9 May 1980

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PRIME MINISTER

R.
12/5

STEEL STRIKE - LESSONS LEARNED

You asked us to prepare a paper summarising the lessons learned from the steel strike, so that we can apply those lessons in handling other public sector and nationalised industry disputes.

The paper is in four sections:

SECTION 1: THE SEQUENCE OF EVENTS

SECTION 2: BEWARE OF DRAWING THE WRONG CONCLUSIONS

SECTION 3: THE MAIN LESSONS

SECTION 4: SUGGESTED ACTION

The lessons we have drawn from the strike may or may not be accepted by colleagues. What is certain, however, is that deliberate lesson-learning is essential.

We believe that the lessons learned point to the need for some fundamental rethinking on Government's posture and policy towards nationalised industries - and probably to public sector pay generally. Many colleagues and senior officials will have seen at first hand, during 1970-74, very similar problems with little evidence of learning from them or of developing a coherent and properly thought-out approach. It is worth reading chapters 7 and 8 of Douglas Hurd's book, "An End to Promises", (and there are probably other more comprehensive sources) which describes how nationalised industry and public sector pay began to dominate and eventually overwhelm Government policy, during those years.

Our general conclusions are that the strike was far from an unqualified "victory" for BSC or Government. This may seem disheartening after the determined and courageous stand which, by early January, Ministers had to take and were right to take. To have abandoned that stand could well have been disastrous. Intervention then would have taken us many steps back; but that is not the same as saying that refusal to intervene has, in the end, taken us many steps forward.

The aim of this note, therefore, is to provide an objective assessment and to remove any dangerous illusions. If it can do that, there is a better chance that we will get it right "next time", whenever that may be.

I am copying this minute, and the paper, to those directly concerned: that is, Geoffrey, Keith and Jim, and also to Robin Ibbs.

JOHN HOSKYNS

1. THE SEQUENCE OF EVENTS

1.1 It is important to distinguish between the two stages of the dispute - the first stage, before the strike; and the second stage, the strike itself. Each stage implied different objectives for the Government and provides different lessons.

1.2 The First Stage - Before the Strike

1.2.1 BSC's cash limit for 1980/81 was first set in June 1979. Since BSC were aiming for break-even by March 1980, the financial target for 1980/81 was: to operate at a profit, after providing for depreciation and interest charges. This target was announced in July 1979, and the Secretary of State for Industry announced at the same time that the Government would not fund operating losses, although the cash limit of £450m was not publicly announced. The cash limit was confirmed at Cabinet on 1 November, along with limits for many other nationalised industries.

1.2.2 Although there had been a sharp deterioration in BSC's market prospects since July, no change was made to the limit of £450m, nor to the requirement that Government funds should not be used to meet operating losses. An annex to the Cabinet Paper referred to an assumption of 5% pay award plus productivity, without discussing how this was to be achieved or whether it was realistic. Because the cash limit assumed that BSC would break even, it was not thought necessary to discuss the pay assumptions when the cash limit was first set. However, in confirming the NI cash limits, Cabinet did note the risk of strike action and subsequent breaches in some industries.

1.2.3 During the months preceding the pay offer, BSC had told the Department that all pay increases would need to be funded from productivity. The realism of this was not discussed collectively. The Secretary of State's minute to you (copied to E members) of 6 December, describing the 2% offer and the risk of strike action, was 3 days after the offer had been made, and one day before the ISTC reached their strike decision. At that stage, the Government's posture of non-intervention in nationalised industries made it seem natural that BSC management should be dealt with at arm's length and left to do whatever they thought fit.

1.2.4 As BSC's position deteriorated further, they prepared a package of larger closures and redundancies. BSC told the Secretary of State of their latest package on 28 November. Some BSC managers thought that this package, combined with a very tough line on pay, was unrealistic, but that Villiers was not prepared to admit that he could no longer live within the tough cash disciplines agreed before the latest deterioration.

1.2.5 BSC announced their large half-year losses and the abandonment of break-even by March 1980 on Thursday, 29 November. The next day, there were press reports that BSC saw need for 52,000 redundancies (ie 32,000 more than earlier announcements). Although the Secretary of State for Wales wanted the redundancies discussed collectively, this did not take place until 12 December - by which time BSC had announced (on 11 December) the location of the proposed 32,000 extra redundancies. It was agreed then that the Government should not intervene to slow down BSC's closure proposals or adjust its cash limit.

1.2.6 Between the pay offer of Monday, 3 December and the strike decision on Friday, the result of the NUM ballot was announced. Ministers welcomed the "moderation" shown by the miners in accepting 20% and rejecting their executive's call for a strike.

