift, 1977; Pred, 1982).
Whilst time-geography emphasises the concepts of path and

project, of presence and absence in space and time, there exists no direct correspondence between a certain set of time-space intersections and 'routine' activity in the sense referred to by Giddens. Certainly, it might well be that some projects occur more frequently than others, or at more regular intervals; but this is not what is meant by Giddens' conception of routinisation. Rather, this latter can be differentiated in that it emphasises the significance of unintended consequences of human action in the reproduction of social systems. Similarly, this emphasis must be regarded as one part of a more general critique of the time-geographic approach, its lack of a broader conception of the dynamics of societal development.

CHAPTER III

Theories of the state in capitalist society : form and discourse through place

III.1 Introduction

Throughout our discussion of the character of events situated in time and space one aspect of the context of social development has so far gone largely unremarked. It is a truism that the nature of contemporary capitalist society is heavily imbued with the influence of the state. Nearly all aspects of everyday life, of routine activity, are in some way bound up in the web of institutions, regulations and resources which characterise the contemporary capitalist state. To trace through the individual's daily life path is to reveal the influence of the state, regularly reconstituted with the routine acceptance of authority in that very same daily life path. Just as far reaching in its implications is the ability of the state to organise relations with other states, leading on occasion to institutionalised conflict or repression. Hence an important task of our account must be an adequate theorisation of the state, an understanding of how and why it is that in an institutionalised form our (daily) lives are, almost but not quite literally, governed.

In this context, a number of prefatory remarks concerning the character of the state are in order, even if to anticipate the discussion. Briefly, we will argue here that the state must be understood as a social relation, constituted within the web of capital-labour relations as simultaneous pre-condition for and result of that very web of relations. As an expression of the class relations of capitalist society, the character of the state only takes shape in its continued reproduction. The form of the state is largely evident in the nature of its institutions,

these representing settings for the ordering of time and space broader than those of the daily life-path. This is not to argue, though, that the character of the state can be deduced from its institutional form. For just as important is the way in which this institutional form is related to the ordering of daily activity - a relationship of a reciprocal and constantly-monitored character.

Implicit in this position is a cautionary note against a general theory of the state. Whilst the nature of the state in the abstract is realised as a social relation with concrete expression in institutional form, this realisation is contingent upon the particular balance of class relations. What we are concerned with is not to produce a theory of the state which can account for all circumstances. Rather, we are engaged in an analysis of the many determinations that are combined in a series of concrete conjunctures, and of how these determinations are inter-related in a contingent structure of causation (see also Jessop, 1982, 211-13). By the linear nature of our presentation it might appear that a theory of the state precedes analysis of determinate conjunctures. Quite the reverse; and yet not quite the reverse. Although the presentation is in linear form, there is in reality a reciprocating process between different planes of analysis. 'The state' is something to be explained, not a principle of explanation.

The following discussion falls into four sections. We begin by considering the relationship between state theory and geography, and why geographers should incorporate a greater understanding of

the nature of the state. The ways in which this nature has been analysed are then examined, considering the characteristics of particular theorisations of the state. We move on to develop upon what could be called the 'territoriality' of the state and the significance of place for the constitution of the state as a social relation. Finally, the territoriality of the state is examined through the development of an embryonic supra-national state, the EEC, involving the theoretical issue of the separation of state powers between national and supra-national level.

III.2 State theory and geography

From time to time geographers have woken up to the existence of the state and have issued calls for geography as a discipline to take heed of the work of theorists on the nature of the state. This awakening, if such it can be termed, has been expressed in different ways with divergent conclusions in its implications for geography. For example, Dear and Clark (1978, 173) have argued that a 'major re-appraisal of the state's role in urban and regional geographical process is long overdue'. It would be inadequate, though, if this re-appraisal were concerned only with the spatial input to and spatial effects of state policy. The state should not be seen as spatially autonomous : to argue that it exists in space, but like a black box it reacts to and influences space without itself being influenced by space is clearly insufficient.

This has recently been recognised by, among others, Kirby (1985) and Taylor (1982). Taylor seeks to re-locate political geography away from studies of the state **per se** and back to the dynamics of capital accumulation whilst recognising the relative autonomy of the state, as part of a programme of political geographic research of an historical materialist character. In other words he recognises that the state exists in a complex dialectical relation to both society and space. In a related fashion Kirby (1985, 6) asserts that 'all geographers (as a small subset of social science) do need a theory of the state'. He goes on to suggest that the local state should be accorded greater consideration :

> 'What is being suggested here then is that the local state constitutes a locus within which **specific** consumption and production struggles are manifested. This is not to argue, however, that research based within some notion of local states becomes a new orthodoxy within political geography that, for example, replaces a focus upon the nation-state. Quite the reverse. Any emphasis upon political struggles at the local level is a welcome counter-balance to preceding national analyses, but cannot stand alone'.
>
> (13, emphasis in original)

A position which Taylor (1982, 25), drawing on Wallerstein (1979) would probably qualify with a call for an international dimension at the level of the world economy.

It is the case, then, that at least some geographers have accorded priority to an integration with consideration of the nature of the state. To this emerging debate a number of comments can be added. In the first place, it could be argued that the obligation to justify the conjunction of geographical studies with state theory is a spurious one on the grounds that the formal academic division of labour, whilst useful for some purposes, is not necessarily the most appropriate way of dividing theoretical material. For if it is conceded that reality is a complex structured whole, from which it is possible to abstract in any number of ways provided that the internal logic of the whole is respected, then it is apparent that the possibility exists of what is currently subsumed under the label or epithet 'geography' as a disciplinary title being relevant, indeed vital, to other theoretical domains, including in this instance theorisations on the nature of the state. The same applies to labels within geographical enquiry. 'Political' geography holds no monopoly to study of the state within geography.

That said, and accepting for the moment the academic division of state theory from geography, it should be apparent by now that geographers are not just in a position to draw on theorisations of the state like a child at a bran tub at the village fête, but are able substantively to contribute to the abstract theorisation of the state. Very briefly, there are two particular advantages in conjoining a territorial perspective with the formulation of state theory. In the first place, the degree of differentiation within capitalist society with respect to both place and class, as analysed in the previous Chapter, introduces an additional

dimension to class-based theories of the state through the idea of competing class/territorial interests rather than the underdefined notion of class interests **per se.** Secondly, an emphasis on the spatial characteristics of policy formulation helps provide a less mechanistic interpretation of development in a given society; in other words economic development (and, through this, the nature of the state) is not just a social process taking place on the even plane of von Thunen and Weber, but is rather a process developing through both space and time, with particular consequences for the development of states. Before we enlarge upon these remarks, however, we must look in greater detail at the state and at theories of the state.

III.3 Theories on the nature of the state

In an important review of theories on the nature of the state Held (1983) identified four traditions of political analysis: liberalism, liberal democracy, Marxism and political sociology. In what follows we consider the main lines of his argument concerning these traditions in an attempt to develop an historical perspective on the development of state theory. We then move on to consider the characteristics of various Marxist theories on the state, since the internal debate within this strand has witnessed a remarkable and lively resurgence in the last fifteen years. Finally we draw the threads of the argument together by specifying the bases for a satisfactory theorisation of the state.

The development of the liberalist strand of analysis was associated by Held with the writings of Hobbes (1588-1679) and Locke (1632-1704). For Hobbes, it was the self-seeking nature of individuals' behaviour that made the power of the state necessary. Only a great 'Leviathan' or sovereign state could defend the general or public good for and on behalf of all its citizens. Locke, however, raised a fundamental objection to this defence of the sovereignty of the state. He felt it scarcely credible that a citizenry which was not able to trust one another should place its collective trust in an all-powerful ruler to look after its interests. From this position he felt it more important to emphasise that the power of the state must ultimately be subordinate to the will of the people. The state exists to guide society; society does not exist to uphold the state. He was concerned, therefore, to safeguard and uphold the rights of the individual through restrictions on the scope of the state's power, thereby laying the foundations for the development of liberalism, the definition of a private sphere independent of the state.

The question of the limits upon political power was taken further by two of the first advocates of liberal democracy, Bentham (1748-1832) and James Mill (1773-1836), who were concerned with the development of a political apparatus that would ensure the accountability of the governors to the governed. The state was to be accorded the role of umpire whilst individuals pursued their own interest within the rules of economic competition. John Stuart Mill (1806-73) developed this to advocate the suitability of representative democracy as the means of making

government accountable to the citizenry. As Held (1983, 19) notes, however, Mill favoured a system of voting whereby the wiser and more talented, however this could be defined, should have more votes than the ignorant or less able. The achievement of universal suffrage would not have found favour.

The emphasis within both liberalist and liberal-democratic characterisations of the state, then, was upon the rights of the individual in relation to the state, and upon the state as an institutional representation of the common interest subject to various democratic checks. Marx (1818-83) and Engels (1820-95) consistently criticised this emphasis upon the individual and upon the common interest. In contradistinction, they argued that the opposition between public and individual interest was, to a large extent, illusory. Developing instead from the centrality of class structure for the relationship between individuals, they argued that the (false) opposition between public and private interest effectively depoliticised the key source of power - the private ownership of the means of production. Economy and polity were seen as separate spheres by liberal democrats in that the class division between those who own the means of production and those who own only their labour-power was regarded as the outcome of free, private, individual contracts. But, crucially, by defending private property, the rights of some individuals to own the means of production and hire labour power, the state has already taken a side. Economy and polity are, and should be seen as, inter-linked. The state cannot act in the public interest as there is no single public interest (see Giddens and Held, 1982, 12-39; Held, 1983, 23-25; Held and Krieger, 1984, 3; Marx, 1963, 1977; Marx and Engels, 1962).

Within this critique of liberalism and liberal democracy two views of the relation between classes and the state can be distinguished from the writings of Marx (see Held, 1983, 25-34; Held and Krieger, 1984, 4). The first stresses that the state need not be directly linked to the interest of the dominant class in the short term; the second, followed by Lenin (1870-1924) and dominant in Marx's own writings, sees the state as a class instrument co-ordinated to dominate society in the interests of the ruling class (see especially Lenin, 1971). This ambiguity is central to the political conception of action against state power. On the whole, the Leninist vision of the state as a class instrument led to a programme calling for destruction of the state apparatus; whilst acceptance of the relative autonomy of the state can lead to a view of the state as a potential arena for struggle, a force for socialist change. This ambiguity is of considerable importance in the recent revival of Marxist theories on the state, to which we return below.

The Marxist notion that the state is essentially parasitic has by no means received universal acceptance, however. Within the tradition which Held (1983) labels political sociology, a variety of alternative perspectives on the character of the state have emerged. Weber (1864-1920) in particular held that it was misleading to conflate problems concerning the nature of state administration (bureaucracy) with those concerning control of the state apparatus. He was concerned instead to focus upon the nature of bureaucratic administration in the state (see Weber, 1968). Crucially, however, whilst his concern with the internal functioning of the state counterposes usefully the Marxist

concern for the relation between state and society, his theorisation is ultimately deficient in that the relation between state and society is never explicated : the focus is on the internal working of the state in some kind of societal vacuum (see especially Krieger, 1983, 3-36). As Held (1983, 39, 44) and Held and Krieger (1984, 8-14) note, though, Weberian presuppositions have underpinned many contemporary theorisations of the state. These include what may be characterised as pluralism (see, for example, Dahl, 1975) and corporatism (see, for example, Panitch, 1981). The pluralist position holds that there are many determinants of the distribution of power and that state powers are the subject of interest group bargaining. Corporatism sees a shared interest in collective bargaining epitomised by the development of tri-partite agreements between employers' associations, trade unions and government. Ultimately, though, like pluralism it reduces democracy to an economistic bargaining process and excuses inequality as the necessary side-effect of political stability (Held and Krieger, 1984, 11).

The recent resurgence of interest in Marxist theories of the state was characterised in its initial stages by a debate between Miliband and Poulantzas (see especially Miliband, 1969; Poulantzas, 1972, 1973). As noted above, this debate developed from the ambiguity in Marx's writings concerning the relation between classes and the state. Miliband insisted that the state, in order to be politically effective, must be able to separate itself from the ruling class, whilst at the same time remaining an instrument for the domination of society on behalf of the

ruling class. In his reply Poulantzas criticised the emphasis placed by Miliband upon the instrumentality of the state and upon the relationship of individuals to the state apparatus. More important than the acts of individuals, he contended, was the functioning of the system. In particular, the state must function to ensure, on the one hand, the political organisation of the dominant classes and, on the other, the political disorganisation of the dominated classes (Poulantzas, 1973, 287-8). In so arguing he ultimately returned to a notion of the state as instrument for class domination, one reason why later authors have insisted that Miliband and Poulantzas shared significant common theoretical ground (see, for example, Held and Krieger, 1984, 16).

To trace the re-emergence of a lively theoretical debate within Marxist theorisations of the state solely to Miliband and Poulantzas, however, would be telling only part of the story. Prior to this debate significant attention had been paid to the state within what Jessop (1982) has labelled theories of state-monopoly capitalism. Whilst not theories on the nature of the state as such, but rather a focus on the latest stage of capitalist development forming a central tenet of Soviet bloc politics, it is important to introduce this body of theory as it too laid the setting for more recent theoretical advances.

For the proponents of this approach state monopoly capitalism is treated as a distinct stage of capitalism. It is assumed that the development of capitalist relations of production inevitably leads to a situation where this production is dominated by large

individual or monopoly capitals. The fusion of monopoly capital with the state creates a single mechanism of economic exploitation and political suppression. To counteract the general crisis of capitalism, in particular the tendency for the rate of profit to fall, it is argued that monopoly capital has established a privileged relationship with the state whereby the latter acts exclusively in the interests of capital to restore the rate of accumulation and hence profitability (see, for example, Herzog, 1971; Stalin,1952). However, many of the theoretical conclusions of the approach rest on statements with a high level of indeterminacy. The tendency for the rate of profit to fall is attributed great causal significance yet the concept itself has generated considerable discussion over the extent to which countervailing tendencies such as the introduction of new technology or the search for new markets could act to maintain or increase the rate of profit. A second criticism relates to the internal consistency of the theory itself. For although it is asserted that the form of the capitalist state is determined by the nature of the economic system, the changes internal to the state apparatus are not considered necessary of explanation. This is despite the fact that state monopoly capitalism theories are rooted in a revolutionary framework which emphasises the possibility of using the form of the capitalist state as the very basis for revolutionary strategy within the economic system. Thus the form of the state is seen as being determined by the economy yet at the same time capable of being used to transform that economy, a logically inconsistent argument (see also Jessop, 1982, 32-77).

In two senses, then, the deficiencies of state monopoly capitalism theories parallel criticisms levelled at Miliband and Poulantzas. Firstly, there is limited consideration of the internal working of the state, that is of the form of the state. In a related fashion, there is insufficient attention to the ways in which the working class, as an integral element of capitalist social relations, is able to influence the state. For Miliband and Poulantzas, the problem is that despite viewing the state as a class relation, they tend to collapse social relations to the motives of the capitalist class (see also Frankel, 1979). For revolutionary state monopoly capitalism theorists the form of the state is at the same time essential to socialist change and yet determined by the (capitalist) economic system.

These questions concerning the form of the capitalist state have been taken up in a body of theory labelled by Jessop (1982) as form-derivation. This emerged largely through a re-appraisal of state theory in West Germany during the 1960's and 1970's (see especially Holloway and Picciotto, 1978). Its original aim was carefully to specify the form of the capitalist state whilst recognising the hierarchy of necessary and sufficient conditions of possibility of the state as a theoretical object at a specific level of abstraction. The diversity of approaches within this broad tradition stems in large part from the choice of what exactly is to be derived; that is, of what theoretical object is seen as the most necessary point of departure. For example, Altvater (1973) began from the distinction between capital in general and individual capitals, whilst Holloway and Picciotto (1977) emphasised the significance of commodity exchange for the

sphere of capitalist production. More importantly, although the work of Claus Offe is rarely presented as an explicit contribution to form-derivation theory, he has demonstrated far more clearly than any of the declared adherents of form-derivation the full extent to which the form of the capitalist state calls into question the functionality of the state for capital. He analysed the way in which the form of the state problematises in itself the contradictory relations of capitalist production by specifying the structural constraints on the extent of state intervention in the economy.

Offe (1975; also 1972, 1973; see also Offe and Ronge, 1975; Keane, 1978) distinguished between productive and allocative modes of state intervention in the economy. The allocative mode produces a suitable environment for accumulation by authoritative allocation of resources that are already the property of the state. For example certain industries receive protective tariffs, in a method solely determined by resources and powers which belong to the state and could be characterised as its authority. By contrast productive state activity arises out of the dynamics of capitalist competition, from every firm developing protective mechanisms which in turn pose a threat to the profitability of others. The state responds to such situations by producing material conditions which allow the continuation of accumulation[1].

The functionalist tone of the initial argument is not sufficient to detract totally from the more revealing element of this analysis, that of the way in which such productive interventions

are organised, the way in which in an institutionalised fashion the state processes problematic affairs which are held to bring forth (or not) such interventions. For it is insufficient to regard the state as a 'problem-solver'; that is to say, to argue problems are recognised, and more or less adequate solutions are produced is not wrong, but rather 'one-sided'. Instead, there is a dual process, whereby "every time the state deals with a problem in its environment, it deals with a problem of itself, that is, its internal mode of operation" (Offe, 1975, 135). Three possible formal rules are then recognised for this dual problem-solving process; bureaucracy, purposive action and consensus. Bureaucracy, the application of pre-determined rules through a hierarchical structure of "neutral" officials in a classic Weberian fashion, is considered insufficient to cope with productive state activity since it is unable to answer such questions which arise as the nature of the final product, or purpose of state intervention (see Krieger, 1983). In a similar fashion purposive action, requiring pre-conceived goals that can be achieved by means of technical effectiveness and economic efficiency, is unsuitable since, because the state is not an accumulating capitalist unit in its own right (unlike, say, a firm) it alone cannot define its own ends or goals which can then be followed technocratically, but rather requires to react to the changing imperatives of other capitalist units. Hence the final alternative, that of consensus, or the simultaneous determination of inputs and outputs by the clients of state administration. In this instance, however, the necessity to maintain a short-term balance between conflict and consensus, between individual elements of society, makes long-term planning impossible;

moreover, an excess of responsiveness to the clientele carries the risk of the state going beyond the limits of what it can do in a variety of senses, fiscal, ideological and material.

Offe (1975) concluded that all three methods of policy formation are, in the long term, impossible. Hence the limitations of the policy-forming system should be regarded as structural constraints on the capitalist state. In reality the state utilises a variety of these options according to the nature of the problem, the nature of its own internal structure and the strength of the imperative necessitating resolution. At the same time, in resolving these problems, the state resolves a problem within itself, that of the operation of its own policy-making apparatus, in such a way as to determine what potential issues are, how they are defined and what solutions are proposed. Crucially, however, in so doing, the state sets in motion a new set of problems, a new set of imperatives requiring resolution since in compensating for the initial problem it runs up against at least one of the structural constraints on its operation, requiring compensatory elements of state intervention from within a different method of policy formation mediated through the internal structure of the state, which in turn poses new problems, and so on. Hence the activities of the state can be regarded as those of perpetual crisis-avoidance, operating within structurally-determined constraints to prevent a crisis of crisis-management. By implication, society is in more or less permanent crisis.

The central feature of Offe's theorisation, then, is the way in which it relates the form of the state to the dynamics of capital

accumulation. The state must maintain the accumulation process (since it has a self-interest in the capitalist system) and yet at the same time avoid undermining private accumulation and a belief in market-place mechanisms. The form of the state, despite the necessity of the state for continued accumulation, is inherently problematic for that accumulation. What Offe does not account for, though, is the way in which certain demands, despite the filtering effect of the state, are able to problematise the form of the state so as to question its existence; the way in which discourse, the socially and institutionally mediated production of meaning within society, is acted out in and through the state.

In considering this problem a lead is often taken from the work of Gramsci (see, especially, Gramsci, 1971) who, writing in Italy in the 1920's and '30's, was concerned above all with the conditions and problems of revolutionary strategy, necessitating a specification of the complex relations between the broad groups or classes within a given society at a particular stage in its development. The maintenance of power by the state was, for Gramsci, conditional upon two modes of class domination; hegemony and coercion. Coercion was held to require the use of force in the sense of a repressive apparatus (for example the police, the military), along with sanctions on the use of such force, able if necessary to bring the mass of the population into conformity with the requirements of accumulation. By way of contrast hegemony symbolises the engineering and maintenance of the active consent of dominated groups by the ruling class, involving not just indoctrination or false consciousness but

rather the shifting nature of "popular" interests and demands, the changing network of political alliances whereby short-term compromises develop within and between elements of 'civil society' and the state to secure the long-term interests of the dominant classes (see Jessop, 1982, 148; also see Urry, 1981b). From this starting-point many analyses consider the discursive nature of the development of hegemony and coercion within a given society (see, especially, Nairn, 1978).

Clearly, in this context it is necessary to consider the question of ideology, the relationship of discourse to class relations. The extent to which ideology can be considered as autonomous has provoked considerable disagreement. For example, Habermas (1976) conceived ideology as a relatively separate sphere and indeed located the origins of abstract crisis tendencies in the failure ideologically to generate and secure political support, defined as a crisis of 'legitimation' - an inability to elicit generalised motives or diffuse mass loyalty without encouraging active participation in the formulation of state activity. By contrast Abercrombie et al (1980) criticised this emphasis on the autonomy of ideology on the grounds that this is both functionalist and instrumentalist. Functionalist, because ideology is seen to exist because the social system in some way requires it; and instrumentalist because ultimately it reduces ideology to a form of indoctrination generated within a somehow dominant class for the subordination of other classes. Perhaps the most appropriate conception is that of Urry (1981b) who argued that events have ideological effects rather than properties; that meaning can be but is not necessarily

distorted, nor even necessarily intentionally or with the intended effect (see also Giddens, 1979, 165-97).

To summarise the argument so far, then, we have reached a point where two particular emphases concerning the character of the state are of considerable theoretical significance. Offe's concern for the form of the state is of central importance for an understanding of the way in which the state is related to capital accumulation. The state is both necessary and problematic for capitalist society. At the same time, we have recognised the indeterminacy of this statement and have sought to clarify the ways in which the class relations of capitalist society are acted out in and through the form of the state: in short, the discursive character of state-society relationships. Our theorisation must be able to account for the form of and limits to state intervention as well as considering how and why certain demands are made both on and by the state, whilst recognising the filtering effect of the accumulation imperative. In the following section we seek to develop upon these remarks by considering the significance for state theory of the determination of social action within and through place.

III.4 The significance of place to state theory

In a sense we have already touched upon some of the issues relevant to the significance of place to state theory. For when geographers issue calls for greater consideration of the state,

this is usually implicitly in the context of particular spatial scales. Kirby (1985), for instance, was concerned to emphasise the local aspect of state-society relations[2] whilst Taylor (1982) considered a hierarchy of scales from the world-economy through to national and urban in his call for a materialist political geography of state and society. Our concern here, however, is to emphasise the significance of place for the very constitution of the state as a social relation, developing upon some comments in an earlier paper (Sadler, 1984). We distinguished space from place in Chapter II; place is intrinsically involved in the constitution of social relations through the situated character of events. Hence rather than consider space as a neutral body over which the state exercises control or as one among a series of elements determining the demands placed upon the state form, we emphasise here the way in which the state form must take character with respect to class relations through place.

Theories of the state can often be criticised on the grounds of functionality; that is, the state is there because of the function it performs for society (see, for example, Giddens, 1981). By incorporating explicit consideration of the significance of place for the constitution of state form, however, it is possible to demonstrate that the state is intrinsic to capitalist society: that state-society relations characterise the form of the state through both their place and class situation. The state is not there because society requires it; social relations in their place exhibit a dialectical relationship to the form of the state. This emphasis is of value in countering two specific criticisms levelled at certain state

theories. In the first place, the charge of class-reductionism has been levelled at discourse-centred analyses of the state. Class reductionism refers to the tendency to consider the class struggle as taking place between two clearly-defined classes of capital and labour when in reality it is apparent that there is a far more complex situation entailing a shifting network of alliances between various groups around differing points of contention or agreement. Crucially, this network of class-based conditions of interest typically takes shape around particular place-specific considerations; for example the workplace or the community. Accordingly, it is vital to theorise the class nature of this discourse only with respect to place. Hence in the analysis of the state the determination of discourse requires to be considered in both class and place terms, thereby producing a more differentiated (less reductionist) notion of class struggle and its significance for the state.

Secondly, the use of a more differentiated theorisation of the economy and polity helps counter the criticism of economism or economic determinism levelled at some versions of form-derivation theory including that of Offe. Economic determinism refers to the tendency to assume that the development of social relations, including the state, follows inexorably from the laws of accumulation. Hence no account is taken of the changing impact of this economic development on particular places; development is seen as occurring in a place rather than through it. However, this limitation can be overcome by considering the development of society as one side of the process of accumulation, neither determined by it nor determining it but developing with it in a

highly-differentiated manner to produce a complex synthesis at any one moment in time of locations of economic activity in place. This degree of differentiation carries over to the state, which receives and transmits imperatives in a spatially-selective fashion. Thus theorisations of the state require not a consideration of social development, but rather of this development through both time and place.

We have already alluded to the fact that in a consideration of the significance of space for the state, the local state is very often the focus of attention (see, for example, Cooke, 1983; Duncan and Goodwin, 1982). Recognising that the local state emphasis is usually only presented as one expression on a continuum of spatial scales, and in part to counterbalance the local emphasis, we move on in the following section to discuss the supranationality of state power. The EEC and ECSC represent among the clearest expressions of the (admittedly limited) transfer of state power from nation states to supranational states. This clearly raises interesting theoretical questions about the character of the state and the divisibility of state power.

III.5 Theorising the supra-national state : the case of the EEC and ECSC

The characterisation of the EEC and ECSC as state apparatuses in their own right might well raise a few eyebrows. Dealing with a

budget equivalent to less than one per cent of European Community Gross Domestic Product, nearly all spent on the Common Agricultural Policy, and with no monopoly on the legitimate means of violence, it might well be argued that the ECSC and EEC (for the purposes of this argument considered as virtually synonymous[3]) by no means represent a state apparatus. Certainly, in practically every area of its activity, the EEC/ECSC appears subordinate to the goodwill of nation states. However, it should be stressed that the EEC/ECSC does exhibit many (but not all) of the characteristics of a state. It has its own institutional form, has a (limited) degree of autonomy from nation-states and can even impose itself over and above some member-states under certain circumstances. Consequently we seek here to consider precisely how the form of the EEC/ECSC as a supranational state should be incorporated in our (non-general) theory of the state (see also Galtung, 1973).

As the very name implies, the powers of the EEC/ECSC can be traced back to the historical development of the coal and steel industries. It is, in particular, in the sector of steel production that the supra-national state has exhibited the most sweeping range of powers. Accordingly, we must trace back to the origins of the EEC/ECSC in our search for a theoretical understanding of state power.

The most crucial feature in the development and growth of the EEC/ECSC was undoubtedly the more general political and economic situation in Europe after 1945, in particular the political will to bring about a lasting peace between France and West Germany as

one part of a move towards the restoration and strengthening of European unity (see Blacksell, 1977; Vaughan, 1979, 79-126). An essential element of this programme entailed co-operation in the sectors of coal and steel production, both sectors requiring considerable modernisation and investment after the war. For example the 'Schuman declaration' of 9 May 1950 referred specifically to these two sectors, and as this declaration went on to form a basis for the negotiations leading up to the Treaty of Paris, constituting the ECSC in 1952, it is worth quoting extensively:

> "The rassemblement of the nations of Europe requires the elimination of the age-old opposition of France and Germany. Any action taken must in the first place concern these two countries. With this aim in view, the French Government proposes to take action immediately on one limited but decisive point. It proposes to place Franco-German production of coal and steel as a whole under a common higher authority, within the framework of an organisation open to the participation of the other countries of Europe."

(M. Robert Schuman, French Foreign Minister, quoted in European Parliament, 1982, 47).

Similarly, the Treaty of Rome, inaugurating the EEC in 1958 (and subsuming the ECSC) was signed in an atmosphere of continuing concern with increasing economic integration largely through the reduction of tariff barriers (see Vaughan, 1979, 127-43).

In its very formation, then, the EEC/ECSC exhibited a key reason for the development of this supra-national state. For it derived precisely from the **relations between national states** : the perceived need for an authority capable of arbitration between competing member-state interests. Yet, at the same time, the member states are unable to cede total authority to the supra-national state for fear of losing legitimacy : in short, because of institutional and personal self-interest. Hence the ultimately contradictory character of the relationship between state form and society has been translated 'upwards' to a supra-national state; it too is both necessary for and inherently problematic to accumulation, with the additional complication that it is both contingently necessary for and problematic to the existence of nation-states. This leads to the interesting possibility of different scenarios for the future of supra-national policy formation; a decreasing element of autonomy from nation-states as conflicting interests among member states combine to nullify the supra-national state; a situation of no change from the present; or a situation of increasing policy formation at supra-national level in the context of continuing economic recession and, for example, attempts by the European Parliament to increase its own legislative powers.

Clearly, though, the degree to which the form of the supra-national state and its relationship to discourse within supra-national and national societies are problematic requires greater examination. In the following Chapter we seek to enlarge upon these remarks by considering the nature of EEC/ECSC intervention in the steel industry.

III.6 Concluding comments

We have progressed in this Chapter, then, from consideration of the nature of society to an analysis of the relationship between society and the state. Geographers have exhibited some concern for these issues but there is a wealth of theoretical material concerning the character of the state which has remained largely alien to geographers' enquiries. Building from a review of theories of the state we have advanced a platform which emphasises, firstly, the significance of the form of the state and, secondly, the ways in which this form is related to society through discourse. At this point we introduced the significance of place to the state as part of a concern to avoid functionalist explanations of the state. Finally, from this we considered the theoretical relevance of a supra-national state, the EEC/ECSC. In the following Chapter we go on to document the relationship of supra-national state policy within one sector, steel production, to the discursively-determined relationship between supra-national state form and society.

Footnotes to Chapter III

[1] The ground for distinction between productive and allocative activities is difficult to define in practice since they are analytic rather than historical categories. For this reason the distinction could well be criticised on the grounds of functionality.

[2] Though for a consideration of the effectiveness of the local state see Hudson and Plum (1984).

[3] The Treaty of Brussels, 1965, established a single Council and a single Commission of the European Communities, with the Commission replacing the ECSC High Authority.

CHAPTER IV

The development of European Community policies for the steel industry

IV.1 Introduction

The development of European Community policies towards the steel industry can be considered under two headings. In the first place there is a range of measures concerned with the development of production in this sector, initially aimed to assist the expansion of capacity but more recently in the context of the management of decline. Secondly, in response to the deepening crisis in the industry, a crisis in which the European Community was integrally involved, there has been an increasing emphasis upon measures in the general field of reproduction, that is to say measures concerned with alleviating the consequences of decline in steel regions for capital and for labour. We therefore consider these measures in detail before going on to examine their broader implications for our theorisation of the state and society.

IV.2 Policies towards steel production

The European Community has historically been able to assist the investment programmes for reconstruction and modernisation of iron, steel and coal operations in a very real fashion. This assistance lies in the way in which the supra-national state acts as an intermediary in the procurement of low-interest loans on the global currency market, a role which the Commission of the EEC is able to play since individual firms are required to notify their investment programmes to it when applying for financial

support. Should approval for finance be obtained then the Commission seeks to raise sufficient finance in its own right, which is then released to the firm when requested. In two inter-related ways this ultimately benefits the individual firm; in the first place as the Commission raises loans for firms from all member-states in any one year it is able to place a larger total sum and reduce the aggregate interest rate offered; and secondly because the credit-worthiness of the EEC as an institution is far higher than that of individual steel firms, lower interest rates and sureties are available. In the words of François-Xavier Ortoli, then Vice-President of the ECSC Commission:

> "The funds made available to undertakings derive to a very large extent from the United States market and the capital markets which offer the most advantageous terms. The reactions encountered on the capital markets, particularly that of the United States, have confirmed the Institution's credit-worthiness ... Most beneficiary undertakings have thus obtained borrowed funds on terms, with regard to interest rates, maturities and amounts, which it would probably have been very difficult or impossible for them to find for themselves on the open financial market".

(ECSC, **Annual Financial Report**, 1976, 8)

In the period to the end of 1983, total ECSC loans of well over 11,000 m ECU were raised. Of this sum, more than one-half was loaned to steel producers and over one-quarter to coal producers

(table IV.1), demonstrating the main historical thrust of ECSC activity. This effort has been by no means insignificant for steel producers, ECSC loans amounting to 14.8% of total investment in the period 1974-82 (table IV.2).

With the onset of the crisis in steel production since the early 1970's, however, the European Community was faced with a new problem of policy formation, particularly acute in that the ECSC had itself played a role in the development of growing over-capacity through the financing of investment projects. In response to the deepening crisis the Community introduced a series of measures aimed at facilitating a relatively orderly restructuring amongst steel companies. These measures can be dated to December 1976 when the Commission approved a voluntary system of suggested minimum prices for certain steel products to be introduced in 1977[1]. These were later extended to become compulsory minimum prices for some products facing particularly acute over-production problems, for example hot-rolled strip and merchant and reinforcing bars[2].

During 1980, however, it became apparent that these measures were insufficient. The Commission was in practice unable to maintain or check upon price levels and a widespread practice of price discounting through, for example, the deliberate invocation of late-delivery clauses, had developed. During the second and third quarters of 1980 demand fell particularly sharply. Capacity utilisation fell from 70% in the first quarter to 58% in the second, and July orders were down by 16.3% on the previous year.

Accordingly on 1 October 1980 the Commission announced its intention to implement measures actively to regulate production in the sense of restriction on output rather than passively in the sense of price controls. This declaration of intent by the Commission presaged a lengthy round of negotiations; for, whilst the Commission could impose minimum prices in its own right under the Treaty of Paris, to impose production quotas on individual companies it required the consent of the Council of Ministers (primarily representing member states' interests). In particular it required the Council's consent to invoke article 58 of the Treaty of Paris :

> "In case of a decline in demand, if the High Authority deems that the Community is faced with a period of manifest crisis and that the means of action provided for in article 57 (minimum prices) are not sufficient to cope with that situation it shall, after consulting the Consultative Committee and with the concurrence of the Council, establish a system of production quotas".

Initially the West German delegation was not prepared to support this declaration of 'manifest crisis', and only agreed on 30 October after securing an agreement to exempt certain special steels from the production quota regime. Following this, the Commission was able to implement a series of quarterly production quotas for each firm, based as a rule (initially) on the highest production level in the period July 1977 - June 1980[3].

The following year, with no signs of a long-term improvement in demand for steel, a further series of measures was introduced,

effectively linking Community approval of state aid to steel producers to Community plans for the reduction of production capacity, with the ultimate intention of eliminating state aid. The Commission secured the Council's approval for this system of rules in June 1981. A programme was agreed whereby state aids and national restructuring plans were to be notified to the Commission by 30 September 1982 and the Commission was to assess its satisfaction with the proposals by 1 July 1983. All plans were to be phased so as to eliminate the necessity for state aid after 31 December 1985[4].

By July 1983 substantial percentage capacity reductions from the 1980 level had been made by West Germany, France and the U.K. The Commission assessment of that month called for, in particular, greater reduction before 1985 by Italy, but also substantial further reductions in most member states (table IV.3). At the same time the Commission re-affirmed its determination to see state aid ended after 1985 in the context of specific restructuring plans :

> 'In essence, aid may be granted only if the recipient undertaking or group of undertakings is engaged in the implementation of a systematic and specific restructuring programme ... capable of restoring its competitiveness and making it financially viable ... under normal market conditions.'[5]

At the start of 1984 the Commission re-introduced a system of minimum price controls as opposed to recommended prices for 40%

of steel products. Moreover, from 1 January 1984 producers were obliged to lodge a deposit of 15 European currency units (about £8.50) per tonne of steel shipped, which could be forfeited if the producers were found to be selling below the minimum prices[6]. During that month negotiations took place over the extension of the quota regime; it had previously only been agreed as far as July 1983, later extended to 31 January 1984. On 26 January agreement was concluded to extend the quota regime to the end of 1985[7]. On the other hand it proved impossible for several member states including the U.K. to secure Commission approval before the original deadline of 31 January 1984 for the final restructuring plans. The British Government in particular argued that 380 000 tonnes of the additional 500 000 tonnes cutbacks called for in July 1983 (table IV.3) should be attributed to earlier cuts[8]. Consequently financial aid to BSC has only been approved by the Commission on a short-term basis; for example on 2 February £355m of 'transitional' aid was approved until such time as further cuts could be agreed[9].

As the deadline for the end of the quota system has approached, there has been increasing uncertainty over the success of the system and, indeed, over whether the planned cutbacks really will be sufficient. The cutbacks called for in July 1983 (table IV.3) were based upon the Commission's forecast for the steel industry made in April 1983, the 'General Objectives Steel 1985'[10]. The following year, however, even these forecasts were called into question. In its 'Comments on the General Objectives Steel 1985'[11] the Commission noted that these earlier forecasts

'were based on macro-economic forecasts of 1982 which were based on an upswing of economic activity in 1982. In reality the European economy has not shown any growth (in terms of GDP) until 1983. In addition, investment as part of GDP has shown a decline, and this has been at the cause of the slackness in many steel using sectors ... and thus in steel consumption itself. As the steel market has deviated from the trend forecast by the General Objectives 1985, there are grounds for a re-evaluation of its development prospects. However, instead of making a new forecast for 1985, the prospects have been defined for the horizon 1986.'[12]

The new forecast for 1986 revised the original estimate of ECSC steel consumption down from 92.2 m product tonnes (mpt) for 1985 to 90.3 for 1986. The foreign trade surplus was revised downwards also, from 12.1 mpt for 1985 to 10.1 for 1986. Accordingly production estimates were revised from 104.3 mpt for 1985 to the range 100.4 to 102.4 for 1986, or in crude steel terms from 120 m tonnes to 116. The revised forecast concluded

'Capacity utilisation rates would be unsatisfactory under the hypothesis that works closures are limited to the 26.7 m tonnes of capacity which should disappear in confirmity with the decisions which the Commission took on 29 June 1983 in application of the aids code.'[13]

The EEC Commissioner in charge of competition policy, Frans Andriessen, further heightened uncertainty when he announced in the following May that planned production cuts should total 30 m tonnes by the end of 1985.[14]

Hand in hand with concern over the possibility for success of the system has been speculation over the possibility of renewal of at least some of its features after 1985. In December 1984 the Commission proposed that operating aids to producers, scheduled to cease by the end of 1984 (see [4]) should be permitted after that date due to the continuing difficulties of some producers. The proposal was rejected by five member states[15]. In April 1984, however, the French Government announced a FFr 30 000 m subsidy to its steel producers through to 1987. Hence while Industry Commissioner Etienne Davignon argued that

> 'The deadline is absolutely indispensable. If by the end of 1985 we do not have the closures we are looking for then we have a failure.'[16]

It would appear that not all member states are as certain of the need for or even possibility of ending the system in 1985.

The continued depressed levels of output have been another factor in the uncertainty in the period before the end of 1985, one reflected in the tight production quotas enforced by the Commission. In May 1984 markedly lower quotas for the third quarter of 1984 were set, with the Commission indicating that it would be prepared to change its decision depending on the state of the market.[17] In July 1984 the quotas were revised upwards by 430 000 tonnes when it was apparent that there was no further deterioration in the steel market.[18] In February 1985, however, production quotas for the second quarter of 1985 were cut for some products in response to uncertainty about future patterns of demand [19] (see also table IV.4).

The Commission faces, therefore, a situation where it has little room for manoeuvre. On the one hand it would appear that planned capacity cutbacks will be insufficient to restore profitability before 1985; on the other, it is committed to ending the system of supervision of production and restructuring plans by the end of 1985, when all state aid to the industry must, in theory, end. At the same time the steel market has shown no signs of an upturn and tight production quotas have been necessary to prevent over-production in the very year when the system of production controls is supposed to come to an end. The **Financial Times** has commented in an editorial that 'it is probable that some or all of the features of the present community regime for steel will be extended beyond the turn of the year, despite the doubts about their effectiveness.'[20] But in such a situation the problem of the lack of enforceability of the 'crisis regime' has to be faced. Whilst the European Court of Justice has endorsed the system of production quotas, member states have been refusing to confirm that fines can be levied on steel companies for producing over the quota. Klöckner of West Germany, for instance, had amassed fines of DM 160 m by 1984 for over-production.[21] Under these conditions of uncertain enforceability and with certain controversy over the continuation of the scheme, its future validity must be called into question (see also Grabitz and Hanlon, 1984).

IV.3 The European Community's 'social conscience'?

Capacity reductions undertaken within the overall framework of the European Community steel crisis regime have had an obvious

effect upon employment in the industry. Total employment in steel has fallen from 796 000 at the end of 1974 to 459 000 in June 1984, a loss of 337 000 jobs in ten years, just under half of the 1974 total (table IV.5). Under such conditions the European Community has taken a number of measures in an attempt to ease the consequences of this massive destruction of employment opportunities. These measures, specific to the coal and steel industries, have been taken in the main under Article 56 of the Treaty of Paris. As originally drafted in 1951, this provided for the financing of new investment projects or of non-repayable aid towards redundant workers only if the introduction 'of new technical processes or equipment should lead to an exceptionally large reduction in labour requirements in the coal or the steel industry'. In 1960, however, in the midst of massive job loss in the coal industry due chiefly not to technical change but to competition from other fuels [22], a second clause was introduced authorising the payment of loans 'for the creation of new and economically sound activities or for the conversion of existing undertakings capable of re-absorbing the redundant workers' (Article 56.2 (a)), and the payment of allowances to workers (Article 56.2 (b)) if fundamental changes, not directly connected with the establishment of the common market, in market conditions for the coal or the steel industry should compel some undertakings permanently to discontinue, curtail or change their activities.[23]

Loans under Article 56.2 (a) for industrial conversion are requested by the Government of the member-state concerned. The distribution of these loans therefore largely reflects the

national policies for the redevelopment of coal-mining or steel closure areas. From 1981 loans were granted in some instances as 'global loans' to financial institutions, with the intention that they acted as intermediaries for small and medium-sized businesses.[24] Over the period 1980-82 loans for industrial conversion topped 22% of ECSC loans granted (table IV.6). They have therefore become a significant element in ECSC activities.

Under Article 56.2 (b) payment can be made to redundant workers in the form of tideover allowances, assistance with resettlement costs or help with re-training programmes, and payment can be made to employers who continue to pay in full employees on short-time working. The ECSC contribution is subject to the condition that the member state pays at least an equal amount. Payment is within the framework of a series of Bilateral Conventions negotiated between member states and the Community, and is financed by a levy charged annually on each steel producer. The Bilateral Conventions have come to extend the range of aids payable to include lump-sum redundancy payments and finance for early retirement as it has proved increasingly difficult to adhere to the original goal of re-employment.[25]

With the rapid increase in the number of workers eligible for readaptation benefit payments under Article 56.2 (b), there has been pressure for the Commission to make available extra resources beyond those allocated in the normal ECSC budget. The Commission first put forward proposals to the Council on 31 October 1978, calling for Article 95 of the Treaty of Paris to be used as the basis for payment for a series of measures to save

jobs through, for example, restrictions on overtime.[26] This was in distinction to the spirit of Article 56 as applied to that date, where payment was only permitted in circumstances of permanent loss of jobs. In the absence of a decision by the Council, the Commission re-submitted its proposals in October 1980, specifying two types of aid; that for financing early retirement measures, and that for financing adjustments to the conditions and duration of working hours through, for example, overtime restrictions, an additional shift or short-time working.[27] The legal basis for both types of aid lay in Article 56.2 (b) although the second had rarely been applied to that date. The Commission originally provided for a total of 212 m ECU to be allocated to these measures (termed the 'social volet'), 112 m in 1981 and 50 m each in 1982 and 1983. It also requested the Council to transfer additional finance from the ECSC general budget to the operating budget since the traditional revenue from a levy on producers would be insufficient. The planned sources of finance envisaged transfers of 62 m ECU in 1981 and 50 m each in 1982 and 1983, along with a special contribution of 50 m ECU by the member states to the ECSC operational budget in 1981. The Council delayed approval of the transfers from the general budget, though, until separate decisions of February and September 1982, with the result that only 48.6 m ECU were made available in 1981, 113.4 m in 1982 and 50 m in 1983 [28] (table IV.7).

By the end of 1982 the measures for which 'social volet' support had been allocated were concluded in all but one country (table IV.8). Recognising this, the Commission proposed in April 1983

to continue and expand the system through a proposal for a 'social support scheme' (or 'social volet II'), to cover the period 1983-86. This proposal called for an additional 330 m ECU to be made available to the ECSC operating budget out of the general budget, 110 m in 1984, 100 m in 1985 and 120 m in 1986. It also expanded the range of measures from the 1981 social volet.[29]

With the development, then, of new schemes to support social measures in steel regions, and with the continuing problems of the steel industry, the ECSC budgetary contribution under Article 56.2 (b) has assumed major significance. Over the period 1978-83 179 000 workers have received a total of 408 m ECU in readaptation benefits under Article 56.2 (b) whilst an additional 212 m ECU has been made available under the 1981 'social volet'. Over the same period 65 000 coal workers have received 150 m ECU (table IV.7). As a reflection of growing concern over the allocation of ECSC finance of this magnitude, the European Court of Auditors examined the system of payments in 1982. It concluded that 'no operational Community objectives have been established and that it is therefore impossible to appraise the effectiveness of the Community measures'. Hence, it argued, 'the ECSC aid constitutes no more than a reimbursement of a given amount to the national budgets'.[30] This concern was all the more pressing in that it could not be separated from the question of the distribution of the Community budget amongst member states. Indeed, one reason for the development of the 'social volet' was that the allocation of expenditure could be more closely controlled by the Council, that is by member states.

IV.4 Implications for a theory of the (supra-national) state

We have demonstrated, then, that the European Community is actively involved in the organisation of policies for the steel industry and for regions in decline due to the problems of that industry. This involvement dates back to the original role of the ECSC as an instrument for the planned expansion of production capacity and to its management of the cutbacks during the last ten years in the over-capacity which it had itself assisted to create. At the same time the Community has become heavily involved with programmes for the 'reconversion' of steel regions, essentially offering subsidies to capital and labour there. This too has arisen directly out of the perceived need by the (supra-national) state to be seen to be doing something about the problems it has itself helped to create, whilst of course denying that it had played such a formative role :

> "I would like to emphasise here that there is one idea that I cannot possibly accept : the idea that, in the Community, it is Brussels which is responsible for the reorganisation, in other words the negative, unpopular and difficult side, while it is the national governments which are responsible for improvements and conversions, in other words the positive aspects : loans, social welfare, aid, etc. This is an unacceptable division of responsibility."

(Davignon, 1980, 508)

Clearly, then, the supra-national state shares many of the characteristics of national states in capitalist Europe in that it bears an essentially contradictory relationship to capitalist society : it is dependent upon capitalist production but cannot guarantee the pre-conditions for the reproduction of capitalist social relations.

At the same time, though, the European Community displays an additional tension, one which it shares with member-states but is of over-riding significance for a supra-national state. That is, the EEC/ECSC is rooted in the antagonistic relations between nation-states; indeed, policy towards the steel industry, as one illustration, can only be understood in this context.[31] From the allocation of production quotas through to budgetary control over the allocation of readaptation benefits payments and of 'social volet' benefits, the fundamental questions concerning policy production are those of the implications for member-states. In a very real sense the EEC/ECSC exists both because of and despite the existence of nation-states. It is both a contingent reflection of the development of inter-state relations and a persistent constraint upon the development of each individual member-state. As such it reproduces the problematic relationship to society of national states whilst institutionalising the problematic nature of relations between member states.

The significance of the relations between member-states for the supra-national state is apparent in its form. Whilst members of the Council represent member states' interests, the Commission is officially charged with the functioning of the Community in the

interests of the Community. The European Parliament, following direct elections, has called for a Treaty of European Union, ultimately strengthening the supra-national state.[32] Hence the form of the supra-national state institutionalises the relations between national states in two ways. Firstly, the conflict between Council and Commission apparent in, for example, the delayed approval of the steel 'social volet' represents an expression of supra-national versus national tension - no member state was originally keen to increase the ECSC budget but all eventually agreed under Commission pressure provided they had greater control over its allocation. Secondly, conflict within the Council, evidenced for example in the hesitant West German support for the introduction of a steel quota regime in 1980, reflects inter-national tensions reproduced within the supra-national state. At the same time, the supra-national state has a complex form of its own stretching within and across this tension between member states. The organisation of policy production into Directorates at the Commission can lead to divergent views over policy, for example over the trend towards restriction of competition within EEC frontiers inherent in the policy of regulation in the steel industry. For this policy has been organised by Directorate-General III (Internal Market and Industrial Affairs), whereas Directorate-General IV (Competition) has been more interested in promoting the restructuring of production without state assistance or regulation, citing in favour of this Articles 85 and 86 of the Treaty of Rome.[33]

In this context it is of considerable significance that to date discourse concerning the rundown of the Community steel industry

has scarcely touched upon the question of supra-national state policy to the industry, despite the range of policy measures within this apparatus. A number of reasons can be offered to account for this. In the first place, many closure decisions have been made wholly with reference to the national state with Community measures seen as a palliative response, despite the fact that the Commission has been actively involved in the regulation of restructuring plans, albeit in a fashion heavily filtered by the interests of the member states. Secondly, limited mechanisms exist at the European scale for debate to be channelled into the institutions of the European Community. Questions might be asked in the European Parliament but the Commission and still less the Council are under no obligation to act. Finally, and perhaps most importantly, even if discourse were to be centred in and around the institutions of the supra-national state, as things currently stand it is certain that conflicting member-states' interests would obstruct the path to progressive policy formulation. In other words the historical development of supra-national state policy to the steel industry, whilst an esssential framework for consideration of events, is no more and no less than that - background within which and through which the formation of national state policy has been carried out.

Equally, it is important to remember that whilst the supervisory powers allocated to the supra-national state in the steel sector are relatively strong, the fiscal resources are of very small magnitude by comparison with the main instrument of EEC/ECSC activity, the Common Agricultural Policy (CAP). This reflects

the degree of importance attached to agriculture by member-states within the Community : both **within** certain member states and, especially, in the sense of trade-patterns **between** member-states. Such problems will be of even greater significance when Spain and Portugal join the EEC (Hudson and Lewis, 1982a). The supra-national system of rules may be strong with regard to steel : the resources lie in the agriculture sector. Hence whilst supra-national state powers with regard to the steel industry have a degree of independence from nation-state powers, the source of nearly all the fiscal resources used to alleviate the problems within this sector lies within the nation-state; what supra-national resources there are form but a fraction of the EEC/ECSC budget. Accordingly we move on to consider three particular national case-studies within the EEC/ECSC : France, West Germany and, first of all, the United Kingdom.

IV.5 Concluding comments

We have demonstrated in this Chapter, then, some of the policies developed by the EEC for both the regulation of steel production and for mitigating the consequences of capacity reduction within particular regions. These policies have been situated within the context of a theory of the EEC as an embryonic supra-national state, one conditioned by its problematic relationship to national societies and to national states. It is to three of these national societies that we turn in the following chapters.

Table IV.1 Total ECSC loans and guarantees to 31 December 1983

	m ECU	% of total
Coal industry	2885.9	25.7
Steel industry	5765.0	51.3
Thermal power stations	522.0	4.6
Industrial conversion	1382.3	12.3
Workers' housing	341.4	3.0
Iron ore mines	233.3	2.1
Miscellaneous	118.0	1.0
	11247.9	100.0

Note: ECU - European Currency Unit

Source: **ECSC Annual Financial Report**, 1983, 28

Table IV.2 Contribution of ECSC loans to European Community investment in the steel industry, 1974-83

	Capital investment in steel m ECU[1]	% contribution of ECSC loans
1974	2989.5	8.4
1975	3316.8	17.1
1976	3293.3	22.1
1977	2359.5	20.1
1978	2043.1	18.1
1979	2098.0	15.1
1980	2375.3	17.8
1981	2600.5	8.6
1982	2613.7	5.4
1983[2]	3200	7.0

Note: [1] ECU - European Currency Unit

[2] estimates

Source: derived from ECSC **Annual Financial Reports**, 1974-83; and **Investment in the Community coalmining and iron and steel industries**, annual reports from ECSC Commission, 1974-83.

Table IV.3 July 1983 Commission proposals for capacity reductions by 1985

	Output capacity 1980 (mt)	Closures since 1980 (mt)	Further closures called for (mt)	Total closures (mt)	Total closures as % of 1980 level
West Germany	53.1	4.8	1.2	6.0	11.3
France	26.9	4.7	0.6	5.3	19.7
Italy	36.3	2.4	3.5	5.8	16.1
Netherlands	7.3	0.3	0.7	1.0	13.0
Belgium	16.0	1.7	1.4	3.1	19.4
Luxembourg	5.2	0.6	0.4	1.0	18.4
U.K.	22.8	4.0	0.5	4.5	19.7
Eire	0.1	-	-	-	-
Denmark	0.9	0.0	-	0.0	7.0
TOTAL	168.6	18.4	8.3	26.7	15.8

Source: **Bulletin of the Commission of the European Communities**, 6-1983, para 1.1.4

Table IV.4 EEC steel quotas, by quarter, October 1983-June 1985

1000 tonnes	4/1983	1/1984	2/1984	3/1984 original	3/1984 addition	4/1984	1/1985	2/1985
Hot rolled coils	5125	4070	4213	3784	140	4356	4070	4039
Cold rolled sheet	3765	3520	3687	3352	110	3631	3576	3485
Galvanised sheet	918	852	905	852	40	958	905	936
Other coated flat products	830	757	814	688	0	806	818	829
Reversing mill plate	1279	1134	1179	1134	41	1293	1293	1300
Wide beams, sections	1334	1176	1176	1014	0	1049	1069	1122
Wire rods	2641	2485	2753	2485	0	2563	2484	2570
Reinforcing bars	2172	1836	1836	1646	60	1741	1709	1768
Merchant bars	2326	2176	2212	2034	35	2265	2192	2199

Source: **Financial Times**, 31 May and 25 July 1984, 22 February 1985

Table IV.5 European Community employment in the iron and steel industry, 1974-84

	Total employment, year end (x 1000)
1974	796.1
1975	767.4
1976	759.0
1977	716.9
1978	685.2
1979	670.4
1980	598.0
1981	548.8
1982	513.6
1983	479.2
1984 (June)	458.7

Source: Eurostat**Iron and Steel Yearbooks**, 1974-83 and Quarterly Bulletins, 1984

Table IV.6 ECSC loans by sector, 1974-83

% of total	74	75	76	77	78	79	80	81	82	83
Coal industry	16.5	20.0	16.9	29.3	32.9	35.2	22.6	7.8	34.6	33.0
Steel industry	66.3	70.5	68.3	66.5	46.5	46.8	41.1	57.7	18.9	28.6
Thermal power stations	3.0	-	-	-	3.9	6.1	8.7	6.9	5.5	16.5
Industrial conversion	13.1	7.2	5.9	2.2	14.2	8.7	25.8	22.2	22.0	17.9
Workers' housing	1.1	2.3	1.7	1.6	2.1	3.2	0.9	3.8	2.4	2.6
Iron-ore mines	-	-	7.2	-	0.3	-	-	-	9.7	-
Miscellaneous	-	-	-	0.4	0.1	-	0.9	1.6	6.9	1.4
Total %	100	100	100	100	100	100	100	100	100	100
Total amount m ECU	378	805	1064	742	797	676	1031	388	741	778

Note: ECU - European Currency Unit

Source: ECSC **Annual financial reports**, 1974-83

Table IV.7 ECSC Appropriations under Article 56.2 (b) for readaptation aid and number of workers involved

	Amount made available, mECU		Number of workers x 1000		'Social volet' mECU	
	Coal	Steel	Coal	Steel	Coal	Steel
1976	21.5	3.7	15.7	5.5		
1977	15.1	10.7	5.4	11.6		
1978	30.8	29.7	20.2	31.0		
1979	13.1	53.9	6.9	27.6		
1980	8.1	58.9	8.2	32.3		
1981	13.9	110.1	3.5	44.3		48.6
1982	41.1	73.9	11.5	22.1		113.4
1983	43.3	81.7	15.0	21.9		50.0
Total	186.8	422.6	86.4	196.4		212.0

Note: 1. ECU - European Currency Unit.

2. Appropriations represent budget allocations, not actual payments.

3. Number of workers involved does not include the 'social volet'.

Sources: CEC, **General Report on the Activities of the European Communities**, 1976-83.

Table IV.8 Periods of aid taken into consideration under the steel 'social volet', 1981

	Programmes of early retirement	Programmes of short-time working
West Germany	July 1981-December 1984	-
Belgium	January 1978-December 1982	-
France	June 1979-June 1981	-
Italy	February 1981-December 1982	January 1981-June 1982
Luxembourg	-	January 1980-December 1981
Netherlands	October 1980-June 1982	October 1980-June 1982
U.K.	April 1979-March 1982	-

Source: Com (83), 158, 13 April 1983

Footnotes to Chapter IV

[1] Bulletin of the Commission of the European Communities (hereafter Bull. CEC) 11-1977, 1.1.3.

[2] Bull. CEC, 12-1978, 1.3.2.

[3] Bull. CEC, 10-1980, 1.1.1-1.1.9.

[4] Bull. CEC, 6-1981, 1.4.1-1.4.3. An initial Commission decision on rules for state aid to steel producers had been prepared on 1 February 1980 and was due to expire on 31 December 1981. This was replaced by a Commission decision published on 7 August 1981 which recognised five catgegories of aids:

(a) investment aids;

(b) aids for closure;

(c) aids for continued operation, not permitted after 31 December 1984;

(d) aids to research and development;

(e) emergency aids, not permitted after 31 December 1981.

For details see Dominick, 1984, especially pp 392-401.

[5] Bull. CEC, 6-1983, 1.1.1-1.1.4.

[6] **Financial Times**, 23 December 1983.

[7] **Financial Times**, 27 January 1984.

[8] **Financial Times**, 21 January 1984.

[9] **Financial Times**, 3 February 1984.

[10] General Objectives Steel 1985 Com (83) 239, Brussels, 22 April 1983.

[11] Comments on the General Objectives Steel 1985 Com (84) 89, Brussels, 20 February 1984.

[12] **ibid**, p.1.

[13] **ibid**, p.1.

[14] **Financial Times**, 22 May 1984.

[15] **Financial Times**, 9 November 1984 and 18 December 1984.

[16] **Financial Times**, 26 January 1984.

[17] **Financial Times**, 31 May 1984.

[18] **Financial Times**, 25 July 1984.

[19] **Financial Times**, 22 February 1985.

[20] **Financial Times**, 6 March 1985.

[21] **Financial Times**, 22 March 1984.

[22] CEC, **Twenty-five years of the Common Market in coal**, Brussels, 1976.

[23] **Official Journal of the European Communities**,33, 16 May 1960, p. 781.

[24] ECSC **Annual Financial Report**, 1981, 30.

[25] **Report by the Court of Auditors on the accounting and financial management (Annex to the Annual Report ECSC, 1982)** Luxembourg, 21 December 1983, pp 23-24.

[26] Com (78), 570, 31 October 1978, revised as Com (79), 436,20 July 1979. See also European Parliament Document 1-215/1980, 9 June 1980.

[27] Com (80), 676, 28 October 1980.

[28] As note 25, pp 37-8.

[29] Com (83), 158, 13 April 1983. The Commission is also preparing a 'social volet' type programme for the coal industry.

[30] As note 25, pp 43-4.

[31] The significance of inter-national relations for the European Community is also apparent in the development of relations concerning trade between the EEC and other nation-states, an aspect of steel policy which has not been considered here.

[32] European Parliament Document 1-575/1983, 15 July 1983.

[33] **Sunday Times**, 18 July 1982.

CHAPTER V

The policies of British Steel, the 'Save Consett Campaign' and Ravenscraig

V.1 Introduction

In the following three chapters we seek to consider in detail the implications of broader changes within the sector of steel production for the constitution of national states and societies. One fundamental attribute of the steel industry is that whilst the processes of change are international, nearly all producers within the European Community are purely national in terms of location of production facilities, with very few exceptions.[1] The reasons for this lie in the historical development of the industry, once considered strategically necessary and still a touchstone of national economic policy. More importantly for present purposes, though, the national nature of steel producers means that there is considerable value in examining the development of the industry within certain nation states - most of the implications for state and society being readily apparent within national frontiers.

In broad terms, therefore, the outline for each of these chapters is roughly parallel. We begin by examining the relationship between state and society as captured in this one particular sector. From here we go on to consider the recent history of those companies engaged in steel production within a particular national territory, recognising this is contingent upon the character of the state/society relationship in question. Finally, we consider the way in which some of these events have been acted out in and through particular places, focusing especially on communities dependent upon steel production and threatened by the general decline of that sector throughout the

European Community. If necessary, of course, the material relevant to these themes can be compared by considering the appropriate sections across different chapters.

Our particular concern in this Chapter is the development of the British steel industry. In the post-1945 period this has formed one of the key divides between public and private sector, being nationalised in 1951, almost wholly de-nationalised the following year and partially re-nationalised in 1967. Consideration of the reasons for this successive series of attempts at public ownership, therefore, is of value in understanding the relationship between state and society in the post-war period. This in turn is of significance for our brief account of the development of the nationalised producer, the British Steel Corporation (BSC) after 1967. Finally, the major substantive content of the Chapter lies in two case-studies of the way in which broader national and international trends within both state and society take expression with regard to particular places. We consider here the closure of the BSC works at Consett, North West Durham, and the unsuccessful attempts to oppose this closure during 1979 and 1980. This can be contrasted with the (to date) successful defence from threatened closure of the BSC Ravenscraig works in Scotland.

V.2 British Steel : public or private?

The period of office of the first post-war Labour Government, 1945-51, saw what Jessop (1980) has termed the 'transformation'

of the British state. Particular characteristics of this transformation were the development of the welfare state and of the mixed economy. The dispute over steel nationalisation was of significance in that it established limits to the size of the publicly-owned sector within the mixed economy which were to remain effective for almost two decades. Electricity, gas, rail and coal were nationalised by the Labour administration and remained in public ownership after the Conservative Party won the 1951 election. The steel industry, on the other hand, was de-nationalised along with the road transport industry after 1951.[2] Yet by 1967, as part of what Jessop (1980) has labelled the 'second major transformation' of the British state, the majority of steel producers were nationalised and have remained so ever since. Why was this, and what does it tell us about the nature of British state and society?

In terms of contemporary debate, the arguments over the 1951 nationalisation were very similar to those in 1967. The major claim presented by the Labour party before 1951 was centred on the notion of monopoly in the steel industry. A booklet produced by the Labour Party Research Department (Fienburgh and Evely, 1948) concentrated on six major combines in the steel industry; Dorman Long, Colvilles, Stewarts and Lloyds, Lancashire Steel, United Steel Companies and Richard Thomas and Baldwins. These six companies owned seventy-five out of the national total of 157 blast-furnaces in 1946. Further, attention was focused upon the individuals in charge of the industry, with the conclusion that 'at the very outside, 100 men dominate the entire iron and steel industry and deploy outwards to link it with the rest of industry' (p. 39).

A further claim was that monopoly had led to high prices and the maintenance of inefficient plant. This was clearly stated in the two sentences of the Labour Party's first post-war manifesto which referred to iron and steel :

> 'private monopoly has maintained high prices and kept inefficient high-cost plants in existence. Only if public ownership replaces private monopoly can the industry become efficient.'
>
> (Labour Party, 1945, 7)

It was further pointed out that although steel prices rose by one-third between 1934 and 1939, coal prices had risen by only 20% (Fienburgh and Evely, 1948, 59).

These claims of monopoly and high prices were put forward again in the early 1960's. A Labour Party pamphlet of 1959, for instance, argued that restrictionist policies pursued by the 'monopoly' had led to an inadequate expansion of the industry's post-war capacity. Further, it claimed that the Iron and Steel Board, set up in 1953 to oversee the industry's pattern and course of development, was continually 'frustrated' by a recalcitrant industry (Labour Party, 1959).

The British Iron and Steel Federation (BISF), representing private capital in the industry, counter-attacked against the claim of monopoly control with a two-headed strategy. This consisted of, on the one hand, an argument in favour of private

ownership of the industry. The annual report for 1963, for instance, contained a presidential address with the following message : 'the industry is certainly providing enough steel (and) the industry is producing that steel efficiently' (BISF, 1963). On the other hand, an argument evolved aimed at directing the terms of debate from nationalisation to greater public supervision. This latter was the major element of the Federation's strategy.

Throughout both nationalisation debates the Federation consistently presented a case for greater public supervision, rather than outright nationalisation. In 1947, for instance, Sir Andrew Duncan, the Chairman of the BISF, negotiated a settlement with the Prime Minister, which was eventually rejected by the Cabinet in August of that same year (Ross, 1965). The main feature of the proposed settlement was an increased emphasis on the powers of the Iron and Steel Board, itself formed a year previously, on the condition that the government would only nationalise any particularly inefficient firms - and it was the Federation's case that there were very few of these. Again, in 1965, the chairmen of twelve major steel companies issued a statement which suggested that 'new legislation should establish a new Authority, charged with supervisory control of the Industry and having the powers necessary to this end'. They further believed that 'fully adequate control is obtainable without the need for state shareholdings in the individual companies' (BISF, 1965).

It is demonstrably the case, then, that the terrain of debate was not significantly different in 1967 to that of 1951. We must look elsewhere, therefore, for the reasons for the divergent outcomes. In particular, we must consider how the terrain of debate relates to deeper tensions between capital and labour over the ownership of the means of production of steel. The original impetus for steel nationalisation from the side of labour came in part from a resolution adopted at the 1934 Trades Union Conference and subsequently incorporated in the pre-war Labour Party manifesto. This resolution was put forward in the belief that nationalisation would help to safeguard employment, a belief that underpinned continued Labour Party and trades union support for nationalisation right through to 1967. The disjuncture between this belief and eventual outcome is a point of general interest; more important for present purposes is the consistency of the support from organised labour for nationalisation. For in 1951 capital within the steel industry was in a position to expect a period of considerable profit. The record levels of capacity utilisation during the war meant that finance existed to invest in new plant, whilst demand was likely to be buoyant during the post-war phase of reconstruction. Both for capital in general, then, in the sense of availability of sufficient steel, and for capital within steel, in the sense of anticipated high profits, there existed grounds to support the continued private ownership of the steel industry.

By 1967, however, the position had changed drastically. Profits as a percentage of capital employed had declined from a cyclical peak of 18.8% in 1960, to a low of 1.9% in 1967. Investment too

had declined, in response partly to low profitability, partly to the very threat of nationalisation, from an annual average of £315 m in the period 1960-62 to an annual average of £135 m over 1963-67 (table V.1). Nationalisation therefore presented long-term advantages to capital. For capital in general it would help to secure availability of sufficient steel, still a crucial industrial product for many other industries. For capital invested in steel production it would ensure, via generous compensation payments from the state, the opportunity to seek more profitable investment opportunities elsewhere (see McEachern,1979, 1980).

The nature of the compromise adopted in 1967 is revealing in this context. Whereas in 1951 the proposals had included every iron producer, steel producer and hot steel roller with a capacity in excess of 20 000 tonnes per year, in 1967 the proposals only embraced those producers who had an output in excess of 475 000 tonnes of crude steel in the year to 30th June 1964. This change was important because it signified a recognition that certain areas of steel production, typically the low-volume, special steels sector, were still capable of producing sufficient profit for them to remain in the ownership of private capital.

Hence both capital and labour came to agree on the necessity of a form of nationalisation, one ultimately to prove in the long-term interests of capital but not of labour. This is a crucial point, for it raises the issues of the intention for labour of nationalisation. A conception of politics whereby the state is effectively neutral is implicated here. The extent to which this

is tenable forms a central theme in our discussion of the history of the British Steel Corporation (BSC) after 1967.

V.3 BSC policies after 1967

Upon its formation in 1967 with the nationalisation of the fourteen largest UK producers in terms of steel tonnage output, the British Steel Corporation (BSC) was one of the largest bulk steel producers in the western world. The early history of the Corporation up to 1970 reflected a period of organisation and consolidation, before it embarked on a strategy similar to that recommended by the private sector before nationalisation (BISF, 1966), one of concentrating investment on the five "heritage sites" of Llanwern and Port Talbot in Wales, Scunthorpe and Teesside in England, and Ravenscraig in Scotland (BSC, 1973). This entailed closure or run-down of a number of inland facilities acquired on nationalisation, delayed following the "Beswick review" of 1974 but eventually carried through as the generalised recession in demand for steel products deepened throughout the late 1970's (see especially Bryer et al, 1982). The impact of this declining steel market on BSC's performance was dramatic. Crude steel output fell from 24.2 m tonnes in 1972/73 to 17.3 m tonnes in 1978/79, whilst small profits in the three years 1972-75 were replaced by cumulative losses of over £1000 m in the four subsequent years (table V.2). A further White Paper in 1978 (BSC, 1978) finally cancelled most of the major investment programmes proposed in 1973, although many of

these had been delayed anyway following the uncertain nature of the steel market.

Throughout its history even before 1979, then, BSC had displayed a willingness to close plants and shed employment. In this the Corporation was assisted by the accommodative nature of trades union organisation in the industry, one owing much to the traditions of the early organisation of labour in iron and steel production[3]. The structure of trades union organisation in the industry mirrors the divided nature of the class of workers employed in it. Currently there are eighteen unions involved in negotiations with BSC. The two numerically dominant unions are the Iron and Steel Trades Confederation (ISTC, formerly BISAKTA : British Iron, Steel and Kindred Trades Association) and the National Union of Blastfurnacemen (NUB). Fourteen diverse craft unions negotiate jointly under the umbrella of the National Craftsmen's Coordinating Committee (NCCC). Finally, the General and Municipal Union (GMBU), and the Transport and General Workers' Union (TGWU) organise a limited number of employees with more general skills. The eighteen unions meet together in the TUC Steel Industry Consultative Committee (TUCSICC, referred to hereafter as the Steel Committee), the composition of which is 6 ISTC, 4 NCCC, 3 NUB, 2 TGWU and 2 GMBU (Upham, 1980).

As might be expected, such a diverse organisational structure has led to some inter-union rivalry. For example, on its formation in 1967 BSC, on the advice of the TUC, refused to recognise the white-collar unions ASTMS (Association of Scientific, Technical

and Managerial Staff) and CAWU (Clerical and Administrative Workers Union). The 7,600 members of these two unions engaged in BSC took strike action which was only resolved when a Commission of Inquiry under Lord Pearson (HMSO, 1968) recommended that BSC should recognise the union membership of the striking workers. Following the decision leaders of the main manual unions issued a directive forbidding their members to take orders from any member of the two white-collar unions. The situation was only resolved when a complex formula was negotiated giving essentially only local recognition to the two white-collar unions (see Owen Smith, 1971, 42).

Faced with this disunity, the trades unions came to adopt a policy of active co-operation in a series of closures at BSC. For instance at its annual conference in 1973 the Iron and Steel Trades Confederation, the main steel workers' union, adopted a policy of accepting closures provided alternative employment was available for the workers made redundant by BSC (Upham, 1980). This line soon came to have general acceptance throughout the labour movement as shown by the following resolution adopted by the Labour Party, Wales, at its annual Conference in May 1975:

> 'This Conference confirms its policy that no redundancies arising from the modernisation of the steel industry should take place without suitable alternative employment being available within reasonable travelling distance of the workers' homes.'

(Nationalised Industries Committee, 1977, III, 83)

During this period also, members of the multi-union Steel Committee were constrained by what came to be an over-riding concern not to be seen to favour one plant or works over another. This concern was voiced clearly by Bill Sirs, chairman of both the ISTC and the Steel Committee in 1976:

> 'Painful change would have to be: this the Committee had to accept. But the Committee took a deliberate decision for which they were subsequently criticised in certain quarters, not to formulate a development strategy of their own. For they knew that if they did this those of their members at the works which any "Steel Committee Strategy" would have to propose for closure might have felt abandoned by their own unions.'
>
> (Sirs 1977)

On the other hand the Steel Committee, which was empowered to negotiate on any issue except wages, was essentially useful to BSC in that it provided them with a framework within which the questions of job loss and works closures could be put forward (see also Bryer et al, 1982, 243; 252-3). This was recognised by the Corporation when in 1975 it invited the Steel Committee to participate in the newly-formed job-creation subsidiary, BSC (Industry). These lines of argument were maintained by the trades unions until late in 1977, when, following the negotiation of enhanced redundancy pay by the local union officials at the Clyde Iron Works in return for agreement in redundancies the Steel Committee was called in to negotiate a slightly better deal

at Hartlepool. From this time onwards the Steel Committee placed greater emphasis on the negotiation of redundancy payments than on the provision of alternative employment (see Upham, 1980, 8). The shift in emphasis does not disguise the continued active acceptance of job loss and works closure.

Faced, then, with the obvious weaknesses of organised labour within the steel industry, and given both the historical debate over public ownership of that industry and the start made by the previous Labour Government in its planned decline, it was hardly surprising that the Conservative Government elected in May 1979 should seek rapidly to impose its monetarist policies upon BSC. As Morgan (1983) has demonstrated, the crucial change with regard to BSC, inaugurated as part of the overall attempt to reduce the Public Sector Borrowing Requirement (PSBR), was a drastic reduction in BSC's External Financing Limit (EFL), the funds made available by central Government to cover the operating losses of nationalised industries which cannot be met by internally-generated funds. The administration's intentions were made explicit in a statement by the Secretary of State for Industry in the House of Commons on July 3rd 1979, just two months after the General Election:

> 'I have set the Corporation the target of operating at a profit in the 1980/1 financial year, after providing for depreciation and interest. To reinforce this target the Corporation's cash limits for 1980/81 will be set at a level intended with internally generated funds, to cover fixed

investments and the essential capital requirements. The Government does not intend to finance operating losses'.

(from BSC, December 1979 "The Return of Financial Viability", reproduced in ISTC (1980), p. 126. Emphasis added).

The initial EFL for 1980/81 was set at a level significantly reduced from that for 1979/80, from £700 m to a provisional £450 m. For other industries in a comparable position marginal increases were approved : from £709 m to £834 m for the National Coal Board and from £715 m to £754 m for British Rail (Lever Enquiry, 1980, 24). Given such tight external constraints on its operating budget, the British Steel Corporation was forced into a programme of redundancy and capacity reduction. This point was recognised as early as November 1979 when a House of Commons debate was initiated by the Opposition noting

"the restrictions placed upon the British Steel industry by Her Majesty's Government's pursuit of an unrealistic financial policy"

(**Hansard**, vol 973, 7 November 1979, col 435);

in which Barry Jones (Lab., Flint E) put forward the point that:

"At the heart of the problem are the rigid cash limits. The policy of not funding BSC losses in 1980 means that the Corporation can move nearer to solvency only by closures."