1.2.7 It is not surprising that the following events in quick succession seemed "too much" for a moderate ISTC leadership to accept:

(a) Massive further redundancies, following much internal union debate about whether they could accept the shock of the Shotton and Corby closures, announced months earlier (the Labour Government had agreed the closure of Corby in February 1979).

(1. THE SEQUENCE OF EVENTS - contd.)

(b) 21½% for Ford workers; 20% for miners (viewed with general approval); inflation at 17½% and rising.

(c) 2% (consolidation) and local productivity deals only. The fact that these were to be negotiated locally is very significant. It meant that there was no role for the ISTC nationally and that there was no certainty about what could be obtained.

1.2.8 We understand that Len Murray had already concluded that the strike would either be lost or inflict great damage on other trade unionists; that he had no wish to see reminders of the previous winter in the media, especially while the Employment Bill was going through. He therefore made a determined effort to avoid the strike.

1.2.9 Sirs' statements during these events show that he felt his "manhood" and that of his union were being challenged by "insulting" treatment. It is worth having a look at some of his public statements (see Annex 2). These reveal his state of mind and also his complete inability - at least in public - to recognise that there was any connection between his members' wages and the economics of the steel industry in general and BSC in particular. It is also important to understand that this was a collision between perceived value systems (trade unions, fairness and justice, vs. Tory uncaring and economic) not simply a failure of understanding.

1.3 BSC and Government Objectives

1.3.1 BSC's objectives were very ambitious. It is in fact hard to believe that BSC management really thought that they would achieve a real cut in guaranteed pay together with agreement to the closure and redundancy programme. We suspected (our minute of 9 January) that they almost welcomed a strike since it would muddy the waters and obscure the fact that they had no hope of meeting their break-even target. Subsequent events suggest that there may have been something of this in their calculations. What is certain is that they very rapidly raised their opening offer; and that the final settlement cost BSC more in losses and market share than a more generous offer followed by tough negotiation but no strike action would have done. It is a well-recognised fact that the opening positions, in most negotiations, are crucial in setting the pattern for what follows. Were they themselves initially determined to "win" a strike and thus weaken Sirs' leadership? This seems probable, since, despite Sirs' moderate position in general politics, he had been dragging his feet for many months on both closures and productivity in steel. BSC had the clear objective to force agreement on closures as well as on pay - even if this meant a lengthy strike. BSC management's objective was the acknowledgement of the need for change in pay and labour practices.

1.3.2 Government's objectives were not collectively discussed. This was not surprising because, at that stage, Government was treating the whole issue at arm's length. The Secretary of State's minute of 6 December implied objectives of demonstrating determination to curb inflation and public expenditure, and of making nationalised industries stand on their own feet. He stressed the importance of being willing to risk a strike and of winning public support if it came about. Either way, a tough line by BSC would encourage other employers. With hindsight - always easy - the Government may have been too ready to back BSC's judgment and its competence to handle the dispute properly. A different approach - that of influencing BSC's judgment about what was attainable first, and then backing it - was not discussed. If it had been, BSC would probably have demanded a price for modifying its stance - inter alia, an increase in the cash limit and the abandonment of the "no money for operating losses" policy. Once it had adopted a policy of non-intervention, the Government could have no objectives other than the hope that BSC would prove right in taking such a tough line. Government's own objectives emerged later (see 1.4.2 below).

(1. THE SEQUENCE OF EVENTS - contd.)

1.4 The Second Stage - the Strike Itself

1.4.1 Predictably, the mood changed rapidly, once the strike had started, with attitudes hardening, other unions climbing on board the bandwagon and undertones of a General Strike. Government quickly made its non-intervention position publicly explicit. By the end of the first week, it was quite clear that the Government had passed the point of no return and could not possibly intervene without suffering a very damaging loss of credibility.

1.4.2 From that point on, the Government's overriding objective was therefore to ensure - at almost any cost in the long term - that the strike eventually ended without the Government intervening with taxpayers' money. The Government was thus largely in the hands of British Steel management.

1.4.3 BSC soon reduced its own bargaining credibility by increasing its offer of "new money" well above its opening position, although this was done largely not to antagonise Mr Murray and the general unions, in the hope of thereby isolating Mr Sirs and pressurising him into agreement. BSC failed to ensure that Mr Murray "delivered the goods" - instead, he jacked them up, then lost control of Mr Sirs:

3 December	2% (consolidation)
21 December	5%
28 December	6%
7 January	8%
8 January	9%
10 January	10%

1.4.4 BSC formally proposed arbitration on 17 February. At that stage, they presumably reckoned that they could live with any additional award which arbitration might make. Unfortunately, this commitment was left on the table, even after the trade unions had rejected it. On the face of it, this appears an elementary error of giving something for nothing. It left the way open for the unions to suggest the Court of Enquiry in the end, knowing that it would be difficult for BSC to refuse. Although it would have been difficult to withdraw the arbitration offer once made (and repeated by both BSC and Government) it was an option which should have been considered. If their Procedure Agreements make this impossible, they should be revised.