(ibid, col 483)

Continuation of these rigid financial limits after 1979 (table V.3) has meant massive contraction at BSC. Manned production capacity was cut from 21.5 m tonnes to 14.4 m tonnes during the first three years of the Government. Cuts in manpower were even more severe, from 186 000 to 104 000 by March 1982 and to 71 000 by March 1985 (table V.2). Through this consistent reduction of the scope and extent of the state sector, the Government aims to create profitable investment opportunities for private capital. The Iron and Steel Act 1981 had three main provisions: these allowed for the eventual liquidation of BSC; the sale of assets to or joint ventures with private capital by BSC; and an exemption from BSC's previous statutory obligation to provide the full range of steel products (Morgan, 1982, 7). Hence in 1976 the then Chairman of BSC, Sir Monty Finniston, could state:

> 'Redpath Dorman Long (a BSC-owned engineering and construction company - D.S.) I think is typical of the kind of direction in which the Corporation wants to go. It cannot confine itself purely to iron and steel because there is profitable and gainful employment and advantage to the nation if we develop downstream of iron and steel activities.'

(evidence to Nationalised Industries Committee, 1976, para. 50)

But by 1983 the position was such that Industry Secretary Patrick Jenkin could declare:

'Our aim is the privatisation of as much as possible of BSC's activities'.

(evidence to Industry and Trade Committee, 1983, para. 270)

By March 1983 three major joint ventures with the private sector had been completed; Allied Steel and Wire, British Bright Bar and Sheffield Forgemasters. In the financial year 1983/84 five further joint ventures were negotiated. The total book value of assets disposed of since 1980 amounted to £274 m (table V.4).

Organised labour, then, has been faced with a concerted Government - led attempt drastically to reduce capacity and employment in the steel industry. As part of this process of restructuring of class relations within British state and society, the trades unions came only gradually to recognise the situation. The first signs of belated action concerned the closure of the Corby works of BSC. This came to the fore in February 1979 when BSC announced that it was reviewing the future of the works. For nearly eight months after this announcement, local union officials refused to invite the Steel Committee in to discuss the case. Fearing that their presence would indicate that closure was negotiable, this was symptomatic of a broader distrust of the national trades union structure (Baker, 1982). In the event, when the Steel Committee first met BSC at Corby, on 20 September, the Corporation merely issued formal notice of closure of the 'Heavy End' (the steelworks but not the tubeworks), with run-down to begin in January 1980. On the 1st November the Steel Committee presented BSC with a detailed case

arguing against the closure decision (for a shortened version of this case, see Bryer et al, 1982). Significantly, the BSC refused to recognise the arguments put forward in the Steel Committee case (see Upham, 1980, 10-11).

This refusal to countenance any discussion over the future of Corby produced a sharp reaction from the ISTC. At an Executive Council meeting the following day, it was possible to detect what can only be described as a definite hardening of the union's attitude. The minutes of the meeting referring explicitly to Corby, noted that:

> 'despite the well-reasoned documentation that had been prepared by this union, the Steel Committee and Warwick University, the Corporation were not prepared to countenance any alteration of their programme of closures regardless of the merit of our arguments ... A long discussion ensued ... Most of the members who contributed to the debate pressed for a more militant policy to be adopted, and that in the future discussions with the Corporation the unions should be prepared to exercise a greater degree of hostility'.

(ISTC Annual Report, 1979, 227)

Further, one of the resolutions adopted by the meeting was that:

> 'All branches in the Public Sector are instructed to cease negotiations on manpower reductions immediately.'

(ibid)

However, the ISTC was unable to find support for its new policy attitude from the other steel unions. At the November meeting of the Steel Committee, the ISTC put proposals for industrial action over the closures issue: but only the NCCC supported the ISTC proposals (Upham, 1980, 12).

As recognition of the new policy attitude towards the industry deepened, the steel unions were soon drawn into a long strike over the issue of wages. The first national steel strike since 1926 lasted from January to March 1980. This was of particular significance, for two main reasons. In the first place, despite BSC's insistence throughout a four month long series of pay talks (table V.5) on an element of the pay increase derived from local productivity improvements, the strike remained solely over the question of wages, and was never extended to cover the issue of job losses. For example when BSC described the local bonus scheme, the emphasis was on performance at works level or above:

'Lump sum payments will be made at local level provided that it has first been demonstrated that:

a. the cost of such increases has been funded by improved financial performance.

b. such payments will derive from agreed schemes designed to measure financial performance on a Divisional or Works basis.

c. it is understood that the schemes described above will be applied to units at Works level and above.'

(Source : BSC Submission to Lever Enquiry, p.5, emphasis added).

In the context of the declared intentions of the BSC to streamline its workforce, it should have been apparent that an implicit feature of the improved financial performance identified above as an essential prerequisite for the payment of a local productivity bonus was the reduction of the labour force at the particular Works or Divisional unit. This was even made explicit when, in the same submission, BSC identified the basis for the assessment of productivity improvements:

> 'Better business results and productivity are shown in improvement in added value related to employment costs.'

(Source: BSC Submission to Lever Enquiry, p.6) See also note [4].

Despite this inter-connection between the wages issue and the jobs issue, the unions never negotiated with BSC over the two issues together. Indeed, the terms of reference of the Lever Enquiry which finally resolved the dispute specifically excluded the issue of job losses, confining the enquiry to the settlement of the wages issue.

Secondly, although there is no direct evidence for the view that the pay strike was deliberately engineered and kept separate from the jobs issue in order to weaken union opposition to a closure programme, as put forward by Routledge (1980), there can be no doubt that the performance of the main unions involved in the steel strike served only to emphasise the relative disunity of this particular section of the class of labour. This point can be illustrated by the history of the negotiations (table V.6).

As can be seen, the main unions failed conspicuously to develop a joint negotiating position until relatively late in the dispute. As the Steel Committee was specifically excluded from discussing matters to do with wages, a temporary substitute to discuss this issue had to be created: the Iron and Steel Co-ordinating Committee. Even this body had its limitations; on the 25th March 1980, one day after the last meeting of the Co-ordinating Committee with BSC, the NCCC withdrew from the Committee to negotiate separately with BSC.

Following the conclusion of the pay strike in March 1980, the ISTC produced a strategy of their own for the steel industry in 'New Deal for Steel' (ISTC, July 1980). The reason for the production of the strategy was outlined in a foreword by Bill Sirs:

> 'My union has a long and proud history of negotiating its objectives. Last November, however, we became convinced that the Corporation were only going through the motions of listening to our views. Meetings were only being used to seek to extract from the trade unions ratification to previously made BSC decisions.'

(ISTC, 1980, 4)

Crucially, however, the arguments put forward centred on the issue of corporate strategy at BSC without any consideration of the wider issue of the role of the state apparatus. Thus the strategy challenged six key points of BSC's argument for capacity

reduction: the slump in world demand, the existence of world steel overcapacity, the low level of world steel prices, the impossibility of profitable exporting, the reliance on the U.K. domestic market and the importance of charging the highest prices the market would bear (p. 9). The alternative strategy contained five elements (p. 42-74):

- a cut in BSC prices by 10%, costing £500 mpa to be made up either through operational improvement or an increase in the level of state subsidies;

- a new aggressive commercial policy;

- a drive to increase, rather than decrease, exports;

- an improvement in product quality, entailing new investment at the finishing stage; and

- more flexibility i.e., a re-assessment of the use of electric arcs and more customer choice of where the order is made within BSC.

The issue of the role of the state and its relationship to BSC was implicit in a number of these proposals: in particular, the use of electric arc furnaces, and the level of state subsidies. The strategy, however, did not go on to consider the broader implications of the assessment of corporate strategy. This deficiency seriously limited the effectiveness of the ISTC campaign. By merely challenging BSC at the level of surface

appearances, and by failing to analyse the relations underlying the surface appearance[5], 'New Deal for Steel' represented nothing more than a technical argument which could be responded to at that level by BSC: the more so as later events tended to favour the BSC forecasts rather more than those of the ISTC, notably the decline in demand.

Despite the adoption of a more aggressive policy by the ISTC in November 1979, then, the weakness of the labour movement as a whole prevented the development of a common argument and strategy for the steel industry. This weakness was also evident in the way in which the issues of jobs and wages were separated during the 1980 strike and the ISTC alternative strategy failed to go beyond consideration of BSC policy to examine the nature of state involvement despite the significance of the reduced external financing limit. In this steel is by no means unique in post-1979 British society, for it is not just in this industry that there has been a drastic reduction in employment with no coherent counter-proposals from labour. The fact that the campaigns discussed below actually took place demonstrates that there has been a degree of organised opposition to closure. This protest, though, can be categorised as of a short-term nature, aimed at protecting specific localities at specific times. A long-term strategy for the industry must take account of the collapse of the U.K. steel consuming sectors after 1979 (see Morgan, 1983), and of the relation between state, capital and labour as examined above. Without this, short-term protests are inherently restricted and limited to statements which are capable of being accommodated by the state in its various forms. Just how this

has taken place historically is a question we turn to in our discussion of two specific anti-closure campaigns.

V.4 The Save Consett Campaign

In this section we consider the case of Consett steelworks, which was closed in September 1980 after a ten-month debate following BSC's announcement of closure in December 1979[6]. Prior to this, however, there had been considerable uncertainty over the future of iron and steel-making at Consett, as can be shown by a brief examination of the events at Consett Iron Co. Ltd. before nationalisation in 1967, and the fears for the works within the framework of BSC after 1967. Following this we describe briefly events at Consett in the ten months leading up to closure before isolating three significant problems facing any organised opposition to BSC's closure decision: the early intra-class friction generated by the national strike; the temptation to individual workers to accept enhanced severance pay; and the tactics of 'disinformation' adopted by BSC. The crucial section of this analysis focuses on the arguments put forward by BSC and the 'Save Consett Campaign'. It can be shown that ultimately the two sides were arguing different cases: the BSC, whilst initially adopting a **'profitability at works level'** approach, later argued for closure on grounds of **sheer over-capacity.** The Save Consett campaign, on the other hand, continuously argued on a **'profitability'** criterion thereby ignoring the constraints imposed on BSC by the existence of over-capacity and the pressure

exerted on BSC to reduce that over-capacity. In this way, although the Consett campaign did entail some consideration of the future of the Teesside Works of BSC, dependent as it is upon a single blast furnace, it was unable to penetrate the spatial separation of the labour force encouraged by BSC. This separation on geographical grounds was encouraged by one of the more unusual features of events at Consett, the projected take-over of the works by private capital. Indeed, it can be shown that ultimately the Consett works was completely isolated both in class terms and in regional terms, making the enactment of BSC's closure decision inevitable.

Consett Iron Co. Ltd. was founded in 1864 to take over a works established in 1841 on the basis of local coal and iron ore supplies. The company rapidly rose to prominence among national steel producers; by the late 1880's it was producing up to 10% of national steel output, with a labour force of some 6000 (BSC, 1972). The most significant developments for present purposes came after World War Two. From 1943-1950 the company constructed three new blast furnaces, and in 1947 it took over the light section mill of the New Jarrow Steel Co. Ltd. The company was nationalised in 1951 and sold back to private capital in 1955.

By this time, however, the company was dependent upon imported rather than local ores, so that its status as an 'island' was already established. On the other hand, the company continued to adopt a progressive policy of investment; in early 1959 work started on a new plate mill which commenced rolling in September 1960; to feed the plate mill, new steel-making capacity was

installed, commencing operations in 1963. This new capacity consisted of a mix of Kaldo and L.D. oxygen steel converters, making Consett Iron Co. the first U.K. steel producer to use the oxygen steel-making route.

Significantly, though, the plate mill and steel plant required a considerable investment by the company (table V.7). Under these conditions operation at close to full capacity was necessary to maintain profitability. Unfortunately, however, the steel market was, throughout this period, considerably depressed. Further, the plate market in particular was at a very low level, considerably affecting the level of operation of Consett's plate mill. This was a point emphasised by Roland Cookson, the Acting Chairman, at the AGM on 11th August 1964:

> 'The completion of the new plate mill and construction of the new oxygen steel plant coincided with the recession in heavy steel to which I have already referred. The result was that we did not earn the expected profits to help finance these major projects. Our indebtedness to the Finance Corporation for Industry and to our Bankers has thus risen to a high figure.'

(Consett Iron Co., **Annual Report**, 1964)

The effect on the company's finances of this investment in new capacity at a time of stagnant or declining demand was reflected in the profit and loss account and in the dividends paid (tables V.8, V.9). On the definition adopted by BSC, profit ratios at

Consett Iron Co. Ltd. were consistently lower than at the other major steel producers in the North-East of England, and also consistently lower than the mean figure for the 14 bulk steel producers nationalised in 1967 to form BSC. This was reflected in the dividends paid by the three major North East steel producers over the same period. Although no direct comparison can be made between the company figures, reflecting as they do a variety of different company policies, it is significant that for practically the entire period, the dividends paid by Consett Iron Co. Ltd. were lower, in some years markedly lower, than those paid by the region's two other major steel producers. Even by 1967, iron and steel production at Consett was becoming less of an attractive proposition to capital than at other steel-works within the North East.

Before nationalisation in 1967, two further events posed serious questions over the future of iron and steel-making at Consett. In 1966 the British Iron and Steel Federation belatedly produced its own blueprint for the future of the industry, popularly known as the Benson Report (B.I.S.F. 1966). This document foresaw the increasing significance of coastal sites for iron and steel production, and consequently saw no great future for inland sites such as Consett. In the same year, almost as if to back this up, talks of a possible merger began between South Durham Steel and Iron Co. Ltd. and Dorman Long - a merger which went ahead the following year. In itself, coming just before nationalisation of both companies, the merger meant little; more significant is the fact that Consett Iron Co. Ltd. was not considered as a possible third party to the merger.

The threat to Consett became more apparent in the early '70's, prior to the publication of BSC's Ten Year Development Strategy in 1973 (BSC, 1973). In a parliamentary debate in 1972, just prior to the publication date, the then Secretary of State for Trade and Industry made the situation clear:

> 'Consett will operate as a steelmaking concern certainly until late in this decade. It is impossible to make a decision beyond that. I am advised by the BSC that it is considering Consett as a possible supplementary source of billets together with a number of other candidates.'

(Peter Walker, **Hansard** Vol. 848, 21 December 1972, col. 1589)

This view, repeated in the White Paper, drew a swift reply from Consett's M.P., David Watkins:

> 'A major reassessment of the position at Consett is required. There is a problem here requiring immediate attention. We face a rundown of about six to seven thousand jobs in an area totally dependent upon these jobs.'

(**Hansard**, Vol. 849, 25 January 1973, col. 717)

Indeed throughout the late 1970's there was a steady decline in the labour force at Consett, from 5700 in 1972 to 4000 in 1979. Thus, even before the closure announcement in December 1979, there had been a long period of uncertainty over the future of iron and steelmaking in the town (Table V.10).

However, BSC's announcement that Consett was to close, made on 11 December 1979, still came as a tremendous shock to the town. The Hownsgill plate mill had been shut down two months previously with the loss of some 300 jobs and it was hoped that with this loss-making plant gone the works had a brighter future. A campaign developed to save the works, at first slightly confused by the start of the national steel strike on 2 January 1980. A small rally against closure on 8 February was followed by a larger one of some 3000 people on 14 March. 'The Case for Closure' was presented by BSC on 12 June and was met by a further protest rally of some 2,500 on 20 June, a demonstration by some 600 Consett people in London on 9 July and a trades union commissioned document, 'No Case for Closure', presented to BSC on 23 July with a further protest march of some 2000 two days later. BSC argued, though, that the trade union case presented no new evidence and on 4 September a meeting of 2000 voted to accept closure and begin negotiations on severance terms. Eight days later the last cast of steel was poured at Consett.

Throughout the campaign three features proved to be more than just minor hindrances. In the first place, the national steel strike in the first three months of 1980 played a not insignificant role in exacerbating the tension which already existed between the various union branches at the works. Further, this heightened tension was responsible for the delay of nearly two months between BSC's announcement of closure and the formation of any kind of framework within which to organise opposition to the closure. These divisions within the workforce at Consett over the strike issue mirrored similar problems at the

national union level. Thus at Consett, on the 27 December 1979 600 members of craft unions approved the following statement:

> 'We believe any strike at Consett in the present circumstances would be an act of utter folly which could only result in the BSC's closure proposal becoming an immediate certainty. The strike would enable BSC to escape from their present embarrassing difficulty in attempting to justify closing a profitable works. The Corporation will be able to claim that the workers themselves had brought about the closure by striking.'

(Reported in **Consett Guardian**, 3.1.80)

However, after the pay claim put forward at national level by the NCCC (National Craftsmen's Co-ordinating Committee) was rejected by BSC on the 9th January, 1980, members of the Allied Craft Committee at Consett voted to join the members of the ISTC and NUB on strike from the 15th January. The local strike committee at Consett, consisting of members of the ISTC and NUB, had obviously taken exception to the actions of the craft unions; for on the 19th January they turned down an offer by craft union representatives to make their membership available for picket duty (**Newcastle Chronicle**, 19.1.80)

A further example of disunity at the local level mirroring events at the national level is provided by the craft union policy of negotiating with BSC independently of the ISTC and NUB. On the 10th February 1980 the craft unions at national level

provisionally accepted a BSC offer of 10% basic increase plus a further 4% conditional on local productivity agreements, an offer which had already been turned down by the ISTC and NUB. On the 15th February the craft unions decided instead to reject the offer: but this did not meet with the unanimous approval of their Consett membership. On the 19th February a meeting of some 700 members of craft unions at Consett voted to be informed and balloted about any future pay offer. Further the local chairman of the Allied Crafts Committee, George Wood, revealed that:

> 'I think we would have accepted the last offer locally, because of the interest in saving the works.'

(Quoted in **Newcastle Chronicle**, 19.2.80)

This obvious disunity among the workforce at Consett can only have contributed to the delay in developing an organisational structure within which to develop a campaign against closure. Nearly two months elapsed between the closure announcement and the formation of such a structure. Thus it was not until the 4th February that a 'Draft policy statement' was issued by the 'Save Consett Campaign' a broad statement which effectively did little more than declare opposition to closure.

A second obstacle to the mounting of an effective campaign against closure, though in this case an obstacle common to all previous closures, is that of the temptation to individual members of the workforce to accept the relatively generous severance payments offered by BSC. This was a further factor in

the relative lack of organisation in the anti-closure campaign, for initially several union officials accepted the closure and saw their task as the negotiation of the best possible redundancy terms for their members. This viewpoint was put forward by, for example, Aiden Pollard, a convenor for the joint crafts unions:

> 'We must try our best to gain the greatest amount of compensation for our members to equip them for survival and mount a socio-political campaign to bring real investment to the Consett area.

(quoted in **Newcastle Chronicle**, 15.12.79)

The dangers of such an argument for any anti-closure campaign were recognised by Bill Sirs, chairman of the ISTC, in his address to the first major Consett rally on the 14th March:

> 'I challenge you not to do one thing ... not to look with any sort of greed at severance payments which would absolutely destroy this town.'

(quoted in **Newcastle Chronicle**, 15.3.80)

Ultimately the distinction which was drawn, and generally accepted, between a campaign against closure or a campaign for enhanced redundancy payments proved to be a false one. Redundancy terms agreed in September 1980 entailed an initial payment of 25 weeks' wages at the normal rate, plus 10 weeks' holiday pay, plus up to an extra 12 weeks pay in lieu of notice,

dependent upon length of service - one week for every year's service. In addition, a further 25 weeks' pay at the normal rate was given as a lump sum one year after the closure. Thus, for example, an employee with ten years' service received a sum of £8000. Crucially, however, throughout the campaign, the distinction was accepted creating a further source of disagreement between the various unions.

A third difficulty in the way of organising an effective campaign was the strategy adopted by BSC, and in particular two elements of this strategy. In the first place, throughout April and May of 1980, BSC adopted the tactic of 'disinformation'; that is not providing further evidence to support their closure decision. Thus although BSC promised on the 10th April to provide a detailed argument to support their decision within four weeks, such an argument was not forthcoming until the 12th June, with the presentation of the document 'The Case for Consett Closure'. The problems such a delay presented to the campaign organisers were recognised by John Lee, secretary of the 'Save Consett Campaign':

> 'We have had no positive information from BSC since the closure was announced in December, and we think this has been a deliberate tactic on their part. We think they planned not to give us any information in order to demoralise and frustrate our members to the point where they would be prepared to accept any decision.'

(quoted in **Consett Guardian**, 12.6.80)

The second element of BSC strategy involved bringing forward the closure date. Thus although on the 12th August BSC confirmed that the closure was still scheduled for September 30th, it had already been announced before the annual holiday fortnight, the first two weeks in August, that after the break one of the works' blast-furnaces was to be shut down. On the 29th August, Ian MacGregor, BSC Chairman told the national Steel Committee that the scheduled closure date had been brought forward to September 6th.

In the end, the last cast of steel was made on September 12th. This uncertainty over the scheduled closure date served to break any final opposition to closure; on September 4th the workforce voted to begin negotiations over severance terms.

The most fundamental issue about the Save Consett Campaign, however, is the ground on which it was fought. Even had these contingent difficulties been overcome, it had little chance of success because it failed to identify the key issues. That is to say, although BSC initially presented the closure of Consett as a question of closing an unprofitable works, operational improvements at Consett soon made this argument tenuous, so that BSC switched to justify the closure as a matter of reducing corporate over-capacity. The anti-closure campaign failed conspicuously to identify this issue or criticise it as a basis for closure.

That the BSC case for closure initially rested upon a criterion of 'profitability' at works level is evidenced by Consett's own M.P., David Watkins:

> 'I took a deputation to meet the chairman and other executives of the BSC on 30th October. That deputation comprised members and officials of Derwentside district council and Durham county council ... We were told that Consett is not safe unless it is profitable and that BSC can guarantee absolutely nothing. We were also told that we must talk about profitability and not about numbers employed.'

(**Hansard**, vol. 973, 7th November 1979, col. 466)

In presenting such an argument, BSC could point to the poor operating record of the plant over the past five years (table V.11). The cumulative loss amounted to some £54m. Unfortunately for BSC given this position, from September to December 1979 the Consett works made a small profit, a change due mainly to the closure of the Hownsgill plate mill (table V.12). However, the BSC concern with profitability had only served to legitimate the closure in an attempt to mask the real issue, the need to cut capacity in response to the reduced external financing limit imposed on the Corporation. This was implicitly recognised by David Watkins in an interview about the meeting with Charles Villiers referred to above:

> 'There is no denying we were quite deliberately misled. We were told at that meeting the Consett Works must be made profitable if it is to survive. That profitability was already in the process of being achieved, yet it was only a few weeks later the closure of the whole works was announced.'

(quoted in **Consett Guardian**, 13.3.80)

Further evidence that the real reason for closing Consett lay in the need to cut capacity is contained in the BSC Corporate Plan for 1980/81, written in December 1979 but not publicly available until published in the ISTC alternative strategy 'New Deal for Steel' in July 1980:

> 'The retention of this plant (Consett) and Normanby Park, even with some flexing of the Sheffield Arcs, would provide too much capacity in the square route.'

(ISTC, 1980, 107)

This was echoed by Charles Villiers, the chairman of BSC during the early part of the closure debate, who later said of Consett:

> 'They did just get a profit but we had too much capacity elsewhere.'

(Newcastle Journal, 19.5.82)

Indeed, in their document outlining the reasons for closing Consett, 'The Case for Consett Closure', presented on June 12th, the argument that the Consett works **per se** was unprofitable was abandoned. Rather the document argued that the closure was necessary because of the need to cut capacity in the Corporation as a whole:

> 'The Corporation proposed to close the Consett Works, since despite its much improved cost performance achieved in 1979,

closure of Consett capacity will result in an appropriate reduction on the Corporation's overall billet capacity.'

(BSC, June 1980 **'The Case for Consett Closure'** para. 5)

The document further argued that the Consett order load could easily be transferred elsewhere, with a Consett billet mill load at 13, 300 tonnes per week absorbed by the Appleby Frodingham Bloom and Billet mill (approx. 10 000 tpw) and the Normanby Park Billet mill (approx. 3 000 tpw):

'There is nothing of a particularly special nature in terms of steelmaking quality, surface quality of billet, standards of metallurgical treatment or properties which require particular Consett plant capabilities, and is therefore not readily transferable.'

(ibid, para. 28)

The reply to the BSC case, presented by the Joint Trade Unions of Consett Steel Works on the 23rd July, followed a completely different line of argument. It argued that Consett as a works was profitable and could be profitable in the future, thereby over-looking the fact that the BSC case rested on corporate over-capacity, and not even considering the reasons why that over-capacity should be reduced. In this way, the trade union case attempted to respond to the first legitimating principle put forward by BSC, that of profitability; ignored the second

legitimating principle, corporate over-capacity; and failed to recognise the real point at issue, the external pressure on BSC to reduce steel production capacity.

Specifically, the trade union brochure 'No Case for Closure' of July 23 (hereafter 'No Case') examined three elements of the performance characteristics of the Consett Works. The first characteristic, productivity achievements, directly reflected the concern of the campaign with profitability at a works level. It was claimed that actual productivity at Consett during 1979 was of the order of 240 tonnes of liquid steel per man per year, contrasted with a BSC average of 238 tonnes/man/year (p. 1). The report went on to emphasise the production records established during 1979 (p. 5-6) before concluding that

> 'Analysis of productivity and performance indications clearly show that Consett is a highly productive, extremely resilient works which has consistently proved capable of out-performing the break-even targets announced in August 1979.'
>
> (p.7)

The second element of the case built upon the argument advanced about productivity by claiming such achievement made the Consett works suited to the implementation of a policy designed to hold back import penetration. Thus, the brochure detailed the

deliveries of 'semis' (blooms, billets and slabs) from Consett during 1979. These deliveries amounted to 0.4 m.t. to customers within BSC and 0.28 m.t. to private sector re-rollers (p. 10). After examining the level of import penetration to the private sector, the report concluded that:

> 'By virtue of its highly productive environment and the quality and reliability of its production the Consett Works is ideally suited to implement a policy designed to reverse import penetration in the market now served by the Works.'

(p. 17)

The third performance characteristic identified by the report was one of quality of finished product. The report quoted from an 'independent survey' of Consett's customers, but gave no direct evidence beyond detailing four anonymous interviews. It concluded that all Consett's transfer customers within BSC had lower rejection rates from Consett supplies as compared to any other BSC source (p. 18) and that 'very few' of Consett's private customers were indifferent to the closure decision (p. 19).

'No Case' went on to outline an alternative future for the Consett Works. In the short-term it argued that Consett should be loaded preferentially to other plants producing similar

products, by virtue of the works' productivity outlined earlier in the brochure. In the medium term, it argued a more contentious point. From the premise that steel production by the electric arc route was likely to become increasingly unprofitable as the real cost of electricity increased, the report maintained that Consett was ideally suited to produce steels of special quality previously produced in electric arc furnaces. In this role, the report suggested Consett had two particular advantages over other works; relatively small B.O.S. vessels (p. 35) and the ability to produce special quality steel by the Basic Oxygen route. The report concluded

'Therefore the medium-term aim of the alternative strategy for Consett is to move production up-market drawing on the large reservoir of skills and experience mistakenly ignored by the Corporation.'

(p. 36)

In an appendix, the report finally approached the problem of over-capacity. Significantly, however, rather than question the need to cut capacity in its own right, the report questioned this need by contesting BSC's previous forecasting record, and putting forward an alternative forecast of world demand. Such claims could easily be undermined by BSC <u>on their own terms</u>.

The limitations of the line of argument advanced in 'No Case' became apparent in the BSC reply, dated 6 August and presented at a meeting of the Consett Campaign, BSC and the national Steel

Committee on 12 August. In four significant areas, the BSC Report was able to deny, confound or simply refuse to recognise the case against closure in terms which did not risk raising potentially more important questions, such as why BSC was being pressured into reducing over-capacity.

Thus the Corporation was able to transcend the key argument of the union case, that of improved productivity at the works, by asserting once again that the closure was necessary to reduce over-capacity.

> 'The Corporation does not contest the improved production performances of the Consett Works recorded in the Trade Union brochure ... the decision to close Consett does not stem from any inadequacy in its operating performance but is necessary despite improved productivity and financial results because the billet order book has fallen to a level below which the load on Consett can sustain the improved results.'
>
> (para. 7.3)

This claim, backed up by an assertion that Consett's productivity compared unfavourably with Normanby Park, a similar billet producer, effectively negated the union case for preferential loading of Consett to reduce import penetration.

The second element of the case against closure, an assertion of high-quality production at Consett, leading to low customer rejection rates, could be denied flatly by BSC. The Corporation

claimed to have approached the same customers as the 'independent survey' and to have found a markedly different response. Consequently, it claimed

> 'In the absence of any positive substantiation of such serious allegation the Corporation must entertain doubts about the objectivity of the independent survey.'

(para. 8.8)

Much the same approach was taken to the third element of the case, the claim that Consett was suited to the production of special steels by the BOS route. Pointing out that in 1979 energy costs did increase for electric arc production, but that this increase was offset by a decrease in the price of scrap, and asserting that Consett did not possess 'a unique reservoir of skills and experience' BSC denied that the medium-term aim of the alternative strategy was a feasible proposition.

Finally, the BSC reply to the trade union criticism of BSC forecasts took the same line, arguing once again on technical grounds. Thus the reply rejected the alternative forecasts of an upturn in the world demand, describing them as 'essentially speculative' (para. 6.1.2) and concluding that

> 'in the absence of any alternative, reasoned forecasts from the trade unions, or any other source, the Corporation must abide by its present forecasts.'

(para. 6.3)

Thus, throughout the campaign, there was a noticeable failure to identify the key issues. By concentrating on profitability at the works level, the campaign did not properly address BSC's second legitimating principle, corporate over-capacity. Even where the issue of capacity was considered, as in the criticism of BSC forecasts of world steel demand, the campaign failed to transcend this issue to question the key point, the motive or reason for capacity cuts.

This concern with the profitability of Consett's steelworks took a further twist in the final bizarre episode, simultaneously tragedy and farce, of the campaign to save the works. On 2 September it was reported that a consortium headed by Mr. John O'Keefe (managing director of Chard Hennessy, a Gateshead engineering firm) aided by Mr. J. Carney (formerly of the "Save Consett" Union Committee and who, it was announced, was to become Derwentside District's first Industrial Development Officer in October) and Mr. C. Logan (of Logica, a computer consultancy company) wanted to take over Consett steelworks. The consortium was reportedly named the Northern Industrial Group (borrowing the name, accidentally or deliberately, of an earlier grouping of capitalist interests in the North East : see Carney and Hudson, 1978) and "exploratory talks" were held between Carney, Logan and Department of Industry officials in London, (**Financial Times**, 2.9.1980) although considerable mystery surrounded the identity of the consortium members : "the search continued yesterday for the members of the elusive consortium" (**Newcastle Journal**, 2.9.1980).

Seemingly no approach was made to BSC, however, and BSC announced that unless a firm approach was made by 12 September, the furnaces at Consett would be allowed to die down (**Newcastle Journal**, 11.9.1980). Watkins, Consett's M.P., criticised the consortium for failing to identify its members, adding "Frankly, I will believe in the consortium when I see the colour of their money". With no response forthcoming from the consortium, which remained as elusive as ever, the last batch of steel was produced at Consett on 12 September and it was just a few days before the blast furnaces would cool to the point where, to all intents and purposes, they could never be re-used.

Four days later, the first details of the consortium and its plans became public (in the **Newcastle Journal**, 16.9.1980). It allegedly consisted of ten (un-named) British businessmen, with £70 million available; nevertheless, they planned to buy Consett steelworks for £3 million (BSC were asking for £100 million), restoring it as a private steelworks with a reduced workforce of 2,700, Western Europe's highest productivity rate of 320 tonnes/man/year, and a forecast first year profit of £20 million.

Further details were released two days later at a press conference in London (**Newcastle Journal**, 18.9.1980), where it was revealed that the consortium had eleven (un-named) members with a combined annual turnover of £700 million; the offer price for Consett had declined to £1.5 million, however. Further significant information became available the next day (**Financial Times**, 19.9.1980), in particular, that the consortium members had not committed themselves to putting cash into the business and

the significance of the £1.5 million latest offer was that this sum was what Logan was able "to lay his hands on", and that O'Keefe was described as someone "who runs a scrap business in Gateshead". BSC then "handed a tough list of conditions of sale to the consortium of north east businessmen hoping to revitalise Consett" not least because "BSC is believed to be privately cool towards the takeover bid which, if successful, could make the corporation look inept and lose them business" (**Northern Echo**, 20.9.1980). These developments taken together considerably further diminished the already low level of credibility in the consortium as the saviour of Consett steelworks.

Whatever residual credibility the consortium had disappeared the next day when it was revealed tht it simply did not exist (**Sunday Times**, 21.9.1980). On the following day BSC turned off the gas supply to the coke ovens and let the furnaces begin to cool and a day later it was stated that "Any remaining hopes of a private takeover of Consett steelworks were shattered last night. The businessmen said to be interested in buying the works met for four hours and later issued a tersely worded statement severing their interests in the plant. A spokesman for the group, ISTC official Keith Bill, blamed British Steel for the failure of the takeover bid. Their decision to blow out the plant blast furnaces and coke ovens had left 'insufficient time' to follow through its plans ... The names of the companies which made up Northern Industrial Group (Holdings) would never be revealed he added" (**Newcastle Journal**, 25.9.1980).

In fact, the names were to be revealed a few days later (**Sunday Times**, 28.9.1980) and it appeared that only two of the companies named, Cronite Alloys and British Benzol Carbonising (with a combined turnover of £20 million) had showed any serious interest. O'Keefe's own company, Chard Hennessy, was revealed to have made pre-tax profits of less than £3,000 in 1977 and 1978 and its subsidiary, Potts and Sons, losses of over £50,000. More revealing still perhaps, given his prospective role as Chairman of the Northern Industrial Group (Holdings) consortium was O'Keefe's revelation that "I'm not really good at running companies. That sounds stupid, but I tend to get involved in the start of things and leave them to run themselves. If they don't do very well, I close them."

Even in the final bizarre act of the campaign, then, the reported attempts to sell the works to private capital were in the hope of maintaining the Consett works yet immediately placing it into competition with other works as (supposedly) the most profitable steel plant in the country. At the same time, an anti-closure argument on profitability terms isolated the campaign from broader support either within the North East or from workers at other plants within BSC. By reinforcing and replicating the claim for decisions to be made only within the context of one plant, the campaign failed to consider the broader issues in a fashion which would have invited support from other sources than just steel workers at Consett.

This active isolation from other works was most apparent with regard to the large BSC complex at South Teesside. A new blast

furnace commissioned there during 1979 had already featured in the campaign at Corby. As part of an attempt to go beyond local issues there and consider the broader BSC strategy, documents had been prepared which suggested the new furnace at Redcar should not be commissioned, to avoid creating further over-capacity in the industry. This line of argument was deleted on the insistence of the national steel unions (Baker, 1982, 52), graphically revealing their stance at the time. The Consett campaign too touched upon the relationship with the South Teesside works. The claim that the Consett Works could usefully fill a support role for the rest of the Teesside Division of BSC was made first in an appendix to 'No Case'. This pointed out that from October 1979 the entire Division was dependent upon the giant no. 1 Redcar blast furnace, and emphasised the vulnerability of the Division if the blast furnace should suffer a major breakdown. It also pointed out that, crucially, after a certain operating period, the furnace would need to be taken out of action to be re-lined. It criticised BSC's two options for alternative supplies of hot iron on Teesside; re-building the Clay Lane blast furnaces, or building another large furnace, Redcar no. 2. The appendix concluded that

> 'The light-up of the Redcar blast furnace in October 1979 immediately posed major questions concerning the security of all the employment in the Teesside Division outside of Consett.'

('**No Case**', p. 39)

In the appraisal of 'No Case', the BSC found this argument one of the most difficult to respond to. They argued that recent

evidence from Japan suggested a shorter re-line period than the nine months quoted in 'No Case' down to perhaps as little as three months. However, they were unable to deny the danger of a major breakdown, and could only justify the alternative of re-building Clay Lane or erecting a second large furnace on the basis of their cost being less than the cost attached to maintaining Consett.

Of course in the short-term, employment could only be secured for at least some of the workforce on South Teesside by the commissioning of the Redcar blast furnace. The long-term problem posed by having a unique configuration of only one blast furnace still remains as a serious threat to the entire complex (Hudson and Sadler, 1984). As a further factor in this limited consideration of the significance of massive investment on South Teesside, national union involvement at Consett was minimal. It is certainly the case that there was surprisingly little direct involvement on the part of the Steel Committee at Consett. The brochure 'No Case' was prepared by the local campaign organisation in Consett with the assistance of a £6000 grant from Derwentside District Council. Material held by the ISTC which might have been useful to the case, in particular material on molten iron production costs, was not employed. The first official contact between the Steel Committee and local organisers was not until a meeting in Newcastle on June 24th. The effects of this limited involvement can be summarised as one factor in the failure to develop a common cause across BSC works, and must be considered partially responsible for the development of a campaign against closure concentrating on local issues,

noticeably productivity, at the expense of national issues such as corporate strategy and the reasons behind that strategy.