1.4.5 After some early local publicity efforts, there was a long gap in which BSC did not put out further broadsheets or newspaper advertisements until the ninth week of the strike (contrast British Leyland's techniques). This was because they hoped the general unions could persuade ISTC and NUB to co-operate.

1.4.6 When BSC finally did the "ballot about a ballot", which seems to have been a well-judged idea, they took heavy risks, because it transpired that they had done no opinion research. The idea was based entirely on Scholey's mail bag (according to our sources in BSC) with the well-known dangers that a self-selecting sample of disgruntled strikers, who wanted to get back to work, might totally mislead management over its chances of winning that ballot.

1.4.7 In the end, with the strike clearly failing to cripple industry, and the strikers losing heart, the unions called for a Court of Enquiry as the face-saving way out. This ending - fraught with risk to BSC and thus Government - seemed not to have been anticipated by BSC. But BSC could not refuse such an Enquiry and probably could not even refuse to be bound by it, since they had not withdrawn their original offer of arbitration (referred to in 1.4.4 above) when the trade unions did not take it up. We do not know what BSC - or the Government - would have done if the Lever Enquiry had proposed, say, 21%.

1.4.8 Fortunately, the media interpreted the Court of Enquiry result as a defeat for the unions, so the Government's position was vindicated, as far as public opinion was concerned.

1.4.9 Annex 1 sets out the day-by-day events in date sequence.

2. BEWARE OF DRAWING THE WRONG CONCLUSIONS

2.1 It was not an Unqualified Victory for Government

2.1.1 There is no doubt that the end of the dispute was a "victory for Government" in the sense that the serious consequences of Government being forced to intervene, after all its protestations, were avoided. The Secretary of State's insistence, week after week, that there would be no more taxpayers' money must have had a considerable effect on public opinion and Government credibility.

2.1.2 It is also probable that the public came to understand some of the underlying realities - that BSC lost huge sums of money, with well-paid workers largely subsidised by other taxpayers, and that there was a thriving, growing, profitable, unsubsidised private steel sector - and that this would never have happened if the strike had not taken place or had been settled very quickly. It also highlighted the need for further reforms, through the Employment Bill, on secondary action.

2.1.3 However, it is wrong to assume that we have necessarily done better by having the strike than by avoiding it. Tough diplomacy can be as effective as war, though it still requires nerve and skill. A modest settlement (though well above 2%) with BSC management and trade unions in agreement, might have been a better outcome, with as much educational effect and less economic damage. We only have to look at British Leyland to see what can be done.

2.1.4 The real test is whether the result of the steel strike has had beneficial effects elsewhere. Government capitulation and intervention would certainly have "opened the floodgates" and that is why, once launched on the strike, it was imperative that the Government should keep its nerve. But we are not simply comparing capitulation with "toughing it out". We are comparing three different outcomes, not two:

(i) Skilled negotiation at the early stages leading to a modest settlement without a strike and all the consequent damage to all the parties.

(2.1.4 contd.) (ii) Letting the strike happen and the Government then losing its nerve, which could have been disastrous.

(iii) Letting the strike happen and Government standing firm, enormously preferable to (ii), but not necessarily to (i).

The test is the effect of outcome (iii) on union and management attitudes, especially in the private sector, as compared with (i). The truth of the matter is that the floodgates were partly open before the strike started, with the miners' 20%. Since then, we have Clegg on the teachers (admittedly outside our control) and British Rail's effective 20%, with more to come. In summary, therefore, we gained little, probably lost a good deal; but avoided losing everything.

2.2 Strong Nerves are not enough

2.2.1 We should be under no illusions about how badly the strike might have gone, from the Government's and the private sector's point of view:

(1) If there had been greater union solidarity, especially among lorry drivers and dockers, we could have come under great pressure from the private sector to intervene.

(2) No account seems to have been taken of the possible costs of lay-offs under the National Engineering Agreement and costs of redundancy pay among steel-users. It seems likely that this would have posed big problems if the steel unions had been really supported, especially by transport worker.

(3) Sirs gave the country three weeks' notice of the strike, by predicting it on 3 December. This gave plenty of time for steel-users and stockholders to stockpile.

(2. BEWARE OF DRAWING THE WRONG CONCLUSIONS - contd.)

(2.2.1 contd.) According to Taylor (Business Observer, 6 April) the steel workers had been working overtime, predictably, in the run-up to Christmas.