Consett was one of the last major closures (to date) of an integrated iron and steel plant by BSC. Continuing pressure on the Corporation to further reduce capacity exerted by the Conservative Government through tight external financing limits, has since led to speculation about its future strategy. In the following section we go on to consider the nature of a campaign to save the BSC works at Ravenscraig from closure, a campaign radically different from Consett in both nature and results.

V.5 Ravenscraig: a political reprieve

Throughout August and September 1982 there was a spate of announcements of job losses at BSC, with continuing speculation over the future viability of the so-called 'big-five' integrated plants of Ravenscraig, Teesside, Scunthorpe, Port Talbot and Llanwern. Moreover BSC's trading position had deteriorated sharply from the point where in March 1982 it was losing only £0.5m a week to losses of £8.0 m per week in July and £7.2 m a week during August (**Sunday Times**, 10 October 1982). This speculation was fuelled by an opinion poll carried out in September by the Opinion Research Centre for BSC, which asked of a sample of steelworkers 'if BSC did decide it had to close one of the big centres, would you be inclined to accept it as tragic but necessary, or would you be in favour of fighting the

management by striking?' (**Guardian**, 3 September 1982). Of the five integrated works, it was believed from the earliest stages that Ravenscraig and Teesside were most at risk. Bill Sirs, leader of the ISTC, expressed concern over just such a possibility in an article written for a national newspaper: 'Just recently, he (BSC Chairman Ian MacGregor) called a press briefing to tell selected "friendly" journalists (without a word to steelworkers) that part of Ravenscraig and Teesside might be closed, and that the 14.4m tonne "Alamein line" might have to go' (**Guardian**, 4 October 1982).

In this context of widespread uncertainty over the future for BSC, the main steel unions finally took action in October. On 4 October the TUC Steel Industry Consultative Committee (TUCSICC) met Industry Secretary Patrick Jenkin and, on the following day, BSC Chairman Ian MacGregor. The next day a national conference of steel union delegates met in Sheffield. This agreed to a 24-hour national strike, held on the 22nd of the same month, and to the breaking-off of all redundancy negotiations with BSC. In November the ISTC broadened the scope of union action, unsuccessfully picketing Immingham in an attempt to stop two ships unloading steel and later suggesting to Patrick Jenkin the creation of a central buying agency as part of a policy to limit the import of steel. Speculation over the future of the five integrated works continued until 20 December when a three-year reprieve was announced by Patrick Jenkin:

> 'The Government believe that it would be wrong to take irrevocable decisions on future steel capacity at a time

> of such major uncertainty. I am therefore asking BSC to prepare its plan for the next three years on the basis that steel making will continue at all five major integrated sites ... this does not imply that BSC will be required to maintain manned capacity at the current level of 14.4m tonnes, nor that all the facilities within each of the five major integrated sites will necessarily remain in operation.'

(**Hansard**, 20 December 1982, col. 673)

Behind this simple announcement, however, lies the (if only temporarily) successful conclusion of a campaign against the closure of the Ravenscraig works which saw unparalleled political party and interest group co-operation in Scotland. In early September 1982 the Strathclyde Steel Industry Group was recalled. This organisation, led by Strathclyde Regional Council and including District Councils, trade unions and the Scottish TUC, had been formed early in the life of the Regional Council and had previously made a number of representations to Government and BSC. To this meeting were also invited a number of local MP's and MEP's with steel industry constituencies.

This first meeting agreed a course of action with four points. Firstly, an early meeting was to be sought with the Secretary of State for Scotland. Secondly, Strathclyde Regional Council was to co-ordinate the preparation of relevant material and publicity. Thirdly, the Select Committee on Scottish Affairs was to be asked to prepare a report on the Scottish steel industry. Finally, the Group was to be expanded to include the CBI, Chamber

of Commerce, all Scottish MP's and MEP's, and Regional Councils in central Scotland. The larger grouping became known as the Standing Committee for the Defence of the Scottish Steel Industry.

Support for the campaign from within the labour movement was evident during October. On 7 October representatives of coal, rail and steel workers in Scotland met in Edinburgh to discuss proposals for a common campaign. On 26 October 1000 workers from the three industries demonstrated in London against any proposed closure. Further, in mid-October Strathclyde Regional Council released the results of an impact study which focused on the broader significance of the steel industry to the Scottish economy.

During November the Scottish Select Committee heard or received evidence from a number of bodies as part of its investigation into the steel industry in Scotland. Its report was published on 1 December (**Scottish Affairs Committee**, 1982). Four aspects of this report are of particular significance. In the first place it examined the linkage of other industries to the steel industry in Scotland. In particular, the output of the Polkemmet Colliery in West Lothian is dedicated completely to Ravenscraig - it has no other outlet. At the same time, BSC plants in Scotland were held to account for 5% of the output of the South of Scotland Electricity Generating Board. Ravenscraig alone accounted for 4% of the total gas sold by British Gas in Scotland and for one third of the freight revenue earned in Scotland by British Rail.

The report went on to quantify the employment implications of these linkages to other industries. Using the earlier figures of Strathclyde Regional Council it suggested that closure of Ravenscraig would result in the loss of 6000 jobs there and at the other local BSC plants of Hunterston and Gartcosh; 5000 jobs in those companies directly supplying BSC with goods and services; and 2600 from the multiplier effect of reduced local income. This total of 13,600 represented 1.5% of total employment in the region and would increase unemployment rates by 7%.

Additionally, the report quoted the view of the Scottish Development Agency, that closure of Ravenscraig could result in the loss of the steel price basing point of Glasgow Central, and commented that 'a note supplied to us by BSC indicates that there is substance in this anxiety' (para. 26). It was suggested that the effect of this would be to increase the price to Scottish customers of BSC products by 3-7% depending upon the product.

Finally, the report recommended in the strongest terms that the works should not be closed: 'we have no doubt ... that a further major rundown of the steel industry ... would be a disaster for Scotland - in industrial, economic and social terms. The iron and steel industry is the centre of the country's industrial history and traditions. Large sections of the Scottish-based engineering and metal-using industries have already disappeared ... over the last few years, and the process cannot be allowed to continue without there being a grave threat to the industrial and social structure of Scotland' (para. 37). This even extended to

a recognition of the possibility of the partial closure of the works: 'Partial closure of Ravenscraig in response to the present fall in demand is a course fraught with peril for the long-term future of the complex and therefore of the whole Scottish steel industry.' (para. 30).

The nature and extent of opposition to any proposal to close Ravenscraig is of special significance; for in October 1982 Ian MacGregor was obliged, largely by the anti-closure campaign's political pressure, to inform Patrick Jenkin that any decision concerning the five integrated sites would have to be taken by the Government. Mr. Jenkin informed the House of Commons on 22 October:

> 'No decision on the closure of a major steelworks would be taken by BSC without close consultation and without the agreement of Government ... I am not going to shuffle off responsibilities for this on to Mr. MacGregor's shoulders'.

(**Hansard**, 22 October 1982)

The extent to which the decision not to close Ravenscraig was a political one, and the way in which the anti-closure campaign forced it openly to be seen as a political issue, was emphasised in a subsequent report from the Industry and Trade Committee:

> 'In the light of what we were told about prospects for demand and despite the Secretary of State's (Patrick Jenkin) argument that there was "great difficulty in being able to

make any confident forecast ...", we take the view that his decision to retain the five sites was essentially a political rather than economic decision'. (para. 12, **Industry and Trade Committee**, 1983).

The same report also clarified that the Ravenscraig complex was indeed the most at risk, by demonstrating that the £100m per annum savings to BSC that would result from closing Ravenscraig was the greatest saving of all options under consideration (paras. 219, 225).

The report also went on to emphasise the temporary nature of the reprieve granted to all five major works; for example in his evidence on 26 January 1983 Patrick Jenkin declared:

'We are not assuming that they will maintain all the existing plants at the five major sites ... The only decision we asked the Corporation to accept from us as the basis for their planning was that they should not cease steel-making at any one of these five integrated sites.'

(para. 188)

In other words there was a continuing possibility that rolling and finishing plant could be closed at any of the five sites: or that iron and steel making capacity could be reduced so long as it was not cut to zero. Moreover the stipulation only guaranteed steel production at all five sites for a period of three years. Hence Bill Sirs, Chairman of the ISTC, was correct in referring

to the decision of 20 December 1982 as a 'temporary reprieve' (para. 159); a point made by Patrick Jenkin:

> 'However, I must stress one point. The decisions that I have announced today do not mean that any particular works or plant is safe. That must depend on future markets and on plants being operated to the highest efficiency.'

(**Hansard**, 20 December 1982, col. 673)

The fact remains, however, that future decisions do not have to depend on 'future markets' and plant efficiency; this was not the basis for the decision of 20 December and there is no reason why the circumstances leading up to that decision cannot be repeated in the context of a different time or, indeed, place. A number of important lessons can therefore be drawn out from the experiences of Ravenscraig. In the first place, the campaign was largely co-ordinated by Strathclyde Regional Council but drew upon an extremely broad base of support which cut across normal interest groupings. Largely as a consequence, the closure proposal was seen to be politically unacceptable (despite attempts to justify continued operation on the economic grounds of the uncertainty of demand forecasts - that had never previously been regarded as problematic by BSC). In this way the aims and objectives of nationalised industries were the object of political debate in a way rarely evident during the preceding three years of steel industry run-down and cutbacks.

These lessons could well be of continued immediate relevance. For although the Corporation achieved its best operating results

during 1983/84 in financial terms since 1976/77, it continually re-affirmed its desire to introduce further cutbacks in rolling capacity, in particular at the strip mills of Ravenscraig, Port Talbot and Llanwern. To this end negotiations took place with United States Steel during 1983 over a proposal to ship semi-finished slabs from Ravenscraig for rolling in the States, entailing possible closure of the Ravenscraig strip mill. These negotiations ultimately were unsuccessful. During March 1984 the Chief Executive, Bob Scholey, gave evidence to the House of Commons Trade and Industry Committee that BSC could not see sufficient demand for more than two U.K. strip mills. The Committee recommended, however, that 'now is not the time to close a strip mill' (para 33, Trade and Industry Committee, 1984). BSC Chairman Robert Haslam indicated discontent with this recommendation in his review contained in the annual report for 1983/84; 'The report and recommendations of the Committee, when published, were disappointing. ... The importance of the Corporation's evidence on key points, including the question of future capacity ... went largely unrecognised' (BSC **Annual Report**, 1983/84, p. 5).

Moreover after March 1984 the Corporation's performance was adversely affected by the coal industry dispute. On 26 March, for example, production of liquid steel at Scunthorpe was cut by half because of a coal shortage, down to around 30 000 tonnes per week; by the end of April it was down to 20 000 tonnes, the lowest level possible before a shutdown of steelmaking. During this period the South Teesside works produced record tonnages of crude steel, as its relatively secure access to imported coal

enabled it to make up at least part of the deficit on Scunthorpe's lost production; during the last week in March, for example, the Lackenby steel plant produced 70 000 tonnes for the first time in its history. In late April the Ravenscraig plant was also affected when coal supplies were cut from two trainloads a day to just one; within a week BSC responded by bringing in additional supplies of coal by road. At the same time, despite a 20% cut in steel production, the Llanwern plant ran seriously low on coal supplies and received an emergency delivery of four trainloads of coke. The deteriorating situation with regard to coal supplies led BSC Chairman Robert Haslam to warn 'If steel plants have to be closed because of the strike, perhaps some might never re-open' (quoted in **Financial Times**, 10 May 1984). Even by late May production at Scunthorpe was still in the 20 000 - 25 000 tonnes per week range, with just two of the four blast furnaces in operation; throughout this period Teesside was relatively unaffected, although on 1 June the works director agreed to cut production by 10% after pressure from the dockers' union. During June BSC relied upon convoys of lorries to maintain at least some coal supplies to Llanwern, Ravenscraig and Scunthorpe; and indeed ore supplies after the train drivers' union blocked delivery of ore shipments to Ravenscraig after 28 June. This latter works became part of a broader development; for following the refusal of train drivers to cross an NUM picket line at the BSC terminal for Scunthorpe at Immingham, local dockers claimed BSC used contractors to load iron ore lorries in breach of the National Dock Labour Scheme and walked out; the following day, 10 July, a national dock strike began over the issue. The national dock strike was resolved within a fortnight

but ore supplies at Immingham suffered continued disruption, although stocks at Scunthorpe were thought to be sufficient to last until September. By the end of July, after a month of concerted effort by the miners to blockade the steel plants, Ravenscraig and Llanwern remained dependent on lorries for the supply of ore and coal, whilst Port Talbot and Teesside continued to enjoy full benefit of their deepwater harbours. The scale of the supply operation, along with continued increased output from Teesside, was such that BSC had restored production to pre-strike levels of around 200 000 tonnes per week; the bulk of this from Port Talbot and Teesside, along with 50 000 tonnes from Scunthorpe, 35 000 tonnes from Llanwern and limited output from Ravenscraig due to the annual holiday.

The significance of the coal dispute for BSC's operations should not be under-estimated. In the first place, weekly losses at BSC had risen to £8m during July of which £5m was attributable to the coal supply problems (**Financial Times**, 7 July 1984). Secondly, the uncertainty generated by the situation necessitated a delay in the preparation of BSC's latest Corporate Plan, for the Corporation was unlikely to take decisions regarding major plant, especially closure decisions, in the context of possible enforced closure of other plants. Accordingly, BSC submitted to the Government in June a discussion paper on its future objectives, which comprised a statement of options without specifying its preferred course of action (**Financial Times**, 19 June 1984). Finally, statements by the Corporation Chairman that plants closed as a result of the strike might never re-open (quoted above) amplify the possibility of further wholesale closures within BSC under any future Corporate Plan (see also Hudson and Sadler, 1984).

V.6 Conclusions

The differences between the anti-closure campaigns at Consett and at Ravenscraig are neatly encapsulated in their divergent outcomes - the loss of all 3700 steel jobs at Consett and the continued existence of the Ravenscraig works as an integrated steel producer. Ultimately the Save Consett Campaign was divorced from broader support either within the North East of England or from other steelworks due in large part to the choice of grounds on which the campaign was fought, in turn a reflection of the limited commitment and ability of the national steel unions and the labour movement in general to influence policy formation. The campaign on the grounds of profitability, whilst perhaps the lowest common denominator upon which the local organisers could agree, actually served to place Consett people into apparent competition with other steel communities. The final episode at Consett, a projected take-over by private capital, had this as an explicit aim. By contrast the Ravenscraig campaign focused on broader social issues, in particular the degree of linkage between steel and other industries in Scotland, thereby actively encouraging broader support within the region. Profitability was not an issue, forestalling likely active opposition from workers at other steel plants in pursuit of their own short-term interests. At the same time the degree of support for Ravenscraig, drawing on and reinforcing a reservoir of longer-term Scottish identity, forced the BSC decision to be seen as a purely political rather than narrowly economic one. As part of the complex series of checks and balances within the British state, in particular the

perceived need to maintain a degree of support from all regions, closure of Ravenscraig was seen to be politically unacceptable by Government.

Conceived as it is as a reprieve on narrowly political grounds, though, the Ravenscraig issue is by no means closed. Hence a consideration of the long-term indications for British state and society of these two campaigns is of interest. Whilst the steel industry has historically featured strongly in the conflicting aims of capital and labour, the attitude of organised labour to the industry has been particularly accommodative. Nationalisation in 1967 went through on terms extremely attractive to private capital whilst as part of the Conservative Government's strategy after 1979 the steel industry has been the target for massive job loss and cutbacks in the public sector with the intention of creating investment space for private capital. Yet although trades unions argued in the first instance for nationalisation of the industry to safeguard employment, recognition of the fact that the two are not inevitably and causally linked has come, if at all, only belatedly. Campaigns fought with regard to the defence of particular places can only be short-term affairs in the context of a specific set of circumstances, which might or might not be favourable. Even with regard just to these places, long-term issues were not considered until too late - for example, the uncertainty over Consett since at least the early 1960's and the ability of Consett Iron Company to resist the introduction of competition for male labour within that area. Nationally, too, underlying relations continue to beg questions of labour, with regard to the strategy for British steel generally and the role within that of the public sector.

Of course, steel is by no means unique in these broader issues. The accommodative nature of trades unions generally (with the notable recent exception of the National Union of Mineworkers) has led to acceptance of Government direction of nationalised industries with regard to 'market forces' rather than social considerations, whilst the Labour Party has found itself since 1979 increasingly marginal to policy formation within the British state. Within this context campaigns in defence of jobs and communities were from the outset weakened by the absence of any long-term counter-proposals. Their occurrence as described here, at particular places, was under these conditions a corollary of broader social developments, reinforcing social division through particular places. Whether this is a necessary or contingent condition of this phase of capitalist development can be considered with regard to other countries, especially France.

Table V.1 Profitability and investment in the steel industry, 1958 - 70

	Ratio of profits after depreciation to capital employed in 14 major companies[1] %	Investment in the whole U.K. iron and steel industry at 1972 prices[2] £m
1958	17.3	ND
1959	15.7	ND
1960	18.8	276
1961	12.4	370
1962	6.6	299
1963	4.8	171
1964	7.3	137
1965	6.7	123
1966	3.8	115
1967	1.9	128
1968	ND	119
1969	ND	125
1970	ND	178

Sources: [1] BSC **Annual Report**, 1967-8.

[2] BSC **Ten Year Development Strategy**, Cmnd 5226, 1973.

ND : No data

Table V.2 British Steel Corporation : key indicators, 1967-84

	Turnover £1000m	Profit (loss) £m[3]	Liquid Steel m.tonnes	Capital expenditure £m net of grants	No. of U.K. employees x 1000, year-end
67-68	1.1	(22)	22.9	N.D.	254.0
68-69	1.2	(23)	24.2	N.D.	254.0
69-70[1]	0.7	12	12.3	N.D.	255.0
70-71	1.5	(10)	24.7	N.D.	252.4
71-72	1.3	(68)	20.4	N.D.	229.7
72-73	1.5	3	24.2	154	226.6
73-74	1.8	34	23.0	155	220.4
74-75	2.3	70	20.8	273	228.3
75-76	2.4	(268)	17.2	462	210.2
76-77	3.1	(117)	19.7	494	207.9
77-78	3.2	(513)	17.4	401	196.9
78-79	3.3	(357)	17.3	267	186.0
79-80[2]	3.1	(1784)	14.1	261	166.4
80-81	3.0	(1020)	11.9	148	120.9
81-82	3.4	(504)	14.1	164	103.7
82-83	3.2	(869)	11.7	122	81.1
83-84	3.4	(256)	13.4	164	71.1

Source: BSC **Annual Reports**, 1967-84.

1 Six-month trading period from October 1969 to March 1970.

2 Figures affected by strike action, January - March 1980.

3 The table has been calculated from annual reports for 1967-74 and the ten-year summary table on p.39 of the 1983-84 report. The latter table has restated profit (loss) figures for the 1974-83 period in a fashion which is not necessarily comparable with the 1967-74 period.

Table V.3 BSC's external financing limit, 1979-84

	Original limit £m	Actual allocation £m
1979-80	700	579
1980-81	450[1]	1,119
1981-82	730	694[2]
1982-83	365[3]	569
1983-84	325	318

1 later in the year, extended to £1,121m.

2 excluding £72m in respect of a joint venture with the private sector, Allied Steel and Wire Ltd.

3 extended in March 1983 to £575m.

Source: BSC, **Annual Reports**, 1979-84

Table V.4 Privatisation of BSC, 1980-84

	Disposals	Joint Ventures
	U.K. Wholly Owned	
1980/81	The Unit Inspection Company Limited	
	Orkot Engineering Industrial Plastics Ltd*	
	Teesside Galvanising	
	U.K. Partly Owned	
	The Bamburgh Shipping Company Limited	
	John Finlan Limited	
	Kiveton Park Steel and Wire Works Limited	
	Overseas Interests	
	Tubemakers of Australia Limited	
	Pacific Steel Limited (New Zealand)	
	Ostrilion (Argentina)	

*Management/employee buy-out

	Disposals	Joint Ventures
	U.K. Wholly Owned	
1981/82	Redpath Dorman Long Limited Hamilton Foundry*	Allied Steel and Wire (Holdings) Ltd. (Merger with Guest Keen and Nettlefolds plc of rod, bar and reinforcement engineering activities. BSC share 50%)
	U.K. Partly Owned	
	Lee Bright Bars Limited	
	Overseas Interests	
	(all South Africa)	
	Consolidated Metallurgical Industries Ltd	
	Dorbyl Limited	
	International Pipe & Steel Investments South Africa (Pty) Limited	
	Pipe Couplings (Pty) Limited	
	Stewarts & Lloyds of South Africa Limited	

*Management/employee buy-out

	Disposals	Joint Ventures
	U.K.Wholly Owned	
1982/83	Port Clarenge and Totton Works	British Bright Bar Limited
	Fluorspar Mining	(Merger with GKN and
	Scunthorpe Open Cast Ore mining	Brymill of bright drawing and bright
	The Victaulic Company Limited*	products stockholding.
	(Employees 40%, institutions	BSC share 40%)
	30%, BSC 30%)	
	U.K. Partly Owned	
	Bitmac Limited	Sheffield Foregmasters
	Britflex Resin Systems Ltd	(Holdings) plc
	Six Hundred Metal Holdings	(Merger of River Don
	Limited	Works with Johnson,
	Colvilles McKinney Limited	Firth Brown's Atlas
		works and other activ-
		ities. BSC share 50%)
	Overseas Interests	
	The Indian Tube Company Ltd.	

*Management/employee buy-out

	Disposals	Joint Ventures
	U.K. Wholly Owned	
1983/84	Coated Electrodes Limited* (part only)	Cold Drawn Tubes Limited (Merger with TI of Cold Drawn business. BSC share 25%)
	The Unit Superheater and Pipe Company Limited*	
	U.K. Partly Owned	
	Sarclad International Ltd.*	Seamless Tubes Limited
	Samuel Groves & Company Ltd.	(Merger with TI of Hot Finished Small Seamless business. BSC share 74.5%)
	Overseas Interests	
	Lisco-Stanton Pipe & Foundry Co. Ltd. (India)	Clyde Shaw Limited (Merger with W Shaw Ltd. of Craigneuk foundry. BSC share 50%)
	AB Dalforsan (Sweden)	Hadfields (Holdings) Ltd (With GKN and Lonrho to acquire Hadfields Ltd. as part of Phoenix II arrangements. BSC share 37.5%)

*Management/employee buy-out

Disposals	Joint Ventures
	Fixborough Wharf Limited (Merger with Faber Prest Holdings plc. BSC share 25%)

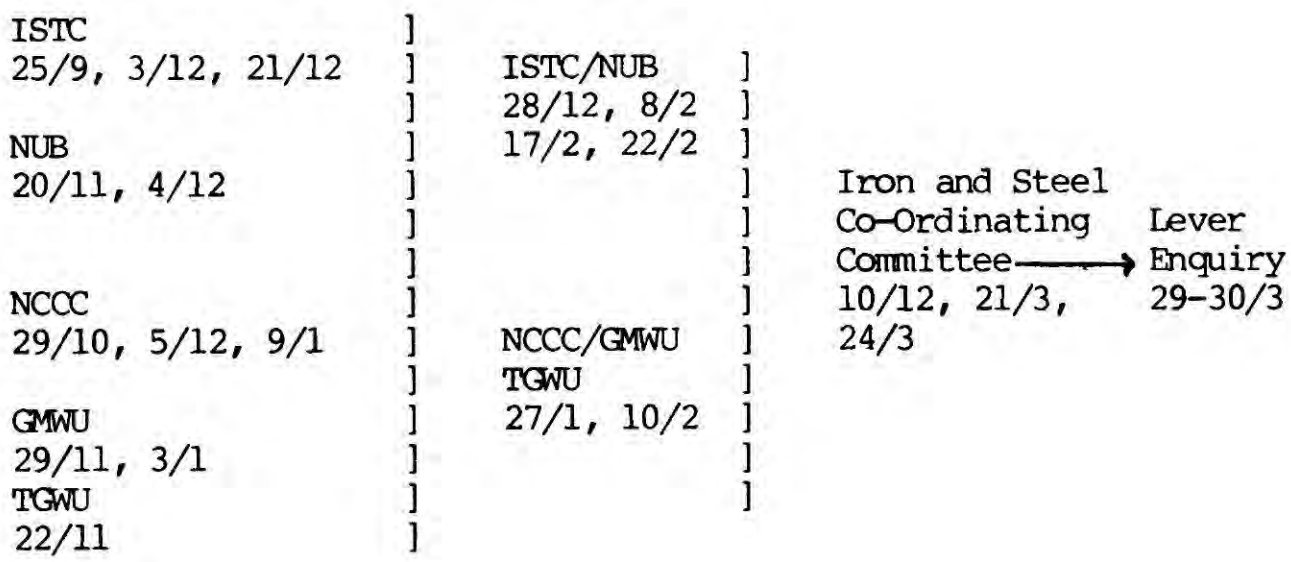
Source: BSC, **Annual Report** 1983/84, p.13

Table V.5 BSC offers in the pay dispute, December 1979-March 1980

Date	National element	Local element
3.12.79	2%	10% maximum
21.12.79	5%	10% maximum
28.12.79	6%	No upper limit
7. 1.80	8%	4% minimum, no upper limit
8. 2.80	9%	4% minimum, no upper limit
10. 2.80	10%	4% minimum, no upper limit
10. 3.80	10%	4% minimum, plus concessions
30. 3.80	11%	$4\frac{1}{2}$% minimum, no upper limit

(**Source:** BSC Submission to **Lever Enquiry.** Section 4)

Table V.6 Union negotiating groupings in the period October 1979 - March 1980 at meetings with BSC



Source: **Lever Enquiry**, 1980

Table V.7 Net capital expenditure, Consett Iron Co. Ltd. 1951-67

	£m
1951	1.69*
1952	5.02
1953	3.45
1954	2.06
1955	0.45
1956	0.28
1957	1.38
1958	2.67
1959	1.17*
1960	7.48
1961	6.81
1962	5.23
1963	3.45
1964	0.82
1965	0.78
1966	0.88
1967	0.79

Note: * six month accounting periods

Source: Consett Iron Co. **Annual Reports**, 1951-67

Table V.8 Comparative ratios of profit to capital employment, using definitions adopted by BSC

%	Consett Iron Co. Ltd. (a)	Dorman Long (b)	S. Durham Steel and Iron (c)	Mean for 14 companies nationalised in 1967 (d)
1958	9.1	10.1	23.7	17.3
1959	4.7[2]	8.6	17.8	15.7
1960	9.5	11.8	12.8	18.8
1961	9.8	11.0	6.0	12.4
1962	-0.1	5.9	0.2	6.6
1963	-1.9	6.4	1.6	4.8
1964	1.6	7.0	5.7	7.3
1965	8.4	5.8	6.9	6.7
1966	4.9	0.2	4.4	3.8
1967	0.7		1.9	

Notes[1] The company figures were calculated from annual reports using the definition adopted in the BSC **Annual Report** 1968, to enable comparison with the table presented therein, produced here as column d. Profit was defined as gross profit after depreciation but before interest and taxation, other than interest on bank over-drafts. Capital employed comprises share capital, reserves and long-term borrowings, and relates to the start of the financial year (i.e. the end of the previous financial year).

[2] A six-month accounting period, but the profit figure was doubled to calculate a comparable profit ratio statistic.

Sources: a. Consett Iron Co. Ltd. **Annual Reports** 1958-67

b. Dorman Long **Annual Reports** 1958-67

c. S.Durham Steel and Iron **Annual Reports** 1958-67

Table V.9 Dividends paid on ordinary shares by North East steel producers, 1958-67

%	Consett Iron Co. Ltd.	Dorman Long	S. Durham Steel and Iron
1958	$8\frac{3}{4}$	12	12
1959*	$4\frac{3}{8}$	12	12
1960	$8\frac{3}{4}$	10	12
1961	$9\frac{1}{2}$	10	10
1962	2	$8\frac{1}{2}$	-
1963	-	9	5
1964	-	14	12
1965	10	14	12
1966	5	8	8
1967	-		

*Six-month accounting period for Consett Iron Co.

Sources: a. Consett Iron Co. Ltd. **Annual Reports** 1958-67

b. Dorman Long **Annual Reports** 1958-67

c. S. Durham Steel and Iron **Annual Reports** 1958-67

Table V.10 Employment in iron and steel at Consett, 1972-79

	Steelworks	Iron foundry	Templeton Brickworks	Manufacturing Division*	Total
1972	5099	90	351	151	5691
1973	5136	90	368	140	5734
1974	5106	95	415	151	5767
1975	4993	91	427	156	5667
1976	4766	91	413	139	5409
1977	4805	91	407	127	5430
1978	4350	89	208	139	4786
1979	3643	60	202	138	4043

*From 1978, a division of Redpath Engineering Ltd.

Source: BSC **Quarterly Manpower Statistics:** final quarter, employment on 31st December

Table V.11: Profit/loss performance, BSC Consett inclusive of the Jarrow mill

	Profit (loss) £m
1975-6	(7.3)
1976-7	(4.7)
1977-8	(17.2)
1978-9	(15.2)
1979-80	(10.0)

Source: from additional information supplied to TUCSICC (steel committee) by Derek Saul (Divisional Director, BSC) dated August 5th 1980.

Table V.12: Profit/loss, BSC Consett exclusive of the Jarrow mill

	Profit (loss) £
September 1979	24 000
October 1979	110 000
November 1979	300 000
April 1980) May 1980)	(5.1 m)
June 1980	187,000

Sources: September-November 1979 **Consett Guardian** 3.1.80

April-June 1980 **Newcastle Chronicle** 16.7.80

Footnotes to Chapter V

1 The only major exception to this general rule is the Luxembourg-based company Arbed, which has production facilities operated via subsidiaries in West Germany and Belgium. The circumstances, especially the size of Luxembourg, are very unusual.

2 For the steel industry, a holding agency was established to sell back shares to private capital. See Ross (1965).

3 Bowen (1976) identified three features of the early organisation of labour in the iron and steel industry, each of which played a significant role in the long-term development of the labour movement in the industry:

(i) The contract system of labour recruitment, essentially a social division of labour in which entrepreneurs contracted with middlemen, usually skilled workers, who in turn employed the unskilled labour required.

(ii) The method of wage regulation by sliding scales, as exemplified by that instituted by David Dale at Consett Iron Company in the late 19th century (see Carney and Hudson, 1978). Under this arrangement, wages were cut by agreement at times of slack demand for steel production.

(iii) The role of arbitration and conciliation machinery in the settlement of industrial disputes, symbolic of an ideology

accepted by both labour and capital which propounded a harmony of interests between labour and capital in the industry. This conciliation machinery was exemplified by the Board of Conciliation for the Manufactured Iron Trade of the North of England, established in 1869 and still active in the 1920's.

[4] BSC did identify three other criteria; but these were either very vague or virtually synonymous with labour productivity:

a. 'Expression of overall business success in terms of improvement in a predominant physical index (indices)'

b. 'The achievement of specified improvement milestones in circumstances of major change.'

c. Any alternative locally acceptable to both management and unions.

[5] This acceptance of the level of surface appearances by the steel unions is also evident in an argument developed by Manwaring (1981) concerning the acceptance of the significance of labour productivity. He argues that by accepting that labour productivity is a vital issue for corporate profitability, debate is shifted away from the relations underlying the definition of the same labour productivity figures. In this way the steel unions are accepting crucial areas of management prerogative: both the ability of management to define the bargaining parameters of significance: and, having defined the parameters,

to define the way in which the parameters are to be measured. Thus in the first instance labour productivity is seen as the crucial feature of corporate profitability: despite the highly capital-intensive nature of the steel industry (a point made by Upham, 1980, 16). In the second instance, having accepted the significance of labour productivity, the unions accept the conflation of output sold with output produced per man; whereas only the former takes account of factors outside the immediate process of production such as marketing, corporate planning or state involvement (Manwaring 1981, 84).

6 See also Hudson and Sadler, 1983a. The account of events at Consett is based on local interviews and upon newspaper references from the **Consett Guardian**, **Newcastle Journal** and **Newcastle Chronicle**. Only where specific quotes are drawn from the sources is a full reference given.

CHAPTER VI

French steel plans and Lorraine: local and national state and society

VI.1 Introduction

In contrast to Britain, works closures in the French steel industry have been contested at times on a broad base drawing upon support from several regions and from workers other than in steel production. This has been both contingent upon and condition for considerably increased intervention by the French state in the operations of steel producers, leading to **de facto** nationalisation in 1978 and **de jure** nationalisation in 1981. The points of inter-connection between local and regional opposition to closure proposals and state intervention within the industry are of considerable general significance.

We therefore commence with an examination of some aspects of French state and society before going on to outline the significance of national steel plans from 1966 onwards. This provides the background necessary to a consideration of the current situation of dominance by two large nationalised concerns, Sacilor and Usinor, and their recent operating records. From this general setting it is possible to detail the events which form one part of these developments within the region of Lorraine. These can be characterised as a withdrawal of capacity and employment opportunities accompanied by the most pronounced and violent opposition to such changes of the three countries studied here. This opposition reverberates back both at the companies concerned and, through the degree of intervention within the state.

VI.2 Capital, labour and the state : French steel to 1978

Historically the steel industry in France, as elsewhere in western Europe, has often occupied the political centre-stage, although in a setting different from that of Britain in the sense both of formal attitudes on the part of organised labour and of the development of relations between capitals within the industry. These differences reflect the character of French state and society (see Birnbaum, 1980; Branciard 1982; Dubois et al, 1978; Machin, 1979). Despite these particular differences, however, the international pressures of the capitalist system of production have constrained the room for manoeuvre of successive Governments with the contingent result, a decade later than in Britain, of nationalisation of the steel industry. We seek here to consider why this was carried out through examination of the relations between capital and labour to that date.

It is possible to identify six nationally-important trade unions in France: **Confédération Générale du Travail** (CGT), **Confédération Fédérale du Travail** (CFDT), **Confédération Fédérale du Travail Chrétien** (CFTC), **Confédération Générale des Cadres** (CGC), **Fédération de l'Education Nationale** (FEN), and **Force Ouvrière** (FO). The CGT has nearly two million members and is closely affiliated to the **Parti Communiste** (PC), whereas the CFDT, with roughly half this membership, has a policy line similar to that of the **Parti Socialiste** (PS), but prefers to assert its independence from all political parties.

The CFTC represents a Christian Democratic version of the CFDT, though fiercely independent from the latter, which emerged from the CFTC in 1964. The CGC and the FEN are two smaller, more specific unions, the former organising executive and middle-management grades, the latter teaching and educational staff. Finally, the FO represents a political line well to the right of the CFDT.

Both the CGT and the CFDT are unusual in western Europe, in being the largest national trade unions and, at the same time, committed to a revolutionary concept of change in society. Both are formally opposed to the system of production as it stands; for example:

> 'The CFDT has pronounced itself for a different type of development. Against a society founded on productivity, the CFDT wants a more egalitarian type of development, giving priority to collective consumption and the satisfaction of needs founded on an appropriation of power by the workers and the people.'

(CFDT, 1982, 19[1])

At the same time the difference in political affiliation between the two has often led to intense rivalry. The CFDT, for example, although voting in favour of 'democratic socialism' in 1979, has been determined to remain independent of the PS, whilst condemning the extent to which the CGT appears to be guided by the PC. Thus, for example, in 1978 the CGT national officers

included amongst their number three members of the policy bureau of the PC (CFDT, 1980, 19), a situation which led the CFDT to condemn the 'isolation into which the strategy of the international Communist movement is leading them' (CFDT, 1980, 3[2]). This distrust mirrors a similar situation with regard to the PC and the PS. In June 1972 the two parties signed an agreement on a common programme, but this broke down in 1977. The CGT and the CFDT are united, however, in their distrust of the other main unions, which are all associated with a 'reformist' view of societal change. Such feelings are, moreover, mutual; for example the FO has been known to refer to the CGT as 'demagogic and irresponsible'[3].

The character of the two main French trade unions is crucial to an understanding of the pattern of development of the steel industry within broader post-1945 French society. For to a large extent until the events of 1978-79 the CFDT and the CGT were peripheral to policy formation by a series of right-wing Governments before the election of a Socialist administration in 1981, even under the more liberal régime of Giscard d'Estaing from 1974-81. Whilst state intervention was nothing new in France (Louis XIV nationalised the tobacco industry), there was up to 1981 no systematic attempt to increase the scale of public ownership. Governments had instead attempted to guide the economy through a series of National Plans formulated by technocrats within the state apparatus (see Green, 1983). In a very real sense trade unions, particularly in heavy industries such as coal and steel, operated within a conception of society which displayed, via their programme of revolutionary change, important disjunctures with this state apparatus.

In this context capital within the industry displayed a classic process of centralisation, with a series of mergers between producers uninterrupted as in Britain by an early post-war nationalisation. By 1978 there were two major French steel companies which had evolved from a number of merger agreements in the post-1945 period. For example it is possible to discern four stages in the formation of Usinor, the largest French steel company. The initial company was formed in 1948 by the merger of **La Société des Forges et des Aciéries du Nord et de l'Est** with **La Société Denain-Anzain,** to form **Union Sidérurgique du Nord de la France.** At this stage, as the name implies, the company was concentrated in the Nord region; indeed, a very feature in the merger was the desire to expand capacity for flat-rolled products, accomplished at Denain in the late 1950's and Dunkerque in the early 1960's - both Nord towns.

Whilst this investment was taking place, further mergers were occurring in the Lorraine industry which were later to have significance for Usinor. In 1953 the three companies of **Société des Aciéries de Longwy** (founded 1880), **Métallurgie de Senelle-Maubeuge** (1888) and **Société Escaut-Meuse** combined to form **Lorraine-Escaut.** This group operated three integrated works at Senelle and Mont-St.-Martin (both in the Longwy basin) and Thionville.

In 1966 the company of Usinor truly ceased to be bound to the Nord region of France, when it merged with the company **Lorraine-Escaut.** Symbolic of this broadening of the territorial limits of the company was a change of name, to **Union Sidérurgique du Nord et de l'Est de la France.** The broader perspective of the company

was apparent in the fourth and final stage of its development, the merger with Lorraine-based **Chiers-Chatillon** in 1978, itself at the time the third largest French steel producer (see also Malezieux, 1980).

The evolution of the second largest company, Sacilor, is dominated by two features: the over-riding influence of the **de Wendel** group, and an emphasis on investment in Lorraine. To a certain extent the two are associated, for the **de Wendel** group originated in the Lorraine area in the late 19th century, has exercised an enormous influence on the development of the area and, as shown below, had a hand in practically all the major post-war company mergers and common agreements in the region, but little influence outside it.

Thus in 1948 nine Lorraine-based steel companies founded a common associate, **Société Lorraine de Laminage Continu,** for the purpose of producing and selling hot-rolled flat products. Two years later, the **de Wendel** group also took a share in the company, perhaps better known by the acronym SOLLAC. In 1964 the **de Wendel** group went into partnership with **Sidélor** (itself formed in 1951 by a merger of the Lorraine steel firms **Pont-à-Mousson** and **Marine-Firminy**) to build and operate a new works at Gandrange for the expansion of long product capacity, forming for this purpose **Société des Aciéries de Lorraine.** In 1968 the partnership went a stage further when the two companies merged to form **Wendel-Sidélor;** the emphasis on Gandrange was again apparent in 1971 when it was proposed progressively to replace several old works of the company with the new capacity available

after modernisation there. The **de Wendel** influence was still present, despite the **Wendel-Sidélor** group changing its name to SACILOR in 1973; for in 1975 agreement was reached to set up a holding company, **Marine-Wendel**, with **Marine-Firminy**, controlling the partners' shares in SOLLAC; not until 1977 were these shares merged with SACILOR, to create the situation where today SOLLAC is owned to the extent of 64.3% of its capital by SACILOR, and the two can be regarded as virtually a single group[4].

The process of centralisation was not entirely isolated from Government intervention in the industry. Regarded for most of the post-war period as a strategic industry, steel was one of the six priority sectors of the First National Plan. During the 1960's, as part of a broader policy approach to encourage the creation of 'national champions', steel was singled out in the Fifth National Plan. However, the particular nature of the merger process limited its effectiveness in achieving these goals. Centralisation was achieved by horizontal rather than vertical integration, leading to larger holding companies rather than bigger production units (Green, 1983, 170).

Partly as a consequence, the state was increasingly involved directly in the industry in the period after 1966. In July of that year agreement was concluded between the employers' association, **Chambre Syndicale de la Siderurgie Française**, and the state, under which the latter agreed to make available loans of up to Fr. 2,700 m during the period of the Fifth National Plan, 1966-70. During the early 1970's this financial assistance continued with active assistance in the construction of two modern coastal plants, at Fos and at Dunkerque.

Construction at Fos was approved in 1969, and in 1970 government and the second largest French steel company agreed financial details, the former providing 31% of the then estimated Fr. 6,000 m. investment and forming with **Wendel-Sidélor** a holding company, **Solmer**, to build and operate the plant (Gwynne and Giles, 1980). In late 1972, however, **Wendel-Sidélor**, through its subsidiary **Sollac**, appeared unable to continue the project without further financial support. The problem was resolved the following year when **Sollac** was joined by the major French steel producer, **Usinor**, in the **Solmer** project; these two companies took a 47.5% share each, whilst the major German steel producer, **Thyssen**, took a 5% share. At the same time the French government contributed an additional Fr. 850 m. in the form of low interest loans on top of the Fr. 1,850 m. put forward in 1970 (Bleitrach and Chenu, 1982, 162-3). During this period also Usinor expanded its coastal plant at Dunkerque (operational since 1962), increasing liquid steel capacity from 3.6 to 8.0 m. tonnes in 1972 and adding a new, large capacity blast furnace in 1973 (see Gachelin, 1980). Crucially, however, these projects came on stream at exactly the same time as a drastic fall in demand for steel with the result that in 1975 the Fos plant operated at below half capacity; by 1978 the output of 2.5 m. tonnes was only 60% of capacity, and a planned second phase was postponed soon afterwards (Hudson and Lewis, 1982b). Hence in the early 1970's the French state played an active role in the development of over-capacity.

This over-capacity became increasingly evident throughout the 1970's. With a developing crisis the companies were forced to

take measures to cut capacity and employment, particularly in the interior region of Lorraine and in parts of the Nord. In a statement on 21 April 1977, M. Ferry, then President of the **Chambre Syndicale de la Sidérurgie Française**, rationalised a series of company announcements in the preceding weeks. The essence of the plan was a proposed drop in employment of some 16,000 (table VI.1). Such measures, however, proved insufficient to stem mounting losses. Usinor and Sacilor had accumulated losses of Fr. 8,800 m. over the period 1975-77 (tables VI.2, VI.3) and the accumulated medium- and long-term debt of the steel industry had grown to Fr. 38,000 m. by the start of 1978. With losses continuing during 1978 it appeared that the industry was on the verge of bankruptcy.

The French state reacted to this situation in October 1978 when it set in motion the **de facto** nationalisation of the industry, though denying it was doing so. By means of a major financial restructuring the state took a direct 15% stake in the three main steel groups; but in addition to this, its holdings via the banks and major financial institutions effectively amounted to control over some two-thirds of the share capital of the three companies. Essentially, the restructuring centred on a scheme to convert the companies' debts to the Government (Fr. 9,000 m.) and major banks, both private and state owned (Fr. 9,400 m.) into "participatory" loans - that is, loans on which a nominal 1% interest would be paid for five years, in practice converting them from debts into assets to be added to the companies' capital. In return for this, three holding companies were set up to control the production activities of the three groups (though

in fact Chiers-Chatillon was merged with Usinor) which to all intents and purposes were under Government control[5].

In return for this rescue from the verge of bankruptcy, the steel companies had to agree to draw up and implement, rapidly, an enlarged round of employment reductions and plant closures. In anticipation of, and in an attempt to defuse, reaction to these cuts, the French Government announced in September 1978 the creation of a special industrial adaptation fund, the FSAI, with a budget of Fr. 3,000 m. It was intended to help create alternative employment in areas to be hit by steel closures; from it, companies could obtain grants of 25% of their investment costs plus low interest loans for another 25%. The Government claimed that it would create 12,000 new jobs; unimpressed by promises of possible new jobs but certain of job losses, the response of the steel unions in Lorraine was to call a 24-hour strike on 29 September. Their fears were confirmed in December 1978 when details of the new closure plans were announced, including 24,000 redundancies in Lorraine and the Nord (table VI.4).

VI.3 Steel policies and steel regions since 1978

For a number of reasons this particular threat to steel employment in Lorraine and the Nord was greeted with massive protest which ultimately had national implications. Lorraine had faced economic decline before, with the rundown of the iron ore

mining industry during the 1960's and 1970's. The workforce in this sector had fallen to a quarter of its 1962 total of 23,000 by 1978 with output dropping from 60 to 32 m. tonnes (table VI.5; see also Husson and Toulon, 1968; Martin, 1957). Further, the national significance of the region's steel industry had fallen from 63% of output and 60% of employment in 1966 to 43% and 47% respectively in 1978, as a consequence of the expansion of Fos and Dunkerque (tables VI.6, VI.7). This decline had not progressed unopposed within the region; for example mounting dissatisfaction with the industry's uncertain future led to a month-long strike in the region's steel industry from 11 April to 4 May 1967. This resulted in the signature of the first significant **Convention Sociale** between employers and unions, guaranteeing redundancy terms for those workers laid off by restructuring proposals (Rognant et al 1977, 29). **Wendel-Sidélor's** plans had provoked a 24-hour strike in the region's steel works on 16 December 1971 and a demonstration by 16,000 at Hayange. Moreover the proposed closure of Usinor's Thionville works was accompanied by protest demonstrations of 5,000 at Metz on 21 December 1976, 3,000 at Thionville on 8 January 1977, and a further 15,000 at Thionville on 14 April 1977 (see also Rognant et al, 1977).

By 1978, though, circumstances were different in a number of important respects. Firstly, the sheer scale of proposed redundancies, and the exceptionally localised and concentrated nature of their effect on specific localities, were of quite a new order. A shop-steward in the industry at the time was in no doubt:

'In early 1979 the conditions were right for a reply by the workers ... [because] at this time the threat of massive redundancy appeared'.

(Baptiste, 1982, 120)[6]

The redundancies were concentrated most notably in three valleys. To the north near the border with Luxembourg and in the valley of the Chiers lay a group of Usinor works centred on the town of Longwy. Farther south, in the valley of the Fensch, flowing eastwards into the Moselle, lay most of the works of Sollac; further south still the works of Sacilor were concentrated in the valley of the Orne. The two southern valleys in particular had posed extraordinary problems in terms of physical limitations on development possibilities for the individual works during the preceding years. Put simply, the works further up the valleys were heavily constrained by a shortage of flat ground; a problem evidenced once again by those within the industry, referring to the works of Moyeuvre in the Orne valley:

'The narrowness of the valley had never permitted the extension of the works'.

(Baptiste, 1982, 70)[7]

Consequently, throughout the 1960's and 1970's, investment had been preferentially concentrated in the lower part of the two valleys (i.e. in the east), resulting in particular in the concentration of crude steel production at three locations in the

plain where the two valleys joined the Moselle. Crucially, the 1978 plan affected all three, with drastic de-manning at two (Gandrange and Seremange/Hayange) along with the complete closure of the third at Hagondange. In much the same way the 1978 plan raised the question of the very future of steel production in the Chiers valley, especially at Longwy. The four works here directly employed 15,000 people in 1975 when the area had a population of 105,000 and a workforce of 40,000 (table VI.8; Noiriel, 1980, 20).

Secondly, the timing of the announcement of the 1978 steel plan provided the ideal platform for the left-wing political parties to attempt to demonstrate their particular policy line after the split between Communist and Socialist Parties a year earlier. The Communist Party, and hence the CGT, favoured a policy which included an increase rather than a rundown in steel capacity. In January 1979, for example, four objectives for the steel industry were put forward, calling for no redundancies; an improvement in working conditions through a reduction in the working week, early retirement and further paid holiday; a 're-alignment' of imports and exports to and from the EEC, leading to an extra 2.6 m.t of production in France; and investment in steel consuming sectors to raise steel consumption per head of population to the EEC average (see Gauche-Cazalis, 1979, 33). Hence throughout 1979 the PCF and the CGT emphasised its opposition to any redundancy or capacity cutback in the French steel industry.

In contrast the CFDT preferred to accept the inevitability of some closures in steel, instead proclaiming the necessity of the

installation of alternative employment in the affected regions (see also Durand and Kourchid, 1982, 90). With particular reference to Lorraine, it declared:

> 'The steel industry has its grand modernisation projects, but no local enterprise can respond to the demand for the rolling mills and continuous casting machines which are made instead either by Thyssen, Demag or Danieli'.

(CFDT, 1981, 40)[8]

In response to this, the CFDT proposed a massive diversification programme for the region in order to use 30% of the steel produced there in further processing. This emphasis on diversification was, moreover, broadly consistent with the Socialist line, which emphasised the right to live and work in the region; the measures taken by the party in power after 1981 to decentralise government functions should be seen as part-fulfilment of this priority (see Ashford, 1983; Mény, 1983).

Thirdly, the increasing extent of state involvement within the industry left Governments directly open to criticism of steel company operations within particular regions. Successive Governments had not just participated in the development of chronic over-capacity but by 1978 were in overall control of the industry and therefore visibly responsible for its operation. Under these circumstances the incentive for opposition political parties and trade unions to attempt to discredit Government policy on its own terms was particularly strong.

There were, therefore, a number of reasons why the possibility existed of opposition to the 1978 steel plan within Lorraine. It is to how this possibility was actualised that we now turn, through an examination of the events of the period after December 1978. The days immediately following the announcement saw considerable activity in the town of Longwy. An inter-union co-ordinating committee, the **Intersyndicale**, was set up to fight the closures and link the actions of individual unions (Noiriel, 1980, 32; Durand, 1981, 83). To some extent, the announcement had been expected and prepared for; in particular, a huge SOS sign had been constructed, and was placed on the giant slag-heap dominating the town after the announcement was made. Further, the very day after the announcement, a clandestine radio station began broadcasting in the area, with its title - **'SOS Emploi'** - reflecting the concern of its operator, the local CFDT. Shortly afterwards, on 19 December, some 20,000 demonstrated in Longwy against the plan.

In this early stage it is possible to identify a fairly broad base of support against the closure proposals. For example, as early as March 1978 the local bourgeoisie had formed an organisation, **Avenir du Pays Haut**, with the specific aim of protecting the region's economy (Noiriel, 1980, 34). Moreover, the leading local newspaper, **Le Républicain Lorrain**, an institution of considerable significance within Lorraine (see Ardagh, 1982, 59), very soon became actively involved in the protests, with banner headlines such as **'La défense de notre région: l'affaire de tous'** (28 December 1978) accompanying a petition published each day after 23 December, calling on the

President of the Republic to guarantee the future of Lorraine; a petition which was sent to President Giscard d'Estaing on 17 January 1979 with 40,000 signatures.

Further, 12 January saw a demonstration of concern within many parts of the region over the proposals. A 24-hour strike called by the iron ore mining and steel unions was extensively supported. A major demonstration was held in Metz, significantly not itself directly affected by the plan, but seat of the region's préfecture. Sixty thousand people attended in Metz, whilst many similar smaller protest meetings were held in other towns. Transport and communications were also disrupted; trains between Paris and Luxembourg were stopped as well as all traffic into and out of Hayange and Rombas. The following day the newspaper **Le Républicain Lorrain**, in an editorial, described the day of action as going beyond class barriers; it did not represent

> 'a simple manifestation of solidarity at the level of one category of workers'

but rather expressed

> 'the desire to struggle in order to continue to live and work in their region of birth or of adoption.'[9]

Four days after this regional day of action, and in the fear of future protests, the Government announced a plan to create 11,525 new jobs by 1982, mostly in Lorraine and the Nord. While the

redundancies were certain, though, new jobs for steelworkers were not. In addition, for reasons that are not wholly evident, only 925 jobs were allocated to Lorraine (though there have subsequently been suggestions that the French Government almost persuaded Ford to locate a car plant in the region, providing perhaps 8,000 jobs, and accordingly allocated little new employment there in the published plan; see Ardagh, 1982, 60; **Le Monde**, 24 January 1979). Perhaps predictably, the reaction in Lorraine was to regard the offer as a derisory one; indeed, the **Intersyndicale** at Longwy regarded the measures as a 'provocation' (**Le Monde**, 20 January 1979). As a consequence, the steel unions called for a further strike within the region for 16 February.

Before these planned strikes could take place, however, protests erupted again in Longwy with direct action and civil disobedience growing in scale, often in the form of **'coups de poing'** (literally, 'blows of force') such as the occupation of factories, banks and offices connected with the steel companies. This extension of the protests into civil disobedience and physical violence, challenging the state's authority in these ways, saw **the Avenir du Pays Haut** begin increasingly to distance itself from the campaign. The emphasis on these means of protest reached new heights during the night of 29/30 January, when police forced entry to the Chiers works in Longwy to free local management who had been held there against their will by a group of protestors. The violence associated with the action drew a variety of responses; some condemning the police, others cautioning against violence and in the process distancing themselves from the campaign. The secretary-general of **Force**

Ouvrière, for example, referring directly to these events, warned:

> 'One never knows where violence will lead, and I ask all the militants within **Force Ouvrière** to be very careful in this respect.'

(**Le Monde**, 2 February, 1979)[10]

Nevertheless, the second round of general strikes in Lorraine went ahead on 16 February, accompanied by major demonstrations, a marked escalation in direct action, blocking transport routes and disrupting trade and travel; and a national steel strike which received more or less total support. It appeared that the French Government was losing control of the situation in the steel region, while the steel workers were becoming increasingly confident of their own strength and capability to paralyse the region's economy. In an attempt to retrieve the situation, the Government announced that it would stand firm on its plan for steel - not to do so would lead to an internationally uncompetitive industry and endanger the performance of the entire French economy. At the same time, protests intensified, most notably on the evening of 23 February and early 24 February when police moved in to halt the occupation of a local T.V. station by protestors against the closures : those occupying it were objecting to the station's coverage of the campaign. This led to 2,000 more protestors besieging the local police commissariat, together with a bulldozer.

In March the most serious outbreak of civil disorder to date broke out, with rioting following the involvement of the CRS at a demonstration in the town of Denain, in the Nord; seven policemen were wounded by rifle-fire, 30 demonstrators by tear-gas. Later in the month, on the 23rd, a major demonstration in Paris of some 120,000 culminated in violent clashes between demonstrators and police in the Place de l'Opéra. Five days later the government and the steel firms agreed to review the closure programmes.

The events of March 1979 were the most serious break-down in public order in France since May 1968 although seen retrospectively, they formed the peak of the protest. Moreover, it seemed for a time that the French state was caught in the grip of forces which meant it was unable to resolve the problems facing it. For it could neither abandon the steel plan nor increase the resources available for reconversion programmes in steel areas to appease opposition to this plan; hence the only way in which it could contain opposition to the plan was by physical violence and represssion, which in turn only served to heighten resistance to the planned closures. Moreover, and perhaps even more seriously for the French Government, opposition to the steel closures was becoming generalised into widespread protest against the whole deflationary tenor of its economic policies, and in particular against the continued rise in unemployment to which this led. This situation seemed to pose a threat at least to the authority of the French national Government, if not the French state.

Yet only six months later, while protests against continuing steel cuts rumbled on, this major threat had disappeared. In part, this came about because the coherence of the protest movement itself began to break up. For example, national strike action in steel began on 11 April, but at Fos and Dunkerque the issue was presented as one of wages rather than job losses or capacity cutbacks; the strike ended in bitter defeat early in May. The result of this was to further heighten the divisions between the various steel plants and steel unions over whether to fight the closures or campaign for alternative jobs.

Thus increasing divisions between the steel unions opened the door for the French state to further defuse the threats posed by opposition to the steel closures, although at considerable cost: "bit by bit, during the five months of exhausting negotiations, the protestors were bought off until only a few isolated pockets of dissent remain" (**Financial Times**, 13 March 1980). Essentially, the French Government stitched together a package of measures over a period of more than two years which eventually helped divide the steel unions and bought-off mass protests against closures. There were two major elements in this. First, a long-term programme to create new employment, the main, but by no means sole element of which was the FSAI. Second, and much more politically important in the short-term, were the measures taken to cushion the effects of job losses on steel workers. These fell into three main categories. The first of these was the special grant of 50,000 FFr. for any steel-worker agreeing permanently to leave the industry, which was in addition to the usual redundancy payments which guaranteed workers sliding scale

payments starting at 75% of their last pay during their first year out of work. In addition, for migrant workers (of whom there were many in Lorraine - some 16% of the population being immigrants : Danset, 1979) agreeing to leave a further 10,000 FFr. was added. In all, about 6,500 workers accepted voluntary redundancy on these terms (Ardagh, 1982, 61) - and it is not without significance that these grants were announced on 8 March 1979 in the middle of the Denain riots, by the Minister of Labour, M. Boulin. The second set of measures was concerned with compulsory early retirement : all those aged over 55 in the steel industry were retired on 70% of their previous salary, while a large percentage of those aged 50-55 (particularly those in physically demanding jobs) were retired on 79% of previous salary; in addition, a monthly minimum payment of 2,400 FFr. was set. Some 12,000 men fell in these two retirement categories (Ardagh, 1982, 61). The third set of measures dealt with re-training : the 4,000 workers to whom they applied had the right to refuse two alternative job offers but on the third refusal their case was examined by a special committee and they could be made redundant. If they took a new job that paid less than their job in the steel industry, their former employer had to make up 60-80% of the difference, while if the difference was 15% or more, the person had the right to a grant of an extra 10,000 FFr. This clearly appeared a generous package to many French steel workers for by March 1980 over 50% of the workers that the closure programme wished to get rid of had left the steel industry and the programme still had 15 months to run, until June, 1981. In these terms, then, the tactics of the French Government were successful.

In another sense, though, this very success was leading to other problems for the massive costs of the restructuring programme were seriously exacerbating the very macro-economic problems which the closure programme was supposedly helping to solve. These costs arose in three main ways : Fr. 3,000 m. for the FSAI, Fr. 10,000 m. over the period 1980-85 for restructuring the financial position of the steel companies; and some Fr. 7,000 m. on the various short-term, ameliorative social programmes. In all, this Fr. 20,000 m. associated with the closure programme amounted to about 50% of the total French annual budget deficit for 1980.

Nor was the reorganisation obviously successful; continuing losses at Usinor and Sacilor mounted after 1978 (tables VI.2, VI.3). With the election of Mitterand as President and of a Socialist Government in May 1981, even the then chairman of Usinor, M. Etchegarry, though a 'fervent advocate of private enterprise' had to admit that nationalisation was the only way of meeting the companies' financial needs (**Financial Times**, 28 October 1981). Indeed, the widespread disenchantment with the previous Barre government was in no small part due to the effects of the earlier opposition to steel closures becoming translated into more general opposition to Government policies. Under these circumstances, the steel workers might have reasonably expected a better deal under the new administration : in fact they did not get one and the discrepancy between outcomes and expectations was important in reviving violent opposition to plans for further employment losses in steel. In February 1982 it was announced that while the Government would turn its back on market forces as

a way of rationalising the steel industry, nevertheless Usinor and Sacilor would have to consider ways of achieving this goal. At the same time the Government undertook a clean sweep of the top-level administration of the two companies, installing M. Raymond Lévy as President of Usinor and M. Claude Dollé at Sacilor. In July 1982 the two companies announced plans for the period 1982-86, entailing some Fr.20,000 m. investment but, at the same time, a further 6-7,000 job losses, concentrated in Lorraine (table VI.9). These plans provoked further outbreaks of direct action; the headquarters of Usinor's special steels division was burned down.

Partly in an attempt to prevent such demonstrations of concern the Government made available a further Fr. 500 m. towards the end of July, through the creation by the two steel companies of 'reconversion companies' in the steel regions. Usinor, for example, created three such companies on 30 July : SODILOR, based on Longwy, with Fr. 100 m. capital; SODICAR, based on Vireux-Molhain, with Fr. 50 m.; and SODINOR, based on Denain, with Fr. 100 m.; all intended to operate, initially at least, for the subsequent three years.

Such offers, however, when seen from the point of view of the steel communities, missed the point and had not been the reason for helping elect a socialist Government : the situation as seen by them was neatly summarised by M. Jules Jean, the first Communist mayor of Longwy, when he wrote to Mitterand "these plans are quite contrary to your thinking and your wishes" (quoted in the **Financial Times**, 14 July 1982). Even if this was

an accurate analysis of Mitterand's views (see also Ardagh, 1982, 117-8), it was becoming clear that the new Socialist government was no more capable of halting the decline of steelmaking in Lorraine than its predecessor, nor of delivering the alternative jobs which it promised.

In June 1983 even the output targets of the July 1982 plan for 1982-6 were called into question at the A.G.M. of Sacilor. The President, M. Claude Dollé, openly rejected the capacity level for 1986 contained in the plan of 24 m.t. (1982 output was only 18 m.t.), cautioning that:

> 'It appears more reasonable to me to plan for the years to come on an annual production of 17-20 m.t. ... This will entail some modification of the plans which we have made.'
>
> (quoted in **Le Républicain Lorrain**, 1 July 1983)[11]

As a result, disillusionment with Mitterand and his Government deepened; as M. Galey-Berdier, Communist Mayor of Morfontaine, a small dormitory town near Longwy put it, "I voted Mitterand and I cannot hide the fact that I am totally disillusioned. Not only did the left promise to save what remains of the French steel industry. It promised to improve it. But it is applying the same policies as the right" (**Sunday Times**, 30 October 1982). While the steel communities had ultimately been willing to settle for increased resources to counter steel closures from a right-wing Government, from a left-wing Government the demand switched to the preservation of the industry but this over-estimated the

room for manoeuvre open to the in-coming Government and the capacity of a change of Government to effect a dramatic change of policies within the context of a capitalist state. Far from nationalisation solving the problems of the French steel industry, it constituted simply one moment in a continuing process of restructuring and rationalisation which threatened work and life for particular steel making localities. As realisation of this deepened within the steel communities, protest against further cuts emerged with a demonstration in Longwy in September 1983 and a series of disruptions to production. In February 1984 trains were stopped by barricades near Longwy and the local PS offices attacked by steelworkers. On 29 March revisions to the original 1982-86 plan were announced, based on maintaining steel production at 18-19 m. tonnes per year rather than increasing it to 24 m.t. A further 20,000 job losses were proposed, mostly in Lorraine.

The new proposals met with an instant response. The following day steelworkers clashed with police during a series of demonstrations in Lorraine with a wave of fresh civil disobedience, blocking road and rail traffic and ransacking the PS offices in Longwy. The future of the PC within the ruling French Government coalition appeared to be in doubt as the wave of militant action intensified, with the Communist general secretary, M. Marchais, calling the revised steel plan a 'tragic error' (quoted in **Financial Times**, 3 April 1984). On 4 April Lorraine was brought to a virtual halt by a general strike called by local parties of both left and right and by all trade unions, whilst the Bishop of Metz and Nancy added the symbolic support of

the church by allowing church bells to ring. Marches took place throughout most cities, involving 15,000 at Longwy. Care was taken to ensure protest passed peacefully but by the evening sporadic clashes had broken out between demonstrators and the CRS. Echoing the protest of 1979, 35,000 steelworkers and supporters marched through Paris on 13 April, with the strongest support from the CGT. The atmosphere was summed up by a banner with the slogan 'Mitterand, your electors are on the streets' (**Financial Times**, 14 April 1984). The PC continued its opposition whilst speculation raged over its future in the coalition Government. On 19 July it refused to join the Government formed by the new Prime Minister, M. Fabius, on the grounds of opposition to industrial policy. Thus finally the steel plan had the consequence of separating the coalition partners, the PC preferring to condemn the cutbacks over continued participation in Goverment.

Under the revised terms of the plan 2,500 jobs were to be lost at Longwy, bringing the workforce there down to 2,400; 1,600 jobs were to be shed at Neuves-Maisons; and the entire Gandrange complex is probably to be closed with the loss of all 9,000 jobs. The words of M. Etchegaray, then President of Usinor, at a press conference on 27 July 1979, are beginning to ring a little hollow:

> 'The plan which we are following (of December 1978) allows us to think that the Longwy basin, once restructured, will be fully competitive ... It is the best guarantee that one can give to the people of the Longwy basin to assure them that the steel industry will remain in that basin.'[12]

VI.4 Concluding comments

Events in the French steel regions between 1978 and 1984 represented expressions of opposition to closure with dramatic national implications. Drawing upon a reservoir of regionalist sentiment in Lorraine the steel plan of December 1978 was greeted with action co-ordinated across a variety of usual interest groupings, supported by many tens of thousands of workers within the region and even drawing support from locally-bound capitals in the form of a temporary regional cross-class alliance. At the same time similar violent protests in the other major steel region, the Nord, meant that the issue was raised in a cross-regional fashion, extending ultimately to massive demonstration in the national capital symbolic of the wider significance of the steel plan. In the face of these circumstances the Government was forced to delay the programme of closures and make available massive extra resources for the steel areas, but the increasingly apparent inadequacy of these policy measures had the effect of translating opposition to steel plans into general opposition to Government policies. A left-wing Government coalition of Socialists and Communists was elected in 1981 on the basis of this dissatisfaction, which soon proved as unable as its predecessors to solve the steel regions' problems within the context of a capitalist state. Disenchantment within these areas grew upon announcement of further employment reduction in 1982 and reached crisis point in 1984 when local opposition to further downward revision of planned steel employment was translated into general Communisty Party opposition to the tenor of policy, reaffirmation of opposition to the mode of policy formation and

eventual resignation from the coalition Government. In a similar fashion the trade unions too signalled their increasing disillusionment with the Government.

These connections between broad-based local opposition to steel plans and national politics are of particular significance both because of and through the character of relations between state and society in France. For much of the post-war period major trade unions operated within a civil society totally disjunct from the state apparatus whilst capital within the industry developed in a process of increasing centralisation. Attempts to increase the scale of individual production units (rather than the size of capitals, although the two were linked) were selectively promoted at first by the state but the increasing pressures of capitalist competition drew in direct state assistance in the form of funding for major expansion programmes at Fos and Dunkerque. This itself proved to be a further burden on steel company finances already troubled by a dramatic fall in demand after 1973, with the state finally being drawn in to bail out the industry in response to a crisis of profitability in 1978. Under these circumstances though the state rapidly became visibly involved in the undermining of the very future of steel regions with the result that local protest against closures, within the context of national politics favouring the promotion of this issue by both Communist and Socialist Parties, had the effect of reconnecting parts of civil society with the state apparatus. Generalised trade union/political party opposition influenced national politics at the 1981 election. In office after 1981 elements of the left-wing Government found the

pressures of operating within a capitalist society difficult to equate with opposition to the system of capitalist production, and as successive further cuts were announced opposition within the steel regions grew. Under these conditions some trades unions gradually withdrew from active participation in the state apparatus, once again voicing their opposition to that state as the **de jure** nationalisation of 1981 proved only one moment in a continuing process of restructuring of capitalist social relations.

In this way events in the steel regions illustrate several fundamental features of the contemporary French state. By challenging the legitimacy of the monopoly upon the means of violence, through civil disobedience, the steel regions exposed the essentially repressive nature of the state. This also had the effect of breaking up the coalition of support as some groups withdrew from generalised opposition to the system of production. Equally, these events emphasised the structural constraints imposed upon the state by capitalist social relations, for even under a broadly left-wing Government the competitive pressure of the international market place was translated into further closures, raising fresh questions about the connections between civil society and the capitalist state. Hence over this period both hegemony and coercion became exposed as simultaneously necesary for and problematic to the reproduction of relations within French society.

Table VI.1 Proposed redundancies under the Ferry plan, 1977

Lorraine			
	Sacilor - Sollac	8,700	
	Usinor - Thionville	2,620	
	CICC - Neuves-Maisons	90	
	SNAP Pompey	600	
	CICC - Longwy	1,170	13,180
Nord			
	Usinor - Louvroil	720	
	Usinor - Valenciennes	1,200	
	CICC - Isbergues	65	
	Creusot - Loire - Dunes	150	2,135
Other			
	Blagny - Vireux	250	
	Mondeville	600	850
Total			16,165

Source: Rognant et al, 1977

Table VI.2 Key operating figures, Usinor

	Crude steel output, m.t.	Product output, m.p.t. Long	Flat	Workforce, 31.12 (x 1000)	Profit (loss) m. Fr.
1970	8.0			38.0	
1971	7.4			39.3	
1972	8.1			39.3	
1973	9.1			40.9	164
1974	10.9			42.4	160
1975	7.9			41.5	(1,224)
1976	8.8			41.7	(1,245)
1977	8.3			48.0	(3,000)
1978	9.8			43.0	(2492[1])
1979	10.8	2.8	6.3	40.2	(933[2])
1980	10.8	2.6	6.4	34.2	(1,229)
1981	10.6	2.0	5.9	31.6	(3,918)
1982	8.8	1.8	4.0	30.6	(4987)
1983	8.5			29.3	(5,333)

Sources: Freyssenet and Omnes, 1982, 78; Usinor **annual reports**, 1981, 1982, 1983

[1] period 1.1.78 - 30. 4.79

[2] period 1.5.79 - 31.12.79

Table VI.3 Key operating figures, Sacilor

	Crude steel output, m.t.	Product output, m.p.t. Long	Flat	Workforce, 31.12 (x 1000)	Profit (loss) m. Fr.
1970	7.1			60.5	
1971	8.1			57.3	
1972	8.4			54.1	
1973	8.2	4.1	2.5	51.8	
1974	8.4	4.3	2.5	50.5	
1975	6.0	3.2	1.8	49.4	
1976	6.6	3.2	2.1	48.2	
1977	6.4	2.7	2.5	44.7	(2283)
1978	6.4	2.7	2.7	34.8	(1014)
1979	6.5	2.7	2.5	29.9	(1367)
1980	6.3	2.6	2.5	24.4	(1940)
1981	5.6	2.3	2.5	22.5	(2786)
1982	5.0	2.2	2.3		(3690)
1983	4.7	1.8	2.1		(5276)

Sources: Freyssenet and Omnes, 1982, 78; Sacilor **annual reports**, 1981,1983

Table VI.4 Proposed redundancies under the 1978 plan for the French steel industry, to 1982

Usinor/Chiers Chatillon		
	Denain	5,600
	Valenciennes	500
	Sedan	100
	Billemont	95
	Longwy	7,200
	Anzin	400
	Blagny	460
Sacilor		
	Gandrange-Rombas	2,000
	Hagondange	2,200
	St. Jacques-Hayange	800
	Joeuf-Homécourt	1,050
	Hayange	170
Sollac		
	Seremange	1,100
	Ebange	1,100
	Florange	1,100
	Fensch	250
Total		24,125

Source: **Le Figaro**, 6 February 1979, p.9

Table VI.5 Decline of the Lorraine iron-ore mining industry

	Workforce, x 1000	Output, m.t.
1962	22.8	60.5
1964	19.3	57.0
1966	15.5	51.6
1968	11.8	52.1
1970	10.7	54.0
1972	9.6	52.9
1974	8.9	51.9
1975	8.6	47.5
1976	8.0	43.5
1977	7.1	35.1
1978	5.7	31.9
1979	4.9	30.3
1980	4.4	27.6
1981	3.6	20.7

Source: CFDT, 1981, 8-9

Table VI.6 Output of the Lorraine steel industry

	Lorraine steel output m.t.	French steel output m.t.	Lorraine as % of total	Nord as % of total	Other as % of total
1966	12.3	19.6	63		
1967	12.0	19.7	61		
1968	12.8	20.4	63		
1969	13.4	22.5	60		
1970	14.0	23.8	59	30	11
1971	13.5	22.8	59	30	11
1972	13.5	24.0	56	31	13
1973	14.0	25.3	55	34	11
1974	14.3	27.0	53	33	14
1975	10.2	21.5	47	33	20
1976	10.9	23.2	47	34	19
1977	9.8	22.1	44	33	23
1978	9.8	22.8	43	33	24
1979	10.2	23.4	44	35	21
1980	9.4	23.2	41	36	23
1981	8.1	21.3	38	38	24
1982	7.4	18.4	40	34	26

Sources: CFDT, 1981, 6; **annual reports** of the Chambre Syndicale de la Sidérurgie Française

Table VI.7 Employment in the Lorraine steel industry

	Lorraine steel jobs x 1000	French steel jobs x1000	Lorraine as % of total	Nord as % of total	Other as % of total
1966	91.1	152.1	60		
1967	86.0	144.6	60		
1968	83.4	141.5	59		
1969	86.9	147.1	59		
1970	87.2	146.1	59		
1971	84.8	144.7	56		
1972	80.6	144.0	53		
1973	80.5	151.5	51		
1974	80.6	157.6	51	26	23
1975	79.6	155.6	51	26	23
1976	78.2	153.7	49	26	25
1977	70.5	142.7	48	26	26
1978	62.8	131.2	47	27	26
1979	56.4	120.4	47	27	26
1980	45.8	104.9	44	27	29
1981	41.8	97.2	43	28	29

Source: CFDT, 1981, 6

Figures as for year-end

Table VI.8 Steel employment at the works of La Senelle, La Chiers, Mont-St.-Martin and Rehon, Longwy

31.12.74	15,414
31.12.75	15,308
31.12.76	14,834
31.12.77	13,576
31.12.78	12,756
31.12.79	10,523
31.12.80	9,520
30. 4.81	9,252
31. 5.83	6,298

Source: Usinor-Longwy

Table VI.9 Closures in Lorraine under the 1982-6 plans of July 1982

	Location	Plant
Sacilor		
	Fontoy	Sinter
	Hayange	Rail and beam mills
	Joeuf	Wire mill
	Rombas	Beam mill
Usinor		
	Longlaville	Coke ovens
	Longwy-Mont-St.-Martin	Plate mill
	Longwy-Rehon	Hot rolled strip mill

Source: **Le Républicain Lorrain**, 1 July 1983

Footnotes to Chapter VI

[1] "La CFDT s'est prononcée pour un autre type de développement. Face à une société productiviste, la CFDT veut impulser un type de développement plus égalitaire donnant la priorité à la consommation collective et à la satisfaction des besoins fondés sur une appropriation du pouvoir par les travailleurs et le peuple."

[2] "L'isolement auquel la stratégie du mouvement communiste international les conduit."

[3] From the handbook for the tenth national steel conference, 4-5 June 1981, Dunkerque, of Force Ouvrière de la Métallurgie, p. 63.

[4] The material on the development of the companies of Usinor and Sacilor draws heavily on various unpublished company documents and brochures; also Gehring and Saint-Dizier, 1971.

[5] **Financial Times**, 22 September 1978; see also Hudson and Sadler, 1983b.

[6] "Au printemps 1979, les conditions sont réunies pour une riposte des travailleurs ... En ces jours la menace de licenciements massifs se précise."

[7] "L'étroitesse de cette vallée n'avait jamais permis son extension."

8 "Les sidérurgistes ont de grand projets de modernisation, mais bientôt aucune entreprise locale ne pourra répondre à la demande et les trains de laminoir et les coulées continues seront construites soit par Thyssen ou Demag, soit par Danieli."

9 "Il ne s'agissait pas d'une simple manifestation de solidarité à l'égard d'une catégorie de salariés ... la volonté de se battre pour continuer à vivre et à travailler dans leur région natale ou d'adoption."

10 "On ne sait jamais où peut mener la violence, et je demande aux militants F.O. d'être très prudents à cet égard."

11 "Il me paraît plus raisonnable de miser pour les années à venir sur une production annuelle de 17 à 20 m. de tonnes ... Ceci entraîne des modifications de plans que nous faisons."

12 "Le plan que nous mettons en place permet de penser que le Bassin de Longwy, une fois restructuré, sera pleinement compétitif ... C'est la meilleure garantie que l'on puisse donner aux gens du Bassin de Longwy pour leur assurer que la sidérurgie restera dans le bassin." Source : Usinor press release, N.D.

CHAPTER VII

West German steel capital, the Ruhr and Dortmund

VII.1 Introduction

The character of West German state and society presents a revealing contrast in many respects to that of France or the United Kingdom. A corollary of the high degree of formalised regulation of the social relations of production is that connections between state and society are structured around the concept of apparently harmonious development of capital and labour. The state is seen, superficially at least, as playing no formal part in the system of production so that, for example, in steel, nationalisation and financial assistance to private capital have until recently been regarded as inappropriate policy options. As part of this system of formally unrestricted capitalist production, capital has displayed a tendency both to massive concentration and, in some cases at least, centralisation, as the West German steel industry has evolved to the position of largest tonnage producer in the European Community. This sheer size, however, has exposed the industry to acute problems of over-capacity in the context of a global over-production crisis. One result is that the apparent harmony between capital and labour, regulated by formalised connection between state and society but with minimal apparent direct contact, has come under increasing scrutiny. It is the implications of the development of these connections between state and society which we seek to explore here.

We commence with an examination of the system of formalised regulation of social relations of production since this is in many respects the key to contemporary West Germany. The

industrial heartland of this society is in the Ruhr area, where the structures of organised politics reflect the character of the social relations in which they are grounded. A further characteristic of post-war West German society has been the development of large capitals, most particularly in steel production. We therefore consider here both the organisation and development of Ruhr politics and of capital within the steel industry.

These general developments have taken expression very clearly in the town of Dortmund, in the east of the Ruhr, a settlement of some 800,000. The town's main steel capital, Hoesch, has adopted a continuing series of strategies in an attempt to combat problems of over-capacity made all the more acute by the location of the company's plant remote from the main ore terminals on the Rhine. These have involved, firstly, a unique development, merger with another European Community country's main steel producer, Hooghovens of the Netherlands, to form Estel. This transnationalisation of capital was later opposed by both employer and employed in Dortmund, with eventual dissolution of the merger resulting. Continuing uncertainty over the company's future after this has been associated with sustained pressure from labour, which has been accommodated until recently by the formal institutional connections between state and society, although continuing pressure common to all capitals in steel has recently made the degree to which state and society are seen as isolated increasingly problematic.

VII.2 West German state, society and the 'social partnership' in steel

The over-riding feature of the West German state during the post-war period has been the significance attached to the notion of "social partnership" between capital and labour - an attitude that economic development mediated by the highly structured organisations and institutions of capital and labour, with minimal government interference, is in the ultimate interest of all. During the period of the 'economic miracle' of economic expansion during the 1950's and 1960's this conception could be presented with considerable validity, not least because of the relatively strong position of labour at a time of labour shortage, as evidenced by the immigration of large numbers of foreign workers, principally from Turkey. With retrenchment in the 1970's, however, there are signs that the conception holds increasingly less validity.

Three features of this system are worthy of special attention; the notion of wage regulation, the question of workforce participation in management, and the issue of works-based employee representation. Wage regulation has been strictly controlled by the highly structured union organisation. There are today seventeen main unions, organised on the criterion of industrial grouping - for example **I.G. Metall** organises in the engineering and metal production sector. These unions are affiliated to an umbrella organisation, the **Deutscher Gewerkschaftsbund** (D.G.B.); wage regulation, however, is confined to the individual unions and hence industrial sectors

(see also Cullingford, 1976). The regulation of wages is carried out within the framework of the **Tarifvertragsgesetz**, or wages contract law, by associations representing, respectively, the unions and the employers. Both sides are strongly opposed to state interference in this system of collective bargaining. The traditional weapon of the union in these negotations is the **Warnstreik**, or warning strike, often lasting one or two hours and confined to a small number of employees at works selected by the union. Longer strikes are not so common. They may not be declared until the possibility of further negotiations has been exhausted and before a secret ballot has been held with at least 75% voting in favour.

The second significant feature of this notion of social partnership is that of **Mitbestimmung**, literally co-determination, implying workers' participation in management. The unions have actively supported this conception, resulting in the passing of legislation in 1951/2 which provided for its introduction in all joint stock companies in the iron and steel industry with over 1,000 employees. Further legislation, extending the scope of application, was passed in 1976 (see Childs and Johnson, 1982, 72; further, for a consideration of the significance of co-determination and documentation on the struggle for its introduction in the 1945-51 period, see Peters and Pfromm, 1979a). It is necessary to distinguish, however, **Montanmitbestimmung** from **Mitbestimmung**. The former requires employers to form a supervisory board, **Aufsichtsrat**, of equal numbers of employees' and shareholders representatives, with a "neutral" president. Further, on the main board, there is an

Arbeitsdirektor or workers' director with the same powers and rights as all other directors. In the latter conception there is no provision for a workers' director on the main board and the supervisory board only has one-third of its number elected by the employees.

The third feature is that encompassing relations between management and employees at individual works, as organised by the **Betriebsverfassungsgesetz**, or works' constitution law. This provides for the election of a **Betriebsrat** or works council every three years, which effectively structures communication between management and employees at the works level. Although the works council is supported by the appropriate union, it is not allowed to act in the name of union policy: rather it is obliged to act in the interests of the firm as a whole.

The significance of the formalised institutional strength of this social partnership should not be underestimated. The points of contact between state and society are regulated in a rigid fashion by a set of structures involving wage bargaining and employee representation, labour actively co-operating with capital in the management of industry. In other words the social relations of production are structured around apparently harmonious co-development in the pursuit of high profits and high wages. This effectively ties trades unions and employers to each other within the state apparatus whilst minimising the requirement for direct state intervention in industry. Clearly, however, high profits and high wages are not mutually compatible goals, even under conditions of economic growth but especially

under recessionary conditions such as the post-1974 period. It is scarcely surprising, therefore, that the social partnership should have been placed under increasing strain during this latter period. This has been especially true in the steel industry, where the conception had already developed to the strongest advantage of labour and where the impact of recession has been felt most dramatically. In this the position of the union **I.G. Metall** has been of considerable significance. In point of fact the **I.G. Metall** is not just an iron and steel workers' union - it also organises in the engineering sector and in other metals production works. The significance of iron and steel within the union is symbolised, however, by the existence of a separate headquarters specifically for this industry in Düsseldorf: the main headquarters is in Frankfurt. Further, there is a separate tariff bargaining process for the iron and steel sector. The main central body from the point of view of permanent constitution is that of the executive committee (table VII.1). More significantly, however, it is possible to identify a considerable degree of decentralisation within the union's structure, arising at least in part from its claim to be a 'democratic organisation'. This decentralisation is most obvious at the level of administrative authorities, the smallest areal unit (for example the town of Dortmund), but with its own permanent administration. Below this, too, there exists the possibility of even more decentralised action arising from the organisation of shop stewards at individual works level. Given a membership of some 80-90% within the iron and steel sector this possibility of what must be termed relatively autonomous action is of considerable significance.

For example, in September 1969 there was a short sharp series of strikes in the Ruhr and the Saar regions, independent of the usual wage regulation structure. About 140,000 workers from 70 workplaces participated (see Muller-Jensch and Sperling, 1978). Further, throughout the period 1970-4 there were a number of locally-organised strikes; for example at the Opel works in Bochum in 1973 (see Kirchlechner, 1978). Such strikes were generally discouraged by the appropriate union, representing as they did a threat to the usual structure. During the 1970's, however, the position of the union at national level hardened, undoubtedly partly in response to growing militancy arising from the deepening recession in steel. The first true signs of alarm came at a conference in Dortmund in 1977, where much was made of the 20,000 jobs lost in the industry in the previous three years (see **I.G. Metall**, 1977). A more active response, however, came the following year with the 1978/9 steel strike.

The national steel strike represented a definite hardening of the position of **I.G.Metall** (for details see Gehrcke, 1979; Dzielak 1980). At the start of the negotiations in the annual tariff round in August 1978 the union made clear that it wanted a reduction to a 35-hour week with no loss in earnings, with the specific aim of safeguarding jobs in the industry. By November no agreement had been reached; on the 17th of that month the union members were asked 'Are you prepared to strike in defence of the principles of a 35-hour week and a 5 per cent pay increase?' (Gehrcke, 1979, 143). With an 87% vote in favour, the strike began on 28 November, initially with just 37,000 members called out by the union (Dzielak, 1980, 28). The employers

responded with a lock-out of 29,000 workers from 8 works on 1 December. The strike gradually hardened, however; by 3 January 1979 some 100,000 members had been ordered out by the union. A compromise was finally agreed on 7 January, involving a 4% increase for 15 months from 1 November 1978, and the promise of 6 weeks holiday by 1982. The strike ended on 11 January, after a ballot in favour of the proposal the previous day (Gehrcke, 1979, 156).

The significance of the 44-day national steel strike lies in the attempt of the union to broaden the tariff bargaining process to encompass issues not specifically tied to the question of wages. The conception of the 35-hour week with no reduction in earnings was intended to safeguard the volume of employment in the industry. This broadening of the tariff bargaining process was resisted by the employers, who preferred to see their concessions as extra holiday, a qualitatively different conception (though with similar effects) to that of a reduction in the working week. In this sense the phrasing of the final tariff agreement in terms of 'extra holiday' should be seen as a victory for the employers.

The developing crisis in the social relations of production has been felt most acutely in the Ruhr region, which contains, even today, a concentration of so-called 'traditional', heavy industry (see Dege, 1980; Landwehrmann, 1980; for an English language account see Hall, 1966). The dominance of coal, steel and related industries is subsumed under the term **Montanindustrie**, signifying the close inter-relationship between these sectors.

The region has not escaped, though, from the decline of these industrial branches which has been evident throughout most of Western Europe. In coal, for example, there was a continuing crisis after 1957 largely as a result of the switch to oil, a situation paralleled in, for example, North East England (see Hudson, 1983). The extent of the decline in employment and output has been dramatic. From a situation where coal employed 470,000 in 1920 (Wegener and Vannahme, 1981), to the post-war boom of 1957 with a workforce of 496,000, there was a decline to 141,000 in 1980 (Table VII.2). This situation reflected a crisis of profitability in the industry during the 1960's, partially resolved when it was rationalised with the formation of Ruhrkohle A.G. in 1968, from 24 former companies with 94% of the annual national output.

A similar situation has arisen in the steel industry following the advent of crisis conditions in 1974. For example, in the period 1977-80 the region lost 14,000 jobs in iron and steel lowering absolute employment to 140,000 (**Kommunalverband Ruhrgebiet**, 1982c). At a broader level, employment in metals production, which is dominated by the iron and steel sector, fell by some 50,000 in the period 1970-79, to a total of 200,000 (Table VII.3). Significantly, however, the industrial structure of the region still reflects its historical dependence on the 'montan' sector (Table VII.4). The iron, steel and coal mining sector provided nearly 40% of total employment and 32% of output in terms of turnover in 1980. The sub-total of these and the related industries of, for example, chemicals and engineering, at 76% of both total turnover and total employment emphasises the continuing nature of the remaining industrial base of the region.

Faced with these problems of decline in the traditional industrial base, local institutions of organised capital have expressed concern over the future, largely in the form of demands for alternative employment to replace jobs lost in the coal and steel industries. These have been translated into political initiatives, notably within the **Land** government of Nordrhein-Westfalen (NRW). The 'action programme for the Ruhr' and the 'Ruhr-conference' both date from 1979. They are of considerable significance, representing a classic political response to acute regional problems - a broad-based injection of investment into the region from the state, and an attempt to publicise the problem and future potential of the region within the national economy. Thus on the 8th-9th May 1979 some 150 representatives of political institutions, employers' organisations, unions and churches met in Castrop-Rauxel at the initiative of NRW Minister-president Rau to discuss the problems of the Ruhrgebiet (for documentation, see NRW, 1979 b). In his introduction Rau made clear the intention of the conference:

> 'Decisive for this political initiative, which this Ruhr conference certainly is, were the pressing levels of unemployment in the Ruhrgebiet and the special structural problems of the economy.'

(NRW, 1979 b, 6^{1})

The classic nature of Rau's political initiative was made more apparent later in the year with the announcement of a seven point 'action programme' for the Ruhr (see NRW, 1979c). This programme

entailed a sizeable allocation of state expenditure for the region over the period 1980-4: 5,400 m. D.M. from the NRW **Land**, 1,500 m. D.M. from the **Bund** (for details, see Tables VII.5, VII.6). The seven main parts of the programme illustrate the broad nature of the injection of state funds: improvement of training and education, encouragement of regional innovation potential, improvement of housing conditions, environmental protection, encouragement of capital investment, improvement of cultural life, and an emphasis on the continued energy-production function of the Ruhr. Thus the whole programme should be seen as an attempt actively to encourage private capital investment in the Ruhrgebiet, either directly or indirectly, through an attempt to bolster the popular 'image' of the region. In this respect the programme must be regarded as a political response to regional problems, encouraging alternative investment with the aim of 'alternative employment'.

This programme met with the active approval of the region's **Industrie-und-Handelskammern** (chambers of commerce, IHK). There are five such within the Ruhr, based on Bochum, Dortmund, Duisburg, Essen and Münster. They are particularly wealthy and powerful organisations (see also Kunzmann, 1982), for whom the problem is one of structural change to which the answer is to co-operate within the political apparatus to secure new, private investment for the region:

> 'The successful accomplishment of structural change in the Ruhrgebiet is not conceivable without helpful support from political and administrative bodies ... The I.H.K's of the

Ruhrgebiet are ready to work actively with them to further these processes.'

(I.H.K., 1982, 34;[2])

Clearly, however, the social partnership is requiring increased support from government. Rationalisation of the coal industry in 1968 was one dramatic expression of the failure of existing arrangements within the general relations of production. In this the state was heavily implicated. Under the conditions for the formation of Ruhrkohle, the payment of the debts of the twenty four former companies was guaranteed by the state, although the reconstituted company[3] was effectively owned by the steel producers - 60% of its capital was held by them in 1971 (Jablonowski and Offermans, 1974).

There is a precedent, then, for active state financial support to private capital. There has also been increasing pressure for similar assistance to the steel industry, casting further doubts upon the limited role of government in the social partnership. Historically the conception of active state disinvolvement has held some credence (in the post-war period, at least) in steel. For example in response to a drop in demand in 1967 four regionally-based **Walzstahlkontore**, or steel sales groups, were established by private capital, in an attempt to maintain profitability (Bomer, 1977, 81). More recently the West German government has argued that the problem of over-capacity is one for capital to work out alone, allied to the argument that the current depth of the crisis in the European steel industry is

caused by the extent of state support in other European countries for their national steel industries which has had the effect of 'unbalancing' the 'normal' restructuring mechanism of the market. Typical of this latter concern was the German position at the EEC Council meeting in June 1981, where an agreement was reached to extend state subsidies until the end of 1985 only after considerable opposition from the German delegation (see Chapter IV).

Even in steel, however, the government has recently given financial assistance to capital. In the late 1970's considerable payments were made to the steel companies in the Saar and to the company of Salzgitter (see **Kommunalverband Ruhrgebiet**, 1981). Having done this, the government was placed in a position where it could scarcely refuse to consider similar assistance for the Ruhr-based steel producers. For managers of Krupp Stahl, for example, could argue that 'the Ruhr is no less German than the Saar'[4] or more specifically 'We cannot accept that the Federal Government can see fit to act in the case of Arbed-Saarstahl but not in the case of the Ruhr'[5]. In 1981 the government therefore announced 1,700 m. D.M. state aid for the steel industry, including for example finance for payment of 4,000-6,000 D.M. for early retirement of steelworkers (Table VII.7).

It is apparent, then, that the social partnership is coming under increasing strain. Reorganisation of the coal industry in 1968 and assistance to the Saar steel companies during the late 1970's created precedents for state financial assistance to steel capital in the Ruhr. The steel union, **I.G. Metall**, and its

members, have developed their earlier concern with getting the best out of the social partnership to the point of national strike action in 1978/79. Organisations of capital in the Ruhr have become concerned about the precipitous decline of the region's traditional industrial base. Their desire to see alternative investment by private capital within the region has been mirrored in the regional government's support for a programme of alternative employment creation. In other words institutions of local and national politics are increasingly playing a direct, unmediated role in the system of production which was once exclusively organised around a conception of co-determination by capital and labour with the state merely playing a facilitative role in creating the conditions for continued accumulation. For just as coal is a vital resource for the rest of industry, so too is steel. And it is to the development of steel capitals during this period that we turn in the following section.

VII.3 The development of steel capital in the Ruhr

Within the Ruhr region it has been possible to discern two trends in the location of the dominant sectors of coal and steel. Coal production has historically moved from the southern zone of the Ruhr to the north, as the shallower pits in the south have been gradually exhausted. The significance of this trend was recognised in the 1960 regional plan which employed a three-fold north-south division largely reflecting the trend in coal

production location (see Hall, 1966). On the other hand the dominant aggregate trend in steel production location has been away from the east towards the west, so that the overall percentage of the east in total output has gradually fallen. The extent of this general trend is such that the output of the Dortmund/Hagen region has declined from 40% of total Ruhr production in 1948 to 20% in 1982 (Table VII.8). These trends are reflections of the development of individual steel capitals. We therefore consider these developments in detail.

The development of Klöckner's steel production facilities is of considerable interest because it shows the first example in recent times of the rundown of steel production in the east of the Ruhr. The company owns three main production sites and has an interest in a fourth; Bremen, Georgsmarienhütte (near Osnabrück) and Maxhütte (North of Munich), with a share in **Hamburger Stahlwerke.** Emphasis is placed here, however, on the Bremen works, for the development of this site has had considerable repercussions in the Ruhrgebiet.

The development of the Bremen works in the 1950's has to be seen in the context of contemporary ECSC forecasts of an increasing world demand for flat steel products. To meet this demand Klöckner decided in 1952 to build a new, integrated works in a coastal location, in a bid to increase exports. In January 1954 Bremen emerged as the final location. Significant features in this choice were the availability of a large flat area of cheap land and the decision of the Bremen authorities to start canalising the Weser to enable ships of 25-30,000 d.w.t. to be

unloaded at the works. The first steel was produced at the site in 1957 (on the technical development of the works, see Asbeck and Heemeyer, 1960). During the 1960's the most economical tonnage of ship for transport consideration increased rapidly. In response, Klöckner purchased an area of land at Bremerhaven, 60km. downstream, and developed ore handling facilities there. Even this harbour, however, could only handle ships of up to 85,000 d.w.t. This, and the necessity to trans-ship the ore to rail wagons, significantly reduced any locational cost advantage gained by Bremen.

Nevertheless, during the 1970's a considerable modernisation programme was undertaken at Bremen, aimed at updating the flat steel production facilities. Following the introduction of oxygen steel converters in 1968, there was the construction of a new large blast furnace, with a hearth diameter of 12.0m. in 1973, and a new wide strip mill in 1974. This latter is capable of rolling the widest flat steel of any mill in the world, up to 2.1m. Significantly, in the current recession, demand for such wide steel products from, for example, American automobile concerns, has seen one of the greatest percentage declines.

More importantly for present purposes, however, the development of the Bremen works had considerable consequences for the (now closed) Hagen works south of Dortmund. In the early 1950's before Bremen was built, Klöckner specialised in profiles, rails and sections in particular at the Georgsmarienhütte and Hagen-Haspe works. Hence the development of **flat** steel production at a semi-**coastal** site meant that Hagen-Haspe would be starved of

investment for two reasons - in the first place because it specialised in what was considered to be a marginally less profitable **product** area (i.e. profiles rather than flats) and in the second place because inherent in the move to the coast was a recognition of the relatively unprofitable **location** of Hagen even within the Ruhr region.

Consequently, from a peak year in 1964/5 when it produced 963,000 t. of crude steel with a workforce of some 8,000, the Hagen works saw a gradual rundown (see Hartmann, 1981). In 1967 one of the three steel shops was closed with 1,500 redundancies; in 1972 steel production finished completely, with the closure of the remaining two steel shops and the loss of 2,200 jobs. The following year Klöckner bought a share in the **Hamburger Stahlwerke** to supply Hagen with steel; for example 300,000 t. of semis were received in that first year (1973). The Bremen works was unable to supply the correct dimension of semi-finished product, being orientated to flat finished products. Throughout the 1970's Hagen continued to produce a range of rolled sections, but with an ever-decreasing workforce, down to 270 in November 1980. The ultimate closure of the works in December 1982 was by then no surprise.

It would appear, however, that the emphasis on wide flat steel has been a considerable handicap to the company in the current recession. Klöckner has consistently refused to adhere to the production quotas of the E.E.C., in an effort to return to profitable operation (see Table VII.9). This has not proved to be sufficient to stem the losses, however, so that at the AGM in

Duisburg on 3 May 1983 the chairman conceded that the company was to reduce capacity by 40%, the greatest percentage reduction of all West German steel firms. This situation was specifically blamed on the E.E.C. production quotas which (if they had been adhered to) would have restricted utilisation of the hot wide strip mill at Bremen to 43% of capacity, compared to quotas of 57.7% for the other five similar West German mills (quoted in **Ruhr Nachrichten**, 4 May 1983).

It is possible to discern a number of similar features in the strategy of **Krupp Stahl.** In particular, Krupp have also developed an interest in flat steel during the post-war period. The original works of the Krupp concern was founded in 1896 at Rheinhausen. Following the second world war, in 1953, **Hütten- und -Bergwerke Rheinhausen A.G.** was established to encompass the former Krupp iron and coal assets. In 1965 the name of this company was changed to **Fried Krupp Hüttenwerke A.G.** and it acquired **Bochumer Verein A.G.** The significance of this take-over lies in the fact that the Bochum company specialised in flat steel products, whereas the Rheinhausen site had until then specialised in sections. Consequently the merger must be seen in the context of the desire of the Krupp concern to diversify its range of steel products, with increased emphasis on flat products. By the late 1970's flat steel products were produced in roughly twice the tonnage of sections.

There was a very early recognition within the enlarged company of the additional cost of the Bochum location over Rheinhausen for iron-making. Consequently, from 1966 when there were five blast

furnaces at Bochum, there was a rapid programme of closure so that by 1968 there were none remaining. Steel production continued at Bochum however in L.D., open hearth and electric arc furnaces: the first two necessitating the transport of hot iron in 'torpedo' rail carriers from the blast furnaces at Rheinhausen until the closure of the last such converter in 1982. Hence within the enlarged Krupp concern after 1965 there has been a gradual rundown of first crude iron and later crude steel capacity at the relatively unfavourable location of Bochum.

A further significant feature of the company's strategy, which distinguishes it from that of Klöckner, has been the emphasis on increasing the quality of steel produced. Hence in the period 1974-8 Krupp merged with **Stahlwerke Südwestfalen A.G.**, one of Europe's most important producers of special steel. In the 1977-81 period special steel accounted for approximately 45% of the value of all sales of steel, a significantly high proportion (Table VII.10). Further, Krupp have continued to invest in new, high quality steel facilities. For example in 1982 a new 'ultra-high power' electric arc furnace was commissioned at Bochum, with the claim that at the time it was the most advanced production facility of its kind in the world. With an investment of 100 m. D.M. Krupp replaced an older electric furnace and a number of converters, with a total capacity of 105,000 t. monthly, with a 120-tonne capacity furnace with a monthly capacity of 50,000 t. of higher-grade steel. As a consequence the steelworks labour force has fallen from 700 to 400. Thus the strategy of concentrating on higher quality steels has also had the effect of reducing manpower requirements.

By contrast **Mannesmann** has all its steel production facilities located on the Rhine. This company has consistently argued that it is not a steel producer. Its organisation is such that it has no specific daughter company which can be identified as a **steel** company. This is in large part a result of a conscious attempt to break away from the stronger provisions of **Montanmitbestimmung** (see Chapter VII.2), which only applies to iron, steel and coal companies. For example, the company does not report to the iron and steel employers' association, the **Wirtschaftsvereinigung Eisen- und Stahlindustrie**, in Düsseldorf; nor was it included in the so-called 'moderators' report' of 1983 (see Chapter VII.5). The two main production companies are **Mannesmann Rohrenwerke A.G.** and **Mannesmann Demag A.G.** The former was created in 1973 as a result of an agreement with **Thyssen**, whereby the share capital was held two-thirds by **Mannesmann**, one-third by **Thyssen.** From a large plant at Huckingen on the Rhine it produces exclusively pipes and tubes: 3.3 m.t. in 1982, with 7,900 employees (IHK Duisburg, 1983). Crucially, the ECSC definition of iron and steel activities specifically excludes the production of tubes and pipes. Hence, although the company had four blast furnaces and five oxygen converters in 1982, it was able to claim that it was not a steel company. The second main production company, **Mannesmann Demag**, is an engineering company (formerly Demag) into which Mannesmann bought during the period 1972-9. This has no steel production plant as such but rather makes such plant, along with a range of compressors, construction and materials handling equipment. Consequently the strategy of Mannesmann is of considerable significance in that it illustrates another response to the crisis in iron and steel - diversification into other branches, especially engineering.

Much the same is true of **Thyssen**, the Ruhr's largest steel producer and a major trading company (in which steel is only one branch), with a turnover of 28,000 m. D.M. in 1983 (Table VII.11). The steel division incorporates **Thyssen A.G.**, **Thyssen Henrichshütte** and **Thyssen Niederrhein** located in the Duisburg/Oberhausen area, and a number of smaller concerns. In 1983 the Duisburg producers employed 47,000 (Table VII.12) from plant which in 1982 included sixteen blast furnaces, eleven oxygen converters and four electric arc furnaces (**Thyssen A.G.**, 1982). Total crude steel output of the Thyssen group, including that of the special steels division, stood at 9.4 m.t. in 1983, down from 13.1 m.t. in 1980 (Table VII.13). As part of this decline the steel division has seen mounting losses since 1981 whilst even special steels made a loss in 1983 (Table VII.14).

Clearly, then, four of the major steel producers in the Ruhr have followed a number of strategies. **Klöckner** closed plant in the east of the Ruhr at an early date, as part of its expansion at Bremen, whilst **Krupp** acquired by take-over works at Bochum in mid-Ruhr and closed their iron-making capacity as part of a recognition of the more profitable location of the Rhine for this purpose. The two other major steel producers, **Thyssen** and **Mannesmann**, are heavily concentrated at the junction of the Ruhr with the Rhine and at the same time have diversified out of steel into other sectors, principally engineering, to a considerable extent. This raises interesting questions about how **Hoesch**, located in Dortmund to the east of the Ruhr, has been able to adapt to the changing conditions of the steel industry.

VII.4 Hoesch and Dortmund : from transnationalisation to nationalisation?

The position of Hoesch today cannot be understood without consideration of the development of the company in the late '60's and early '70's. In 1966 **Hoesch** merged with **Dortmunder-Hörder Hüttenunion A.G.** (DHHU) combining the Westfalen site of the former with the Union and Phoenix sites of the latter. The basis of the Dortmund merger was the development by DHHU of a new steel plant in 1963, and a new large blast furnace in 1965, both at the Phoenix works. Hoesch at this time had also considered the construction of a new steel plant. However a merger appeared an attractive proposition to both parties since the investment costs proved to be a considerable financial burden to DHHU. Following this first merger the 42.7% share of the Dutch steel company Hooghovens in DHHU was converted to a 15% share in the enlarged Hoesch (see Fleming and Krumme, 1968).

Within the enlarged Hoesch there developed considerable discussion over future policy. In particular, F. Harders, president of DHHU until 1966, vice-president of Hoesch till 1968, president from 1969 till his death in 1973, favoured competing on the bulk steel market, and hence favoured a coastal development. This policy was not popular with all within the company administration, as epitomised by the resignation of the chairman of the **Aufsichtsrat**, W. Ochel in 1970. Formerly president of the old Hoesch company, he was president of the enlarged company until 1969 when he was moved to the supervisory board. He had wanted to build a second steel plant in Dortmund: his successor,

however, H.J. Abs, president of the **Deutsche Bank**, became a strong supporter of the coastal plant strategy (see Schroter, 1982, 13).

With Hoesch unable to secure sufficient finance to build a new coastal plant of their own, a total merger with Hooghovens developed as the most attractive alternative. There was some opposition to this from the Dortmund workforce, fearing that the coastal Ijmuiden plant threatened their employment. Partly to appease this opposition, the Hoesch management proposed to construct a new steel plant at Dortmund in 1971; at the same time the Hooghovens management proposed a new steel plant at Rotterdam. Whether these were in fact tactical manoeuvres (as suggested by Jager, 1981, 133; Schroter, 1982, 14), and if so, with what aim ('appeasing' the relative workforces, or as a jousting for position prior to a merger) cannot be clearly ascertained. What is certain is that the reason for not building at Rotterdam, as given by both Hoesch and Hooghovens after 1972 - environmental problems - must be treated with considerable scepticism in view of the concentration of, in particular, petrochemical refinery capacity at Rotterdam.

Hoesch merged with Hooghovens on 1 January 1972, to form Estel, agreeing to take 300,000 t. p.a. of semis from the Dutch concern. The following year Estel put forward a new strategy which entailed no new steel plant for Dortmund, rather modernisation of the existing open-hearth works for use until 1990, along with the closure of the Phoenix works, with the oxygen steel converters, after 1990. Despite speculation in 1974-5 over the possibility

of a totally new plant on a new site in Dortmund, the strategy was confirmed in May 1979 by Estel. The steel production function of Dortmund was to be allowed to stagnate. Production costs of steel were quoted as being 38 D.M./t. greater than at Ijmuiden: hence the Hoesch concern was to concentrate on steel processing (see Jager, 1981, 135; Schroter, 1982, 17), as part of an attempt to stop Estel's mounting losses (Table VII.15).

With hindsight it would appear that this marked a definite turning point in the development of Estel. For not only was such a strategy unacceptable to the workforce in Dortmund, it was also unacceptable to the management on the Hoesch side of the Estel concern (although a head office of Estel was established at Nimwegen, the two partners maintained separate production management organisations). Consequently, in the autumn of 1979 the idea of a new steelworks for Dortmund re-emerged at first largely in the form of speculation. On 23 January 1980, however, a concrete plan was announced in Düsseldorf for the construction of a new oxygen steel plant at Westfalen to replace Hoesch's three open hearth works, dependent on 240 m. D.M. of state aid from **Bund** and **Land** governments. The place and timing of this announcement are crucial, for it was not until 30 January, one week later, that the supervisory board of the whole Estel concern gave its approval to the proposal.

Although a concrete plan had now emerged, little specific action was taken, save for Hoesch applying for planning permission for the new works in September 1980. This lack of action encouraged the development of further speculation in the autumn of 1980.

Following a board meeting of the Estel directors on 29 October, from which no decision was announced at the time, 1,500 employees on two rolling mills of Hoesch stopped work on 31 October at short notice, to demonstrate in protest against the continuing uncertainty. The following day 800 **Vertrauensleute** (shop stewards) demonstrated in front of the company head office, voicing similar complaints. Their worst fears were realised when on 4 November Hoesch chief Rohwedder informed the **Rat** (town council) of Dortmund that the plan had, in fact, been shelved. In the opinion of the Estel directors 'the present situation and the great uncertainty over future developments do not allow, at the present moment, major strategic investments to take place.'[6] Certainly, the announcement followed the worsening of the steel crisis and the introduction of compulsory E.E.C. production quotas during the course of 1980. Just as significant, however, given the later break-up of Estel, is the fact that a plan announced with the benefit of West German state aid should be cancelled by a joint West German/Dutch board of directors. This was likely to be unacceptable to both Hoesch workforce and Hoesch management.

The month of November saw considerable discussion over the implications of this cancellation, originating in particular from a nebulous group, the **Bürgerinitiative Stahlwerk Jetzt!** (the citizens' initiative for a steelworks now!). Perhaps best described as a cause rather than an organisation it represents a broadening of the protest from just steel workers to include other fractions of the class of labour. It was certainly of considerable significance in the single most important event of

this period, a demonstration of 70,000 people on 28 November in the town centre in support of the slogan **Stahlwerk Jetzt!** The size of the demonstration demonstrates clearly the extent to which concern had spread to include a variety of occupations other than steelworkers, being some four times greater than the total Hoesch Dortmund workforce of the time.

This expression of popular concern was followed by a Dortmund **'Stahlkonferenz'** on 18 December, attended by some 150 politicians, representatives of Hoesch and union leaders. This met again on 30 January 1981; both times with no practical result. However, both conferences did serve to defuse the popular protest of late November for the majority of the political representatives stressed the provision of alternative employment rather than the construction of a new steelworks (see also Bomer, 1982, 44). Such an emphasis has already been described as a traditional political response, typified by the five-point programme put forward at the first conference by the IHK Dortmund, which stressed the need to improve the infrastructure of the eastern Ruhrgebiet. Although perhaps unwittingly, the participants in these conferences seemed to side-track the issue from construction of a steelworks to provision of alternative employment. That this served to defuse popular protest is evidenced by the lack of broad-based action further to the demonstration of 28 November.

Thus it was not until February of 1981 that significant protest action returned, now however largely confined to those directly engaged in steel production. In this context though it is

important to emphasise the possibility of 'fragmentation' of protest action, arising largely from the presence of two conflicting works-based employee representation systems: the **Betriebsrat** (works council) and the **Vertrauensleute** (shop stewards). The works council, by its very constitution (see Chapter VII.2), cannot act in the name of union policy yet relations between Hoesch and the employees of Hoesch at a works level are effectively structured through this body. The shop stewards, on the other hand, represent direct union interests, and are traditionally the most militant of union members. Hence the most active union members are denied access to the formal meetings with management unless they are elected to the works council, where they can no longer actively promote anything recognised as union policy. This tension can be illustrated in the period after February 1981.

On 5 February 1981 all 1,000 shop-stewards of the Hoesch works met to discuss future action: the most immediate consequence was a series of short strikes similar to the **Warnstreiks** of tariff negotiation policy, on February 9th and 13th. Hoesch management responded with a new proposal, entailing the construction of a new steelworks not as a replacement for the open-hearth works but rather as a replacement of the Phoenix works. The decision over this new plan is dated by Bomer (1982, 53) to a meeting of the Hoesch directors on 18 March 1981, and of the Hoesch **Aufsichtsrat** of 9 April. Further details emerged on 7 May, when Rohwedder disclosed that the plant was intended to replace not only the Phoenix works, but would also bring about the entire closure of the Union and Phoenix sites: as a result the Hoesch Dortmund

workforce would fall from 21,000 to 13,000. The full plan was tentatively agreed by the Estel supervisory board on 29 May.

A feature of the new plan was the fact that, unlike the previous plan, it entailed the complete closure of two out of the three works of Hoesch, presenting further possibilities of fragmentation within any organised campaign on the grounds of one works against another. This possibility was actualised when on 7 April the **Betriebsrat** of the Westfalen works, which was to remain operational in the slimmed-down company, voted in favour of the new company **'Sozialplan'**, dealing with conditions for early retirement, but the respective **Betriebsrate** of the other two main works voted against. Two days later as the **Aufsichtsrat** sat to consider the main plan, 7,000 workers from the Westfalen site demonstrated in front of the main company offices: separate similar protests were raised by the Phoenix and Union works. It would seem fair to suggest that both events should be seen as indicative of a works-based division of the labour force (see also Jager, 1981, 148).

This plan also marked a new phase in the development of the Hoesch company, for it was dependent upon a large degree of state aid. The extent of the required support only gradually became obvious: on 11 June 1981 the Dortmund **Rat** considered a proposal that Estel could only afford to finance 1,100 m. D.M. of the total 2,700 m. D.M. investment requirements of the plan. Largely in response to this request for aid, **Bund** and **Land** politicians openly encouraged Hoesch to consider instead the possibility of

co-operation with Krupp: for example on 9 August 1982 NRW **Landes-Präsident** Rau declared the steel industry must show 'self-help', encouraging in particular co-operation between Hoesch and Krupp[7].

This line of argument was likely to find favour with the Hoesch workforce, who felt that as a consequence of the transnationalisation of capital, Dortmund was in danger of complete closure. In March 1981 for example, the Hoesch **Betriebsrat** had argued that 'The next reduction plan is a proof that the Dutch in the Estel concern have not given up their old plan, to push the Dortmund works under water and to furnish Ijmuiden with the Hoesch orders.'[8] This line was taken up again by the **Betriebsrat** of the Phoenix works, which voted on 8 May 1981 for a 'divorce' from Hooghovens - and by the **Bürgerinitiative** in June, which claimed that Hoesch should leave Estel as the Dutch company had invested in Ijmuiden at the expense of Dortmund (B.S.J., 1981, point 6). Such a move was likely to be acceptable to the Hoesch management, especially after the cancellation of the original plan by the **Estel** board despite the allocation of a considerable amount of **German** state assistance.

Moreover, talks between Hoesch and Krupp had been going on for some time, since at least July 1980[9]. These talks should be seen in the context of Hoesch's inability to raise funds for a new steel plant within Estel. The particular emphasis given to the possibility in late 1981 should be seen in the light of two factors: a desire of **Bund** and **Land** politicians to limit the amount of financial aid given to steel; and a desire to ensure

such aid was given to a wholly German company. Thus, for example, although the two companies informed **Bund** Economics Minister Lambsdorff that they would require 1,000 m. D.M. of state aid for a merger on 8 October 1981, this sum was less than that requested for the plan within the Estel concern and involved two wholly German companies. Further, it soon became obvious that a Krupp/Hoesch merger would have no room for Hooghovens. For example in January 1982 the president of the Dutch company Dr. Hooglandt, was quoted as saying that they might be looking for a 'divorce' from Hoesch[10]. This was confirmed when a corporate merger between the two German concerns was agreed by the respective supervisory boards on 4 February 1982. The new company, to be named **'Ruhrstahl'**, would not include Hooghovens.

It gradually became apparent,though, that the conditions created for Hoesch by a merger with Krupp were unlikely to be acceptable. The Krupp **annual report** for 1981, dated by the supervisory board as 25 March 1982, confirmed that the two companies had 'examined the possibility of opening up more potential for rationalisation through inter-company co-operation.' It went on to suggest that the two boards had agreed a 'restructuring concept in the steel sector, from which significant advantages will derive for us (i.e. Krupp) ... through the better utilisation of pig iron and raw steel capacities in Rheinhausen for supplying steel to Dortmund and through savings in investment in the flat steel sector'[11]. In other words the 'potential for rationalisation' envisaged by Krupp for Ruhrstahl involved Krupp supplying steel to Hoesch for rolling at Dortmund. The degree of over-capacity in steel at Krupp meant that the development of a new steelworks at Dortmund was unlikely, to say the least.

Hence although Hoesch formally separated from Hooghovens in November 1982, a merger with Krupp was no longer likely. In this context the West German government commissioned three 'moderators' to prepare a report upon the future potential for rationalisation in the steel industry. This drew an immediate response in Dortmund, which originated from a meeting of 190 representatives at the **I.G. Metall** (Dortmund administrative authority) quarterly 'assembly of representatives' on 13 December 1982 (for details of I.G. Metall structure see Table VII.1). This meeting must be viewed in the light of two specific prior developments. In the first place, it followed the commencement of the talks between the moderators and the steel companies on 16 November (Bierich et al, 1983, 1), and hence was concomitant with contemporary concern over the reorganisation of the entire steel industry. Secondly, it followed a series of announcements of redundancies in Duisburg, principally by Krupp, which brought a response of demonstrations organised by the Duisburg administrative authority of **I.G. Metall**, supported by 4,000 on 3 December and 15,000 on 10 December.

The Dortmund assembly took what can only be described as the highly significant step of voting in favour of the nationalisation of the entire steel industry. After focusing on the massive job losses which were likely to follow a private market solution the resolution of the meeting argued that 'The destructive strategy of capital must on this account be opposed by nationalisation' (I.G.M. Dortmund, 1982a).[12] This resolution was further clarified by a briefing paper, prepared on 30 December (I.G.M. Dortmund 1982b). This took as its starting

point the concern of the moderators with a 'private market solution' (p.1) but contended that 'Any private solution with maximum capital realisation is against the interests of the workforce and the steel towns'.[13] Consequently it went on to favour a nationalisation of the steel industry, with security of regional steel sites being secured through 'democratic structure planning' and the creation of parity **Mitbestimmung** (pp. 2, 3).

The significance of this local initiative cannot be over-emphasised, for the national **I.G. Metall** structure had consistently argued against nationalisation, for example at a conference in Mülheim on 15 October 1981. On the other hand nationalisation represented a firm policy line for the German Communist Party, within the context of counter-acting the ability of capital to play off workforces against each other. Equally significant, however, is the way in which, to date, this local initiative has been successfully accommodated by a slight shifting of the position of the national **I.G. Metall** structure. Thus on 7 January 1983 a meeting of all 1,000 shop stewards of the three Hoesch works voted in favour of the nationalisation strategy, despite the fact that the very previous day Eugen Loderer, the ultimate head of **I.G. Metall** nationally had spoken out against nationalisation. Having failed to dissuade the Dortmund shop-stewards, national **I.G. Metall** policy adopted instead a compromise measure. Thus a document of 8 February 1983 (I.G.M. Frankfurt, 1983), after disavowing a single national steel company, argued that 'any government financial help must not be seen as a lost subsidy or interest-free loan, but rather as a form of direct capital subscription.'[14] In other words

rather than complete nationalisation, the giving of any government financial help to steel companies was to be regarded as taking a share in the capital of such companies.

This shifting of position is of even greater importance in the light of the 'moderators' report' of 23 January 1983 (Bierich et al, 1983), which had the twin aims of examining the prospects for inter-firm co-operation and market stabilisation (p.1). In other words, it adhered to the conception that co-operation at the level of capital was the way to solve the problem of over-capacity. To this end, it looked at the following main criteria: the maximisation of the rationalisation of the German industry; optimisation of future investments; preservation of the most possible secure jobs; and a minimisation of the required help from public sources (p.3). The main feature of the proposed solution was the formation of two regional groups for the production of flat products and heavy profiles (pp. 22, 26): a Ruhr group incorporating Hoesch, Klöckner and Salzgitter on the one hand, and a Rhine group incorporating Thyssen and Krupp on the other. Considerable criticism followed these proposals, focusing particularly on the inter-group transport cost disadvantage of the Ruhr group, and the apparent advantages to Thyssen of co-operation with Krupp. More significant, however, is the nature of the proposed solution: a reorganisation at the level of capital with the intention of facilitating rationalisation.

Just as the planned Hoesch/Krupp merger broke down, so too have the moderators' proposals. Hoesch almost immediately refused to

countenance merger with Klöckner whilst the Thyssen/Krupp merger was aborted in November 1983 when Thyssen demanded a further 1,200 m. D.M. from the state as a condition for taking over Krupp, on top of the 500 m. D.M. already offered. Thyssen planned instead to cut its own capacity under a project 'Concept 900', by which capacity was to be reduced by 900,000 tonnes per month and the workforce by 8,000 by 1985. Even a more recent proposed merger, that between Krupp and Klöckner, announced in October 1984, ran into trouble the following December when the government refused to provide assistance of 500 m. D.M. Any kind of solution in terms of rationalisation between capitals is facing continuing problems.

VII.5 Concluding remarks

In this sense Hoesch is illustrative of a number of problems facing the West German steel industry - the need for state financial assistance before capitals are prepared to merge, given the debts accrued by almost all steel producers and the continuing over-capacity in the industry. The problem is particularly acute in Dortmund where finance for a proposed new steel plant has not been realised either in the framework of Ruhrstahl or the moderators' proposed merger with Klöckner. Hence the depth of the crisis facing steel producers, coupled with precedents set in the coal-mining and Saarland steel industries, is drawing into question crucial features of West German society, notably the limited role of direct state

assistance to capital. As part of this developing crisis in social relations, steelworkers in Dortmund have called for nationalisation of the industry, a drastic step accommodated to date by a shifting of position by the national union structure.

Calls for nationalisation are of even greater significance in Dortmund given the earlier transnationalisation of capital by Hoesch and Hooghovens. Conceived in a time of economic growth, the merger rapidly experienced conflicting pressures within respective national societies for the maintenance of employment. In the words of Hoesch chairman Dr. Rohwedder:

> 'People used to ask why I had left Bonn to run a lousy company in Dortmund, but they were missing the point : the real pull was the idea of European co-operation. But then I saw the reality was something else, a huge financial burden, frustrations, national rivalries.'[15]

Sentiments shared by Mr. Hooglandt, Hooghovens chairman:

> 'I think that the basis of the merger, as it was seen at the time, was sound. But the whole plan was drawn up in the context of growth. It's much easier to grow together than to shrink together ... and the reality turned out very different to what we had hoped for.'[16]

Table VII.1 The organisational structure of I.G. Metall

1. **Gewerkschaftstag**
2. **Beirat**
3. **Vorstand**
4. **Kontroll-Ausschuss**
5. **Bezirke**
6. **Verwaltungsstellen**
7. **Vertreterversammlung**
8. **Ortsverwaltung**
9. **Vertrauensleute**

1. **Gewerkschaftstag** - 'union parliament' - meets every 3 years - 5,000 delegates - highest authority.
2. **Beirat** - 'advisory board' - meets 3 times a year.
3. **Vorstand** - 'executive committee' - 30 members.
4. **Kontroll-Ausschuss** - 'supervisors board'.
5. **Bezirke** - 'district authorities' : consist of (no. of **Verwaltungsstellen** in brackets):

Essen	(15)	Köln	(12)
Frankfurt	(28)	München	(21)
Hagen	(17)	Münster	(11)
Hamburg	(16)	Stuttgart	(30)
Hannover	(15)	Berlin	(1)

6. **Verwaltungsstellen** - 'administrative authorities' - smallest area unit.
7. **Vertreterversammlung** - 'assembly of representatives' - meets four times a year, elects delegates for (1) and (5).
8. **Ortsverwaltung** - 'permanent administration' - at the level of (6).
9. **Vertrauensleute** - 'shop stewards'.

Source: **I.G. Metall**

Table VII.2 Coal mining in the Ruhrgebiet

	Output (m.t.)	Workforce (x 1000)
1957	123.2	496
1960	115.4	398
1965	110.9	307
1970	91.1	202
1975	75.9	160
1978	67.1	143
1980	ND	141

Sources: **Nordrhein-Westfalen** (1979a)
Kommunalverband Ruhrgebiet (1982c)

Table VII.3 Employment in metals production in the Ruhr

	1970	1979	Change, 1970-79
Bochum	22,580	16,300	- 6,280
Bottrop	180	400	+ 220
Dortmund	31,770	28,600	- 3,170
Duisburg	69,000	58,500	-10,500
Essen	9,120	5,700	- 3,420
Gelsenkirchen	10,210	7,100	- 3,110
Hagen	29,160	18,350	-10,810
Hamm	4,050	5,450	+ 1,400
Herne	1,020	1,110	+ 80
Mülheim	14,390	11,250	- 3,140
Oberhausen	10,950	7,550	- 3,400
Ennepe-Ruhr	35,440	26,200	- 9,240
Recklinghausen	2,920	3,400	+ 480
Unna	13,040	10,700	- 2,340
Wesel	2,090	3,850	+ 1,760
KVR Total	255,920	204,450	-51,470

Source: **Kommunalverband Ruhrgebiet**, 1981, table 3

Table VII.4 Major branches of the Ruhrgebiet economy, 1980

	Employment		Turnover	
	Absolute (x1000)	%	Absolute (x1000m.D.M.)	%
Iron and steel	139.5	19.4	21.3	20.1
Coal mining	140.5	19.5	12.5	11.8
Oil refining	7.2	1.0	11.5	10.9
Chemicals	44.5	6.2	10.6	10.0
Engineering	84.5	11.7	7.5	7.1
Vehicle manufacture	30.1	4.2	5.9	5.5
Construction	43.9	6.1	4.7	4.5
Electrical Engineering	49.4	6.8	4.2	3.9
Non-iron metal production	10.1	1.4	2.6	2.5
Sub-total	549.7	76.3	80.8	76.3
Total Ruhrgebiet	721.1	100	105.8	100

Source: **Kommunalverband Ruhrgebiet**, 1982c, 33.

Table VII.5 Financial details of the 'action programme' for the Ruhr, 1980-84

m.D.M	Land	Bund	Third parties	Total
1980	442.9	461.8	19.9	924.6
1981	1082.2	434.2	19.9	1536.3
1982	1212.7	210.8	19.9	1443.4
1983	1104.6	189.4	19.9	1313.9
1984	1512.8	174.6	19.9	1707.3
Total	5365.2	1470.8	99.5	6935.5

Source: NRW, 1979c, 68.

Table VII.6 KVR appraisal of the actual allocation of Land finance for the 'action programme Ruhr'

m.D.M.	Planned **Land** finance, 1979	Planned **Land** finance, 1982
1979	-	1.0
1980	442.9	251.9
1981	1082.2	499.4
1982	1212.7	918.9
1983	1104.6	864.8
1984	1512.8	869.1
1985	-	613.3
Total	5365.2	4018.4

Source: KVR, 1982b, 1, quoting budget plan of 22.6.82

Table VII.7 State aid for the steel industry, 1982-5

m.D.M.	1982	1983	1984	1985	Total
Subsidies for steel research	150	150	150	150	600
Adaptation assistance	60	60	50	30	200
Investment and rationalisation subsidy for steel companies	60	195	275	295	825
Investment subsidy for steel regions	80	-	-	-	80
Total					1705

Source: KVR, 1981 (citing **Bund** press releases of 5.8.81, 4.9.81); 1982a

Table VII.8 The aggregate westwards trend in crude steel production

	Crude steel output m.t.		
	1948(a)	1974(b)	1982(c)
Duisburg and Rheinhausen	3.5(40)	19.9(65)	14.2(71)
Oberhausen and Mülheim	1.7(19)	1.0(3)	
Gelsenkirchen/Bochum/ Hattingen/Witten	0.2(1)	3.0(10)	1.8(9)
Dortmund and Hagen	3.5(40)	6.6(22)	4.1(20)
Total Ruhr output	8.9	30.5	20.1

Figures in brackets represent % of Ruhr total

Sources: derived from a. Bomer 1977, p. 78

b. Burkhard, 1974, p.3

c. I.H.K. Dortmund, 1983

Table VII.9 Steel production at Klöckner, 1971-81

	Crude iron	Crude steel	Concast	Rolled steel
	m.t.	m.t.	m.t.	m.t.
Year to 30.9.72	2.0	3.0	-	2.5
73	2.0	3.2	0.3	3.0
74	2.4	3.6	0.7	3.4
75	2.0	3.3	0.7	2.9
76	2.1	3.3	0.9	3.0
77	2.6	3.9	1.4	3.6
78	2.8	4.3	1.8	3.8
79	3.4	5.0	2.0	4.4
80	3.9	5.5	2.3	4.9
81	3.4	4.8	2.1	4.3

Source: Klöckner Werke A.G. **Annual reports**

Table VII.10 Key indicators of Krupp Stahl A.G., 1977-83

	1977	1978	1979	1980	1981	1982	1983
Crude steel output m.t.	4.8	5.1	5.4	5.4	4.9	4.0	3.9
of which special steel m.t.	1.5	1.5	1.8	1.6	1.6	1.2	1.3
Sales m.D.M. x 1000	4.5	4.4	5.3	6.2	6.1	5.8	5.5
of which special steels %	44	43	48	46	47	46	47
Investment in fixed assets m.D.M.	184	150	260	333	344	295	149
Employees, Dec. 31, x 1000	38.6	37.6	40.2	40.9	38.6	35.8	29.1
Profit (loss) m.D.M.	-	(66)	10	8	(112)	298	(287)
Rolled steel: (m.t.)							
Semis	-	0.4	0.4	0.3	0.3	0.2	0.2
Forging	-	0.4	0.5	0.5	0.5	0.3	0.3
Sections	-	1.0	1.0	0.9	0.7	0.5	0.5
Flats	-	1.7	1.8	1.9	1.8	1.6	1.5
Total	-	3.5	3.7	3.6	3.3	2.6	2.5

Source: Krupp Stahl A.G. **Annual Reports**

Table VII.11 The range of operations of Thyssen

	1978	1979	1980	1981	1982	1983
No. of consolidated companies	166	166	177	179	184	186
Sales by division:						
(billion D.M.)						
Steel	7.3	7.8	8.7	8.4	9.3	7.9
Special steels	2.4	2.8	3.0	3.0	3.0	2.8
Investment & capital goods	8.6	8.4	8.3	9.3	9.3	9.1
Trading and services	11.4	13.2	14.0	14.6	16.5	15.1
Total	29.8	32.2	34.0	35.3	38.1	34.9
Less internal sales	6.3	6.9	6.8	7.1	7.5	6.6
Total net sales	23.5	25.4	27.1	28.2	32.6	28.3
Mean annual world workforce x 1000	161	157	152	150	145	139
Net profit (loss) m.D.M.	100	167	117	(68)	(66)	(550)

Source: Thyssen **annual reports**

Table VII.12 Employment of Thyssen steel division

	Workforce, 30-9 x 1000				
	1979	1980	1981	1982	1983
Thyssen A.G.	34.3	34.1	33.9	34.0	32.8
Thyssen Henrichshütte	7.5	7.1	7.0	6.9	7.0
Thyssen Niederrhein	8.7	8.3	7.9	7.8	7.4
Thyssen Bandstahl Berlin	0.4	0.4	0.4	0.4	0.4
Thyssen Grillo Funke	0.8	0.7	0.7	0.8	0.8
Nedstaal (Netherlands)	1.8	1.8	1.6	1.5	1.3
Total	53.5	52.4	51.5	51.4	49.7

Source: Thyssen **annual reports**

Table VII.13 Steel output, Thyssen

		1979	1980	1981	1982	1983
Steel division: crude steel, m.t.		11.9	12.4	11.1	10.2	8.8
of which:						
semis	(m. product t.)	0.7	0.8	0.6	0.6	0.5
section	"	2.1	2.3	1.9	1.6	1.6
flats	"	7.3	7.9	7.6	7.0	6.2
forgings	"	0.1	0.1	0.1	0.1	0.1
Special steels division:						
crude steel, m.t.		0.8	0.7	0.5	0.7	0.6
Total crude steel, m.t.		12.7	13.1	11.6	10.9	9.4

Source: Thyssen **annual reports**

Table VII.14 Breakdown of profit before tax by division, Thyssen

m.D.M.	1979	1980	1981	1982	1983
Steel	167.4	111.3	(7.2)	(11.2)	(139.8)
Special steels	71.8	119.6	31.3	13.1	(93.4)
Capital goods	102.2	66.4	(18.5)	102.3	(317.0)
Trading and services	106.3	113.0	96.6	48.6	117.5

Note: These figures are gross and not consolidated, hence they should not be compared to Table VII.11

Source: Thyssen **annual reports**

Table VII.15 Key indicators of Estel

	Crude steel output m.t.	Steel division workforce x 1000	Net profit (loss) m. guilders
1972	11.2	47.7	87
1973	11.6	48.6	170
1974	12.1	50.8	323
1975	9.6	49.8	(202)
1976	10.4	49.6	(69)
1977	9.4	47.6	(417)
1978	10.4	46.1	(288)
1979	11.5	46.0	(174)

Source: Estel **annual reports**

Footnotes to Chapter VII

[1] "Entschiedend für die politische Initiative, die mit dieser Ruhrkonferenz verbunden ist, waren die bedrückend hohe Arbeitslosigkeit im Ruhrgebiet und die besonderen strukturpolitischen Probleme."

[2] "Die erfolgreiche Bewältigung des Strukturwandels im Ruhrgebiet ist ohne hilfreiche Begleitung und Unterstützung nicht denkbar ... Die Industrie- und -Handelskammern des Ruhrgebiets sind bereit, daran aktiv mitzuwirken und diesen Prozess zu fördern."

[3] To be more precise, seven afiliated companies were formed, with the headquarters based in Essen.

[4] "Die Ruhr ist nicht weniger Deutschland als die Saar" Herr Günther, Krupp Stahl, quoted in **Ruhr Nachrichten**, 22 May 1981.

[5] "Wir können nicht hinnehmen, daß die Bundesregierung den Fall Arbed-Saarstahl als vollig anders geartet darstellt als die Situation zum Beispiel an der Ruhr" Herr Gödde, Krupp Stahl, in letter to Helmut Kohl, West German Chancellor, quoted in **Ruhr Nachrichten**, 18 December 1982.

[6] "Der Vorstand ist der Auffassung, daß die gegenwärtige Lage und die große Unsicherheit über die zukünftige Entwicklung es nicht zulassen, zum jetzigen Zeitpunkt große strategische Investitionen in Angriff zu nehmen", quoted in **Ruhr Nachrichten**, 8 November 1980.

7 Quoted in **Ruhr Nachrichten**, 10 August 1981.

8 "Der jetzt vorgelegte Plan ist ein Beweis dafür, daß die Holländer im Estel-Konzern ihren alten Plan nicht aufgegeben haben, die Dortmunder Hüttenwerke unter Wasser zu drücken, um die Hoesch-Betriebe der Weiterverarbeitung aus Ijmuiden zu beliefern", quoted in **Ruhr Nachrichten**, 20 March 1981.

9 **Ruhr Nachrichten**, 22 July 1980, confirmed by Krupp **annual report**, 1981.

10 **Ruhr Nachrichten**, 7 January 1982.

11 English language edition, p. 14.

12 "Der Vernichtungsstrategie der Kapitalseite muß deshalb eine nationalstaatliche entgegengestellt werden."

13 "Jede private Lösung mit maximaler Kapitalverwertung richtet sich gegen die Interessen der Arbeitnehmer und der Standorte."

14 "die öffentlichen Finanzhilfen nicht als verlorene Zuschüsse oder zinslose Darlehen gewährt werden, sondern in Form direkter Kapitalbeteiligungen."

15 Quoted in **Financial Times**, 21 March 1984.

16 Quoted in **Financial Times**, 21 June 1984.

CHAPTER VIII

Concluding comments -

France, West Germany and the U.K. : points of comparison and implications of theoretical significance

VIII.1 Introduction - points of comparison and contrast

In this Chapter we seek to draw out points of comparison and contrast from the three national case studies and relate these back to our earlier discussion on the nature of society, the state and space. Clearly, there are a number of points of comparison between the three countries. In the first place, they have all experienced job loss on a massive scale in the steel industry as part of a programme of capacity reduction in response to a severe over-production crisis. This job loss has been spatially concentrated in certain towns and regions over a relatively short time-period with the effect that in many instances the very way of life in these communities has come under threat.

Secondly, the respective national states have increasingly come to play a direct role in the industry, due to a variable combination of factors including a long-term decline in profitability for private capital from steel production and the demands of trades unions for nationalisation in an attempt to secure employment. The steel industry has been nationalised twice in the U.K., for example, as part of a broader political strategy aimed at public ownership of the means of production, whilst it was nationalised in France in 1978 as part of a short-term crisis rescue operation, formalised in 1981 under a Socialist administration. In West Germany the industry, whilst under continued private ownership, is facing increasing demands for state assistance.

Thirdly, and in large part a consequence of other shared developments, the state has come to play an increasingly significant role in attempting to manage the consequences of steel closures for particular towns and regions. The broad range of incentives offered to private capital to invest in steel closure regions, co-ordinated by BSC (Industry), can be compared with similar measures adopted for the steel regions in France - the 'conversion' companies formed by **Usinor** and **Sacilor**, for example, and the regionally targetted funds for industrial adaptation. In West Germany too the regional (or **Land**) government has been similarly active in offering subsidies to private capital through the 'Action Programme' for the Ruhr.

Fourthly, all countries in the European Community share the characteristic of management of steel measures partially by the European Community itself, following the declaration of 'manifest crisis' in 1980. The wide-ranging powers of price regulation and production quotas apply equally to all countries (in theory at least) though not without tension over their application. **Klöckner's** refusal to submit to the regime in this instance epitomises West German opposition to any kind of E.E.C. cartel arrangement which reduces competition with other national steel industries, for example. At the same time all E.E.C. countries, but in particular France and the U.K., have benefitted from the E.E.C.'s programme of reconversion aids, itself part of the Community's own attempt at legitimating the consequences of its steel policy for particular regions.

In all three countries, too, the scale and timing of job losses in the steel industry have been contested and resisted by people in those towns and regions most affected. In one sense at least this is a point of comparison - for without understanding the nature and extent of this opposition it would be impossible to understand the degree of state involvement in production and in managing the consequences of closure. In another sense, however, it is a point of departure for an analysis of contrasting circumstances. For despite the obvious similarities, job losses in steel have been contested in very different ways within these three countries.

These contrasts can be identified in a number of inter-related dimensions. In the first place, anti-closure campaigns within the steel industry have been 'fought' on a variety of different spatial scales, from town to region to national state. On its own, though, this statement is crude. It does not even begin to take account of the particular coalitions of interest which have developed around these places; for the character of these coalitions has been both contingent upon and cause of the particular spatial scale at which the theme of closure and its effects has been formulated. This formulation has taken place through the medium of particular issues, through the very enactment of identification with place and class. In a sense all these issues are relevant to all the places. What has varied, often in a subtle and shifting fashion, has been the particular emphasis laid upon certain issues at certain places by certain groups of people. In other words the form of social action has varied, in part related to the character of discourse within

particular contingent circumstances. And it is from these variations, as much as from the points of obvious comparison from the three countries, that we can begin to draw lessons for our theoretical framework.

In Consett, for example, the issue appeared very much one of the profitability of an individual works. This was identified in large part as the lowest common denominator of agreement locally. It was contingent, too, upon the weakness of steel trades unions following the end of the three-month national strike earlier in 1980 and the long history of passive acceptance of closure elsewhere within BSC provided that the mythical 'alternative employment' was at least offered on paper. As such the 'Save Consett Campaign' revolved around local people actively placing themselves into competition with other working (and non-working) people in other steel towns. Last-ditch attempts to make the works a privately-owned, profitable enterprise even had this as an explicit aim. Under these conditions the campaign never had a chance of success against a Government determined to cut capacity within the state-owned steel producer as part of a broader drive to create profitable investment space for private capital.

Two further places can be identified with an emphasis upon a different set of issues, the significance of steel employment to people living and working in all kinds of occupations. In both instances this drew upon a reservoir of regionalist sentiment and of long-term historical identity with place. The form of action varied, however, between them. Over the threatened future of the BSC Ravenscraig works in Scotland there developed a strong

regional -even national - alliance throughout 1982, which ultimately gained support from within the state apparatus. The active backing of the Scottish Office amidst fears over electoral prospects for the ruling Conservative Government were undoubtedly major factors in the decision to grant a three-year reprieve (or stay of execution?) to the works. In eastern France, by contrast, a regional consensus emerged around the threat to local society which was joined by locally-based small and medium-sized capitals, at least until the emergence of challenge to the state's monopoly on the use of physical violence during 1979. This regional coalition, along with support from the other major steel region, Nord/Pas-de-Calais, attained national significance within civil society to the extent that the state was obliged to delay the closure timetable and inject massive fiscal resources into the steel regions. Problems intrinsic to this policy solution, notably a budgetary crisis, and continuing uncertainty over steel cuts, ultimately led to the fall of the Government - although the Socialist administration after 1981 has since attempted to resolve the problems of the steel industry within the same policy-forming framework with the same result of continued, reverberating dissatisfaction within the steel regions.

And finally, the character of demands from Dortmund, in West Germany, illustrates clearly the point that emphasis on certain issues from particular places can focus upon national state and society as an arena for contest. Initially the question of the threat posed to Dortmund by virtue of the internationalisation of capital, and subsequent preferential investment at Hooghoven's

coastal plant at Ijmuiden, was resolved with dissolution of the merger in 1982. Around this 'nationalist' theme considerable support gathered, from capital, labour and from the national state - for the latter was unwilling to inject resources into a company transparently based in both West Germany and Holland. Alternative employment for steel regions had earlier been another aspect of the policy response, a kind of sub-theme to the steel closure debate. The **Land** Government had made available considerable financial assistance to private capital in 1979 through its 'Action Programme' for the Ruhr. As the prospect of continuing redundancies at Hoesch intensified even after the break-up of Estel, the extent to which this policy objective could be realised became increasingly uncertain, especially as unemployment locally and nationally continued to rise - although it served to lessen, at least for a time, the social basis of protest against jobs lost in steel. In time, therefore, the debate at Dortmund, in a framework conditioned by the earlier 'success' in arguing for a break with Hooghoven, came to focus upon a new version of the 'nationalist' solution, a radical one in West German political terms, nationalisation of the industry. This was an unacceptable demand for national state and civil society, and for steel capitals, and was hastily accommodated by a slight shifting of position from the union, **I.G. Metall**, to argue that state financial assistance to steel producers should be seen as purchase of share capital by the state within the industry.

These, then, are some of the main points of comparison and contrast from our three case-studies. In the following section

we seek to expand upon their theoretical significance, commencing with a return to theories on the nature of the state, developing considerations of the relationship between state and society, and concluding with a fresh look at the social bases of industrial location theory.

VIII.2 Implications of theoretical significance

We emphasised in Chapter III that the state must be conceptualised as a social relation, taking institutional form according to circumstance. The three national societies considered here demonstrate clearly that relations between state and society within capitalism exist on a continuum, with a flexible association between state and civil society constantly adapting as a reflection of capitalist development. In the U.K., for example, trades unions have participated within the state, actively supporting nationalisation but realising ultimately and at a juncture when they had limited policy-forming influence that an unintended consequence of the particular form of public ownership adopted was massive job loss. In France by contrast, several major trades unions have remained peripheral to the state form, avowing hostility to the social relations in which it was constituted until the election of a Socialist administration. Even then the particular constraints imposed upon policy formation by virtue of the capitalist nature of the state led to a gradual re-withdrawal from it as continued redundancies and cutbacks became the order of the day. And in West Germany, as

part of the formalised regulation of social relations introduced after 1945, trades unions have been tied in to the regulatory powers of the state via the institutions and traditions of 'social partnership', effectively binding large parts of civil society to the state, thereby conditioning the range of options open to trades unions, for example.

The character of these connections between state and society is also of particular interest with regard to both their form and their discursive content. The varying forms suggest that there is a wealth of possibilities in the mediation of capitalist social relations within particular national territories which might or might not lead to a questioning of the rationale of the capitalist system. Whether this possibility is actualised is dependent upon and condition for the character of discourse, in particular the channelling of debate around particular issues. The watering-down of the call for nationalisation from the Dortmund branch of **I.G. Metall**, the persistent acceptance of closure at BSC provided alternative employment might be provided or the temporary incorporation of the revolutionary French trades unions and Communist Party into Government after 1981 are all examples of the relationship of discourse to form resulting in an acceptance of the apparent logic of capitalist conditions of development.

Crucially, however, the full implications of capitalist development are felt most keenly at particular places where discourse is selectively channelled around closure - Consett, Dortmund and Longwy being among the most recent examples from the

steel industry. In other words class relations clearly do take expression with regard to particular places where the home-workplace link is most apparent to a particular body of employees. Regions too can be places, often where a particular industry is dominant for economic and social life - the old coalfields in the U.K. or the steel region of Alsace-Lorraine being examples of this. In such conditions the particular culture of the region is often of significance - the long-term tradition of being Scottish, for example, or Lorrainese. And under certain circumstances the significance of class relations within particular places can be of sufficient magnitude to impinge drastically upon national state and society - for example in France during 1979, where the riots in Paris during March became translated into more general political opposition to the Government.

At the same time there is a pan-national dimension, apparent most clearly here in the European Community. Both in terms of involvement in production regulation via quotas and in alleviating the consequences of this for particular places or regions, the Community displays many of the characteristics of an embryonic supra-national state. Challenge to the consequences of accumulation has generally not, though, focused on the operations of this supra-national state. In a sense this is implicit in its very foundation within the competing relations between member nation states. Rather than the European Community **per se** being seen as the actor, the conflicting ambitions of national states are accorded attention. In this the European Community displays a powerful tension, for its very grounds for establishment were

to attempt to transcend these conflicts. Clearly to date it has failed - generally, for example, there have been remarkably few attempts at European industrial co-operation and the Community's only major policy instrument in terms of available fiscal resources is the Common Agricultural Policy, which reflects national priorities in policy determination as much as supra-national. One of the only major transnationalisations of capital in steel, the Hoesch-Hooghoven merger, fell apart in response to conflicting pressures from within the two constituent partners to secure employment, directed at the respective national states.

There has been, then, a variety of physical and social scales through which restructuring of the steel industry has taken place. In other words our analysis has pointed to the complex web of possibilities for the terrain of class conflict over industrial change. What we have yet to consider is the significance of this for our theory of industrial change. What do we mean, for example, by 'restructuring', and what does our account of the steel industry suggest about the relevance of social theory to industrial location?

To take first questions first. Whilst the precise meaning of 'restructuring' in this context is open to debate, the basic premise has to be that it encapsulates industrial change as a simultaneously economic, social and political process entailing redefinition of the relations of production. In many senses it has to be related to the concept of 'spatial divisions of labour' (see especially Frobel et al, 1980; Massey, 1984) in that the latter is seen in some way as the product of a process of

restructuring of class relations. As such the concept of divisions of labour across space is essentially descriptive rather than analytic - it accounts for changing phenomena such as the decentralisation of office jobs from London and the South East in terms of their impact upon and implications for the use of space. Yet as a descriptive category it is really of little use in understanding the dynamics of change - it tells us what has come about, not how this happened, still less under what conditions it might not have happened.

Just as Giddens (1984) has recognised that the value of structuration theory to empirical research is as a 'sensitising concept', so too is it time to acknowledge that awareness of the possibility of the use of space as a means of dividing labour is the major contribution of the 'spatial divisions of labour' thesis. To understand precisely what conditions and possibilities are presented for capital and for labour over the use of space requires a recognition that reality as it exists on the ground today is a complex interweaving of different rounds of investment within different sectors over different time periods, each round continuously under review both internally and with respect to other rounds. 'Sensitising concepts' should only guide empirical work - they should not be the aim or ultimate goal of subsequent analysis.

This theme can be illustrated with respect to the West German steel industry. In many respects it might be argued that a new spatial division of labour has emerged within the Ruhr whereby crude steel production is concentrated at the junction with the Rhine at the expense of eastern and central parts of the basin,

which concentrate on special steels production and re-rolling processes. Descriptively, this is fine. What it fails to take into account, however, and indeed misleadingly conflates into the single heading of 'locational advantage', is the great diversity of corporate strategies through which this pattern has emerged. **Klöckner** disinvested from steel production in the eastern Ruhr as an integral feature of its move to a new coastal works at Bremen on the North Sea coast, out of the Ruhr basin. **Krupp** acquired and then closed crude steel making plant at Bochum in the central Ruhr belt, preferring to concentrate this part of the process at Duisburg on the Rhine but maintaining Bochum as a centre for special steel, the original reason for acquisition. **Thyssen** have single-handedly accounted for much of the new pattern by reason of continued, sustained internal expansion of crude steel capacity at Duisburg along with selective acquisitions. **Hoesch**, on the other hand, based in Dortmund, were unable to expand crude steel capacity there as their corporate planning came to focus upon an expansion of capacity at the sister company's plant at Ijmuiden on the Dutch coast (at least until the break-up of Estel in 1982) whilst the emphasis on profiles production, or speciality re-rolling, was again part of the overall strategy for the Estel concern. In other words 'the' spatial division of labour emerged through a complex variety of causes and conditions.

And yet to argue that spatial divisions of labour 'emerge' is even more misleading. They are in every sense continually reproduced constructs arising from the dynamics of class relations within society. We emphasised in Chapter II that class

theory in the Marxist sense is about the way in which the machine works once it is set into operation, not the particular workings of part of the machine nor even what it produces. Our conception of 'spatial divisions of labour' must parallel this. Divisions of labour are about the way in which places and societies are reproduced, continuously and contingently, through particular events and circumstances. This is one reason why we have focused upon the dynamics of change in the steel industry, upon how plant closures have, or have not, come about, through the re-creation of the context of change - in short, the way in which restructuring of places and societies actually happens. And this re-creation of context requires consideration of the agents and structures conditioning and enacting the debates. For 'divisions of labour' are, after all, about people as labour power. We have sought not just to recognise this, but actively to incorporate it into our explanation of change. All too often accounts of restructuring and of the emergence of new spatial divisions of labour start from the possibilities open to capital, and from these alone. Central to the concept of class is the active participation of labour. This, we would argue, should be given fresh emphasis in our explanation of industrial location. In many senses, indeed, consideration of restructuring needs to start from the possibilities open to labour, not those offered to capital. Only in this way can we adequately incorporate people into a socially grounded account of industrial change under capitalism.

Through this redirection of theoretically informed research, back to people as the subjects, it is also possible to relate

industrial location to other emerging themes of relevance. In the first instance, there has been growing awareness that 'reproduction of labour power' as an abstract concept in no way does justice to the character of social relations within the household or family unit (see Pahl, 1984; Redclift and Mingione, 1985). In many senses the restructuring of production relations has inescapable (yet indeterminate) consequences for the division of labour within the household (and vice-versa). The significance of female waged employment in a traditionally patriarchal society, nowhere more so than in steel regions and towns, represents just one expression of this relationship. And, secondly, abstract notions of the 'reserve army of labour' need to be refined to incorporate not just the spatial variations in registered unemployment at a variety of scales, but also the character of relations between those 'in work' and those 'unemployed' within a locality. In what ways do the unemployed pass into work, and vice-versa? What relationships are there between formal employment and those servicing formally employed people on a more or less informal basis? And in what ways are resources transferred between the 'waged' and the 'unwaged', (and here the question of state redistribution through social security payments is of relevance)?

To what extent is our redefinition of the social bases of industrial change a function of our analytical unit of study, the steel industry? Evidence from other steel producing regions and nations suggests that the experiences of the European Community have been by no means unique in the past decade - from the USA (Buss and Redburn, 1983) and from Australia (Donaldson, 1981; Donaldson and Donaldson, 1983), for example. Equally, industries

similar to steel in terms of both labour process and recent history of decline, notably coal-mining, have seen parallel developments (Beynon, 1985; Hudson et al, 1985). It remains to be considered, though, whether the particular characteristics of, for example, the coal and steel industries, are contingent or necessary conditions for the increasingly place-destructive consequences of the capitalist system.

Certainly, coal and steel, as archetypes of the old, 'traditional' industries, display unique characteristics. The work is still largely manual - though less so than in the past - and almost invariably associated with male employment, leading to a particular gender division of labour within both the workplace and the household. The pattern of shift work in these industries, too, ties the home to the workplace via the routine timing and spacing of the links between them. At the same time social life and culture are heavily conditioned by the character of these home-workplace relations, the more so as most pits or steelworks dominate the local labour market. Often effectively the only local employer, competition with other industries requiring male labour is blocked and female employment made less attractive by the strength of the social and physical ties binding women to the home.

It might be argued that these particular circumstances are such as to make the steel and the coal industries unique - that the devastation of whole communities is only a temporary phase in the development of capitalism, a readjustment of the spatial division of labour which when complete will enable national societies to

return to prosperity and growth. Evidence, however, points to quite the reverse. With unemployment in the industrialised economies soaring to new heights and new international divisions of labour already emergent in industries such as cars and chemicals, it is not just the 'old' industries of the industrialised countries but also the 'new' employers which face a future of long-term decline as part of increased capital intensification and a switch to lower-wage newly-industrialising economies. Under circumstances such as these the issues apparent in steel are of considerable general significance.

One of the most fundamental lessons from steel's recent decline is that class relations are constituted with respect to different places in a complex, changing fashion. In many senses action within, for example, a highly localised intersection of place and class without regard to broader dimensions of capitalist development is regressive (see Miliband, 1985, 24). By entering into competition with other places, important ground is conceded such as the apparent necessity for unemployment and wage labour. At the same time recognition of shared regional interest might be a way to attract national political resources but is often dependent upon particular circumstances and in many senses only translates place-specificity and place-chauvinism to a broader scale. The progressive conclusion to draw from this, then, is that it is more than ever necessary to consider the social context of industrial location - not just the characteristics of the plant or of the employer or of the labour force, but the full set of social relations within which location is grounded.

These social relations, we have argued, are mirrored in the character of the state, which faces the complex problem of being simultaneously necessary for and problematic to continued accumulation. Gramsci's distinction between hegemony and coercion is, almost daily, of increasing relevance. The problem of maintaining hegemony when a condition for sustained accumulation in U.K. society is some three and a half million unemployed (in the conventional sense) has led to the development of increasingly more sophisticated and powerful forms of coercion, apparent most clearly in the miners' strike of 1984/85 but by no means unique to the U.K. - for example, France during 1979. It is under circumstances such as these that questions about agency and structure take on a poignant meaning, in all walks of life.

In other words, to a degree at least, our analysis has emphasised particular features of industrial location within capitalist society which are readily observable within the traditional industries or producers of basic goods such as coal and steel and, to an increasing extent, bulk chemicals, shipbuilding and motor vehicles. The extent of direct state intervention within these sectors is certainly greater than in many other industries, although it is a question of emphasis rather than qualitative difference - state provision of at least some of the preconditions of production is an endemic feature of contemporary capitalist society. Equally, we have focused upon a type of industry which until comparatively recently was notable for the sheer volume of labour power employed, concentrated at particular points of production. We have emphasised throughout the class

character of capitalist society with its ultimately exploitative relation between capital and labour in the process of production, and remarked upon the more readily visible consequences of this system in one-industry towns and regions. Yet just because the consequences are more apparent does not render them unique. Coal, steel and other basic industries in industrialised economies have led the emergent trend towards destruction of those places and communities which these industries established in the very first instance. Increasingly, the spatial mobility of capital coupled with continued capital intensification of the production process poses similar threats to other communities and other industries. 'Spatial divisions of labour' increasingly are less about divisions of labour power and more about divisions of reserve armies of labour, of unwaged labour. It is precisely under conditions such as these that the possibilities open to capital for heightened exploitation of labour through redefinition of working conditions are greatest. And it is precisely under such conditions that the need to incorporate the social and political into our consideration of industrial development is of most pressing relevance.

What sort of questions, then, should we be asking to further illuminate these problems? Two in particular stand out as being of pressing significance. In the first place, the character of what have been loosely labelled 're-industrialisation' strategies targetted at areas of high unemployment within the developed economies is worthy of examination. One reason for the increasing frequency and strength of campaigns in defence of jobs has been the historical failure of earlier attempts to create

alternative unemployment - the 'success' of BSC (Industry), for example, has been put into its proper - and pitiful - perspective (Storey, 1983). At the same time recent job-creation initiatives, whilst multiplying rapidly throughout the developed economies, have to date had little success in terms of their stated objectives of regeneration in areas such as Consett, for example (see Robinson and Sadler, 1984, 1985). The complex relationship between state and society clearly displays yet another dimension in this regard.

Secondly, we need to consider 'the unemployed'. Accepting for the moment the relative permanency of continued high levels of unemployment, we and they need to consider the implications of being without wage-labour in a society geared to that very relation. What avenues (or cul-de-sacs) of social, cultural and political life are open to them? What role can trades unions, divested of power by virtue of loss of membership, play in this? To what extent, indeed, can conventional party politics respond to the problems of unemployment?

APPENDIX I

Glossary of technical terms

blast-furnace	used for the production of iron from iron ore
hearth diameter	measure of the size of a blast furnace
sinter	fused analgam of coke, iron ore and limestone - raw material in the production of iron in the blast furnace
torpedo	vessel for the transport of hot iron from blast furnace to steel converter by rail
open-hearth	now-obsolete method for the production of steel from iron
Basic Oxygen Steel	method for the production of steel from iron involving blast of heated oxygen - sometimes referred to as Kaldo or L.D. process
ingot	cast of steel from converter requiring substantial re-rolling - now largely obsolete, replaced by continuous casting
continuous casting	process of drawing steel off from converter in continuous cast of semi-finished product
semis	semi-finished steel, either rolled from ingot or continuously cast - three main shapes referred to as billets, blooms and slabs
long products	narrow gauge rolled products including profiles, sections, beams and bars
flats	wide rolled products, including plate (heavy gauge), strip (narrow width, light gauge) and coiled plate
special steel	high value-added grades of steel with particular specifications
electric arc	alternative route for production of (usually) low volumes of special steel by re-melting scrap steel

APPENDIX II

List of abbreviations

AG	Aktiengesellschaft
AGM	Annual General Meeting
BISF	British Iron and Steel Federation
BOS	Basic Oxygen Steel
BSC	British Steel Corporation
BSJ	Bürgerinitiative Stahlwerk Jetzt
CEC	Commission of the European Communities
CFDT	Confédération Fédérale du Travail
CGT	Confédération Générale du Travail
DGB	Deutscher-Gewerkschaftsbund
ECSC	European Coal and Steel Community
ECU	European Currency Unit
EEC	European Economic Community
EFL	External Financing Limit
FO	Force Ouvrière
FSAI	Fond Spécial pour Adaptation Industrielle
I.G.Metall	Industrie-Gewerkschaft Metall
IHK	Industrie-und-Handelskammer
ISTC	Iron and Steel Trades Confederation
KVR	Kommunalverband Ruhrgebiet
NCCC	National Craftsmen's Co-ordinating Committee
NRW	Nordrhein-Westfalen
NUB	National Union of Blastfurnacemen
OECD	Organisation for Economic Co-operation and Development
PC	Parti Communiste
PS	Parti Socialiste

APPENDIX III

Illustrations

Figure 1

SELECTED STEEL TOWNS AND REGIONS IN THE EUROPEAN COMMUNITY

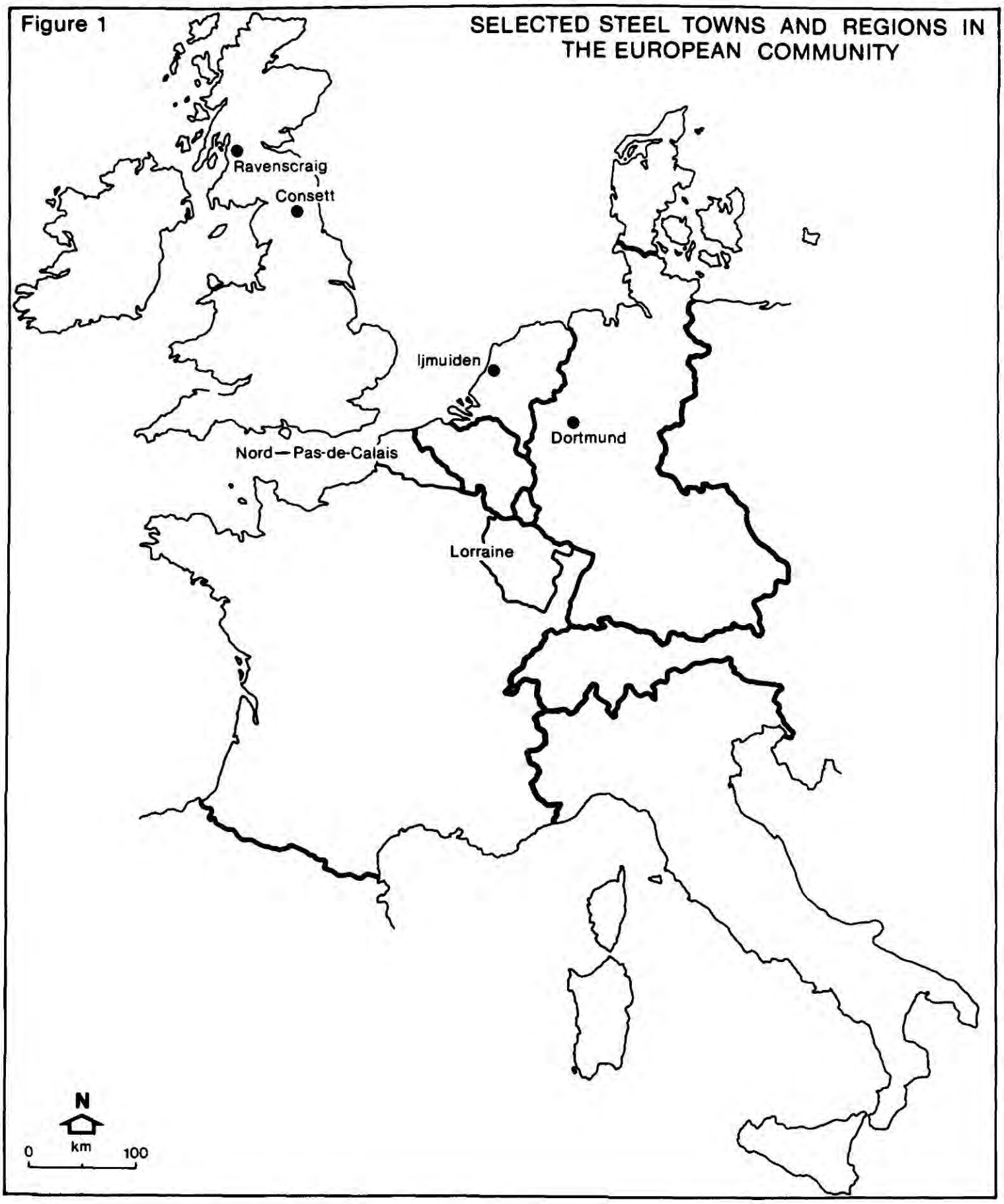
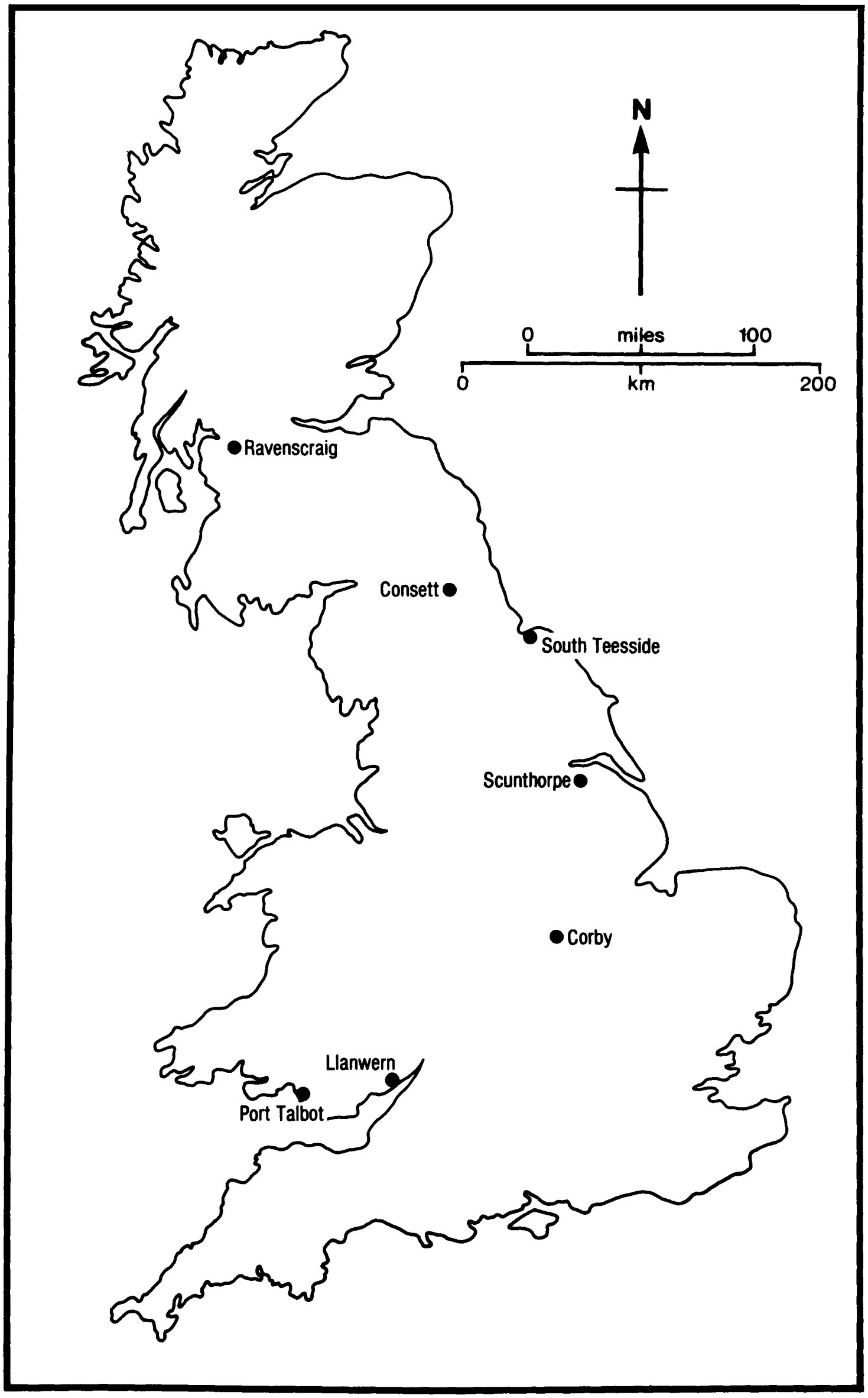


Figure 2 Selected works of the British Steel Corporation



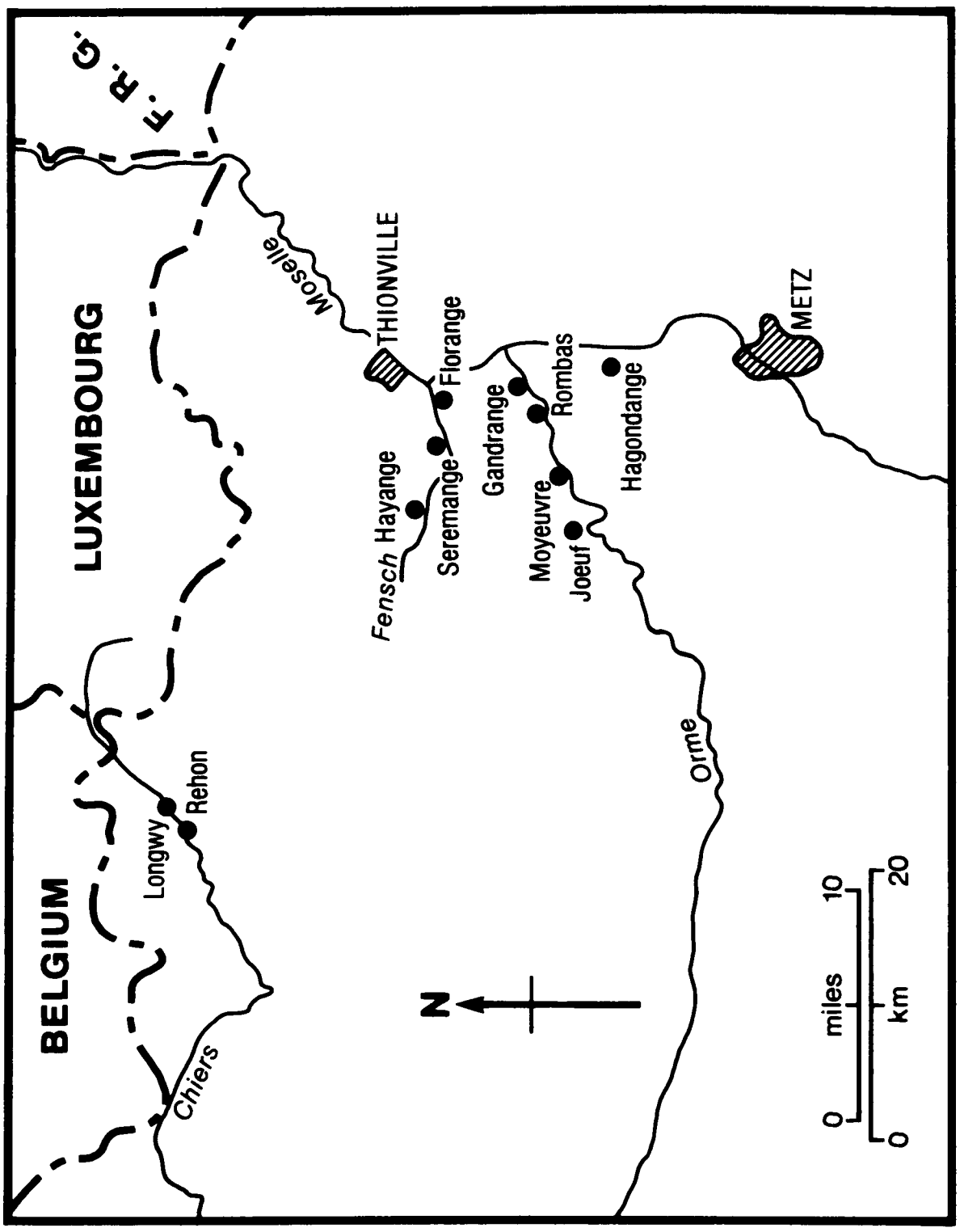


Figure 3 Main iron and steel works in Lorraine

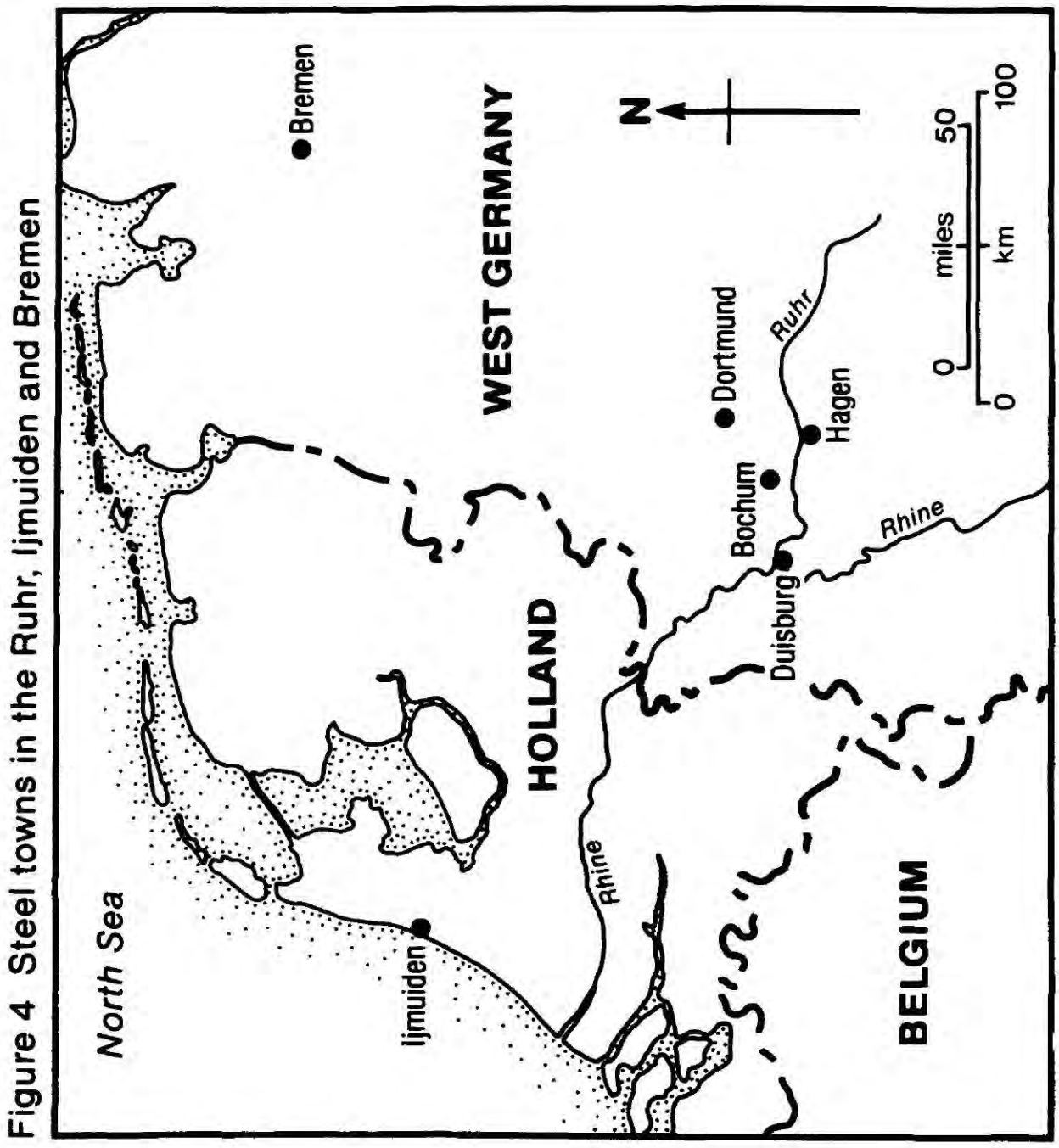


Figure 4 Steel towns in the Ruhr, Ijmuiden and Bremen

APPENDIX IV

Methodological strategy

In considering the methodological strategy adopted in preparing this thesis, reference must be made to the terms on which the Social Science Research Council (as ESRC was then called) awarded a linked studentship to Dr. R. Hudson in 1981. For it was via this linked studentship that the research was carried out on which this thesis is based. Dr. Hudson's application was made under the title "The regional impacts of recession in the EEC" and went on to refer to "...a case study of the regional impacts of restructuring in particular sectors - for example, iron and steel...". By definition, then, the terms on which the linked-award was given to Dr. Hudson meant that international comparative research had to be undertaken. Within these limits, consideration of a number of other issues shaped the way in which the research was developed.

Among these issues, there are two that are of particular relevance : the relationship between theory and empirical evidence; and the selection of the case studies. Since there is a close relationship between these - and because a satisfactory answer to the former partly depends upon the latter - the issue of the selection of case studies will be considered first. The issue of the definition of the object of study is, of course, a more general one and certainly not unique to this research but it was in this case partly pre-defined because, as indicated above, the issue of whether the research was to be internationally comparative was not at stake; what was to be decided was the particular regions and countries to be studied. Even so, the question can be posed : "Why study three countries when the decline of the steel industry is vividly apparent in any one of

the three alone?" In turn, this can be answered by reference to the question which the research on which the thesis is based began by posing : "Why is it that there has been such marked international and intranational variation in the impacts of and reactions to international processes of change which have led to drastic capacity closures in the steel industry?" (It was not initially posed as clearly as that, of course - and the reciprocating theory-evidence relation which is discussed below is apparent here). Clearly, posing this question required some degree of foreknowledge about the world. Knowledge is not constructed on a blank page.

At about the same time, it was becoming increasingly apparent in the social sciences that what is a truism in everyday life was finally beginning to deserve fuller theoretical consideration : place is important to people, to the way in which we construct and order our lives. It seemed an ideal opportunity to seek to elucidate some of the ways in which the experience of place, as lived through by people in regions where the threat to the future of the steel industry was real, could be grounded in this emergent debate. For what was common to all the (international) case studies identified (and more were considered than those reported here) was that the process of change was the result of fundamental shifts in the process of accumulation under internationally competitive conditions of capitalist production. And yet what was different was the very way in which this change was experienced at different places by different groups of people. Put simply, how does one account for these variations?

We were talking here about comparative analysis across different societies. A number of different reasons can be identified on an abstract basis for wanting to undertake this kind of research (see Pickvance, 1985). The first is to become aware of diversity (and overcome ethnocentrism). Secondly, there is the need to clarify a theoretical position with regard to a topic. And finally there is the opportunity to go beyond taking data from two or more societies to investigate influences (which are constant in one society at one point in time) upon relations or phenomena (for example international competitive pressures in the steel industry) which vary the way in which these phenomena are actualised. In other words the wide range of variation observed in the societal characteristics of interest has to be explained and incorporated in the theoretical clarification. The variation is a point of departure, not a principle of explanation. By implication, more elaborate structural accounts of local diversity can be produced along with more satisfactory explanations of how local diversity fits into broader structures.

There are a number of problems with this research design. Firstly, the phenomenon of interest (for example attachment to place or defence of waged labour) may have a quite different 'meaning' in another society. In other words, concepts may not have a direct equivalence across societies. Although the observable phenomena are broadly comparable, the meanings behind the actions constituting these phenomena are not necessarily identical. Our conceptualisation has to be able to account for this possibility. Secondly, and in a related fashion, the lesser familiarity with other societies makes it more likely that some

unknown feature has an important influence on the phenomena under investigation. In many senses these are questions (which are by no means absent in the observer's 'home' society) concerning imperfect awareness of other societies. This is one reason why none of the case-studies reported here involved detailed personal descriptions of the characteristics of the places where action occurred. At least two solutions to these problems emerge. The first is to make a random choice from societies showing great diversity in an effort to make random the effects of the unknown. The likely effectiveness of this strategy is as random as the choice of societies. The second, followed here, is to select societies with certain degrees of similarity in certain aspects (to minimise the diversity on known dimensions) in order to maximise the implications (and 'visibility') of their divergence in other aspects.

Clearly, therefore, comparative analysis cannot take the place of single-country or single-place studies. In many cases it is dependent upon secondary analyses of such studies. It asks of these, what are the effects of particular social features on the phenomena of interest? At the same time the present work sought to go beyond purely secondary analyses, to seek some personal experience of these phenomena. To this end six months (and only six months) were spent in France and West Germany during the period of research (we return below to the ways in which this evidence was incorporated into theory). Equally it is insufficient to categorise comparative analysis as of higher-level abstraction than single country or case research, if for no

other reason than the fact that variations in phenomena can be as great within a country (witness for example the different outcomes at Ravenscraig and Consett) as between countries. Comparative analysis, as conceptualised here, seeks both to capture some aspects of the specificity of a society and the generality of experience, of meaning, from across societies.

Clearly, without doubt, one way to avoid the dangers inherent in comparative analysis would be to carry out in-depth, historical analyses of the construction and reproduction of social relations in particular places - what one might call an intensive rather than extensive research strategy (and one that has been followed elsewhere : see Robinson and Sadler, 1984; Hudson, Peck and Sadler, 1985). But whilst such an intensive strategy solves some problems, it creates others : in particular, how representative (in the sense of decisive social processes and their outcomes rather than statistically) are the places selected for such study? In an ideal world, one would combine the intensive and extensive strategies but a three-year research studentship is not an ideal world, a fortiori when the topic has been defined for the student as involving internationally comparative analysis. The aim then was to combine the merits of intensive and extensive research strategies as far as is possible within these constraints, recognising that they should have been limited by the very terms of reference of the ESRC's linked studentship scheme.

What does this mean for the connections between theory and evidence? In an abstract sense theory can be understood as a

rationalisation of situated action, as a way of coming to grips with the world both when and where it is lived. One conceptualisation of this relation asks in what ways the questions we pose determine the theoretical conclusions we produce, and in what ways our initial theoretical presuppositions determine the questions we ask. An alternative and more satisfactory way of posing the question is to conceive of a reciprocating process between different planes of analysis where theory and empirical evidence constantly pose questions, one of the other. Theory neither determines a single appropriate body of evidence, nor evidence the theory. In practice, there has to be some sort of ordering of empirical investigation and theoretical consideration, but this is a question of research praxis, of methodology as lived, not one of unilinear cause and effect mechanisms in the construction of theory and evidence.

It is in this sense of reciprocation that the connections between theory and evidence must be located. Underlying assumptions about causal patterns need to be extracted from the research design or strategy and recognised for what they are. Here, we deliberately set out not to isolate unilinear cause and effect mechanisms. For actions take place within structures, at the same time as replicating these structures and taking shape from them, in a complex dialectical fashion. By extension, actions have neither a necessary intentional consequence nor a necessary rational purpose. That is both the beginning and the end of our theoretical argument. In between there is a range of questions to be asked, answered and conceptualised; but the prime function

of the theoretical discourse must be to create the analytical space within which events and actions can be situated on their place and class trajectories. It is in this sense, then, that the primary connection exists between theory and evidence - the one occupying the middle ground between agency and structure and in the process the other creating a new kind of basis for theorisation, a new set of causal relations which is effectively a denial of causal relations as traditionally conceived. Theory must not become a set of abstract categories, static boxes into which the social world is forced, irrespective of their appropriateness to its characteristics; rather theory must provide a framework for the sensitive interpretation of that social world, allowing both for the re-interpretation of theory in the process and the provision of a basis for changing that world. An appropriate yardstick for evaluation lies in that re-integration in the social world (not just in academia).

Clearly, this has a number of implications for the collection, evaluation and presentation of evidence. What kinds of evidence are deemed admissible, and how should it be evaluated and presented? In the present work such problems were of particular consequence given that the object of study was of such central and possibly decisive importance to many of the actors' lives. Steelworkers had, after all (as the saying goes) invested a great deal of their lives in the industry. Campaigners against closure, whether steelworkers and their families, politicians, trades unionists or from whatever background, had by and large put a great deal on the line. As in many other social situations

open conflict brought out a considerable degree of self-examination in search of reason or justification for action or inaction. And for many, this self-examination was made all the more acute when others, once friends, colleagues or comrades, came through the same process with a different conclusion. Put simply, places such as Consett and Longwy were, and to a considerable degree remain, highly emotively-charged with a degree of personal antagonism, self-doubt and regret rarely found even in today's bitterly divisive capitalist societies.

In such situations the "normal" questions of evidence take on extremely poignant overtones. Repeatedly it was expressed to me that there are as many versions of what happened at Consett as there were people involved - let alone why it happened. In many senses this is unremarkable, for in such a fluid, highly-charged and rapidly-changing environment as Consett in 1980 there was an inevitability to this situation. The maxim that actors only possess partial information about the circumstances of their action could never have been more appropriate. People, literally, didn't know what was going on. Under these conditions I sought to undertake verbal interviews with as many key actors as possible (trade unionists, political activists, journalists, local politicians and political officers, church leaders, not a few of the men who were <u>the</u> last to leave the works and turned the lights out behind them,...), always putting together what one person said with the story of another. In the main, though, I have refrained from reporting these interviews verbatim here. There are a number of reasons for this.

In the first place the descriptions of events are in many cases my descriptions, though I have endeavoured as far as possible to check out this account with that of others. Wherever possible too I have backed up the story with selected written evidence - the contemporary printed discourse of newspaper accounts, handbills, campaign brochures, government publications and the like. This is not just to add authenticity to the story. Rather, these accounts are significant since (by and large) they formed both part of an input to an ongoing discourse at the time and an historical record (or output) of the discourse. That which was said and reported drew further reactions which were only made because of what was said and recorded. My oral interviews were made in the light of some of this knowledge, elucidated more, and encouraged a re-interpretation of the rest. I therefore saw them as at one and the same time part of the process of theory construction and evidence collection. And finally, the same strategy was followed in France and West Germany. Conversational ability in a foreign language can never be as good as the native tongue but it was vital, nevertheless, to test reactions to ideas forming in my own mind. Any idea of reporting 'foreign' conversations or interviews, though, doubles the risk - which exists even in the native tongue - of mistranslating or mis-specifying what was said or intended to be said. The risk is doubled because in addition to the 'conventional' interview problem of formulating questions and interpreting answers which are meaningful to the respondent in the same sense as to the observer, there is the practical difficulty of translating from one tongue to another (or indeed,

in the case of some interviews, from several languages to another). How can one translate and 'anglicise' foreign phrases and grammatical structures without subtly altering the original meaning? Actually spending time living and working in these countries as a kind of participatory observant was essential in overcoming at least some of these barriers.

Indeed it is important to emphasise that interviewing was by no means the only research method adopted. I felt it especially important given the problems discussed above (in relation to interviews) to examine as far as possible the contemporary written evidence relevant both to these events and to their historical context. This meant reading and evaluating documentation from local and national political debates; semi-published evidence such as local government records, trade union archives and company records rarely accessible in their entirety to a wider audience; and media accounts (both printed and on photographic record) of what was reported to be happening. In many senses the discrepancies between these different forms of evidence, and between these and interview material, were as revealing in their implications as what was confirmed of one source by another. In other words the different forms of evidence were mutually supportive in the sense of posing questions of each other. In a similar way to spending time living and working locally, they were valuable in enabling more informed (and hopefully more meaningful) questions to be asked.

What was emerging, then, was a 'feel' for these places, for what made them tick. I have endeavoured to report this by

concentrating on a number of issues relevant to the longer-term historical genesis of their position in the late 1970's/early 1980's. Why is it that certain companies located in certain places; why did trade union representation take the form it did in these places; how do these company and trade union strategies relate to the state and to civil society in these countries? Such are the questions I felt crucial as an initial step in putting together a situated account of what happened. As more than one person put it to me, with hindsight Consett was going to close at any time from the early 1960's onwards. Why it did not until 1980 is in many ways as important a question as why it did in that year. That is what I have tried to demonstrate through the incorporation of a longer-term historical perspective with the intensive evaluation of what happened in that shorter time-period. It is in an historical sense, if nothing else, that I have tried to combine intensive with extensive research methods.

If the primary connection between theory and evidence is the creation of analytical space to observe, report on and participate in actions and events within their proper context, what are the secondary connections? In many respects these connections are as significant in the ways in which they relate back to the primary conection as in their own right. Two sets of dimensions can be identified along which they occur. In the first group, the theory addresses a number of 'subject' areas dealing with, respectively, industrial, social and political change. Within an historical materialist perspective these sub-classifications (and their associated bodies of evidence deemed

appropriate) do, indeed, fall on a continuum - industrial change is simultaneously social just as political change. In that sense the theory needs to be assessed via the extent to which it incorporates a diversity of deliberately fragmented bourgeois perspectives on industry, society and politics into one coherent articulation of theory and evidence.

And on the second dimension are the questions to do with the ways in which action takes context at a variety of scales, local, national and international. For whilst we have emphasised interviews conducted locally, they were matched (and backed with similar analysis) by those conducted regionally, nationally and even internationally (with European trades unions or employers' associations, or the EEC, for example). This was done to identify the relations between locally situated action, and that at national or international scale. The questions being asked concerned, for example, the ways in which local action can influence national institutions and agents (such as trades unions, employers, political parties - even governments) and international institutions and agents, and vice-versa, indeed, the ways in which any one of these three levels articulates with the others. In many senses this came to be a refinement of the earlier concern that place is important. For one conclusion of this set of questions was that yes, place is important, but on a variety of scales and in a variety of ways which can intermesh either in a conflictual or a reinforcing fashion. These, then, were the key secondary questions - how do places articulate with other places at a variety of scales, and how does industrial change (in the bourgeois sense) relate to that in other spheres?

Finally, there remains the question of the relations between primary and secondary connections between theory and evidence. In many senses, given obvious physical and social constraints, any research strategy involves some kind of trade-off along or between the two of these axes. Our concern with creating analytical space for the contextualisation of action, for example, meant that analysis of regional characteristics from more than one region in each country could not be undertaken with two of the three states; nor could the full complexity of social and political conditions prior to and consequent upon steelworks closure be examined. On the other hand within these constraints the strategy at least enabled a satisfactory slice to be taken from reality, observing both the necessary and contingent relations within reality as a whole whilst abstracting among the most revealing of these relations in a fashion amenable to sustained and coherent analysis and theorisation. It is in that sense, if nothing else, that I hope it has proved successful.

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