(4) Most steel-using companies were already operating well below capacity and therefore carrying fairly high stocks when the dispute started.

(5) BSC's own endurance might have given way first - eg if serious physical damage threatened their major plants because of the shut-down - probably in mid/late April.

3. THE MAIN LESSONS

3.1 The Government cannot totally disengage

3.1.1 There are many reasons why Government cannot maintain a completely non-interventionaist posture as regards nationalised industries, and why whatever form its intervention does take must follow from a properly thought-through posture which will vary from industry to industry. This is not to argue for a return to day-to-day interference in what must be matters for management. There is a difference between that, which is wholly undesirable, and the discussion of performance targets and involvement in strategic decisions by which they are achieved. Nor are we suggesting that the Government should appear to intervene once a strike begins. The handling of each industry will need to reflect its circumstances. Government involvement in the heavy loss-makers and the monopolies is likely to be greater than the others. Some of the reasons for involvement are:

- Government is in the end standing behind whatever losses and cash limit overruns may occur. This means that, however hard one tries, the relationship can never be the same as that between Government and a private sector company which it does not own.

- Where a nationalised industry would be bankrupt without this Government backing, it - not the management or the customer - is seen as the source of pay and pay increases.

(3.1 contd.) - It follows that unions in such nationalised industries will look at (Government's) pay awards in other nationalised industries as "comparators"; and their own settlement will become a comparator in turn for other nationalised industries.

- Where the industry is exposed to real competition, the Government has to be clear whether it will let that industry succumb to such competition and if necessary go out of business altogether or not. In BSC's case, the Government could not technically make BSC bankrupt and had de facto decided that it would not do so (otherwise it would already have been closed down).

- The whole bargaining process in such an industry is therefore carried out within an environment of economic unreality. Where, unlike BSC, such an industry has a monopoly or partial monopoly position, the Government cannot stand back and let management increase prices as the way out of every pay bargaining (or other) problem.

- If such an industry is in a position to halt or disrupt the economy as a whole (either on its own or given sufficient sympathetic action) then the Government may, in the end, be involved, whether it likes it or not. It is therefore involved from the beginning, whether it likes it or not.

- If Government wants such an industry to act uncommercially for political or pay restraint reasons, then it must be clear as to who foots the bill. In part at least, BSC was acting effectively as an agent of Government (even though unwittingly in this case) under the pressure of "no more money from the taxpayer", knowing that whatever damage it suffered would in the end have to be made up by the taxpayer, despite the Government's determination not to increase funds for BSC.

(3.1.1 - contd.) Nationalised industry management are in the same position as individual trade union leaders. They cannot take unilateral action to break the inflationary spiral. They have no option but to accommodate to the pressures of the system as a whole. If the system as a whole is approximately indexing pay and indexing prices, that is what they will have to do. If the exchange rate doesn't take the strain and so imports and exports are affected, that is too bad. They simply have to face that problem later. This is explicitly the case, where they have been told to act at arm's length because they are not the Government's agents. We cannot then expect them to behave as if they are. In BSC's case (for special reasons, suggested in 1.3.1 above) they did appear to act as Government's agents, but ended up much higher than their original offer and a great deal worse off.

3.1.2 Nationalised industries differ in many ways and different approaches must be developed for handling them. But taken as a whole, they have some distinct characteristics. In total they account for 7% of the country's work force and 10% of net output; they tend towards monopoly positions (though not BSC) and are in turn themselves to a large extent "owned" by their resident labour monopolies - the trade unions involved; there are few real sanctions against poor performance so their performance tends to be poor; this leads to operating losses which have to be made good; and investment programmes which therefore often have to be delayed with further adverse consequences.

3.2 Unions do not always co-operate with each other

In BSC's case, the attitude of the ISTC and the NUB was very different from that of the general unions (T&GW, GMU, NCCC) because of their other grievances, so TGWU support was not whole-hearted. The Government successfully avoided aggravating any sense of grievance among steel workers and their allies which could have led to more effective secondary action.

Negotiating is a Skilled Business

Negotiating requires formal training, clear-thinking and considerable preparatory effort. Management and Government have less time to think about negotiating than unions, for whose leaders and officials it is a major part of their job. It is no good thinking that management (or Government) can "make it up as they go along". If they drift into major strikes with neither objectives nor strategy, they will need to be very lucky to come out of them in one piece.

Communications are Important

Trade unions tend to monopolise the media channels during major strikes. Management (private and public sector) are often reluctant to appear on television and state their case - or at least until it is often too late to sway public opinion. In BSC's case, they were not so much reluctant as ineffective, at first. But it is not possible to communicate effectively except as part of a properly thought-out negotiating strategy.

Major strikes provide valuable opportunities for Government to communicate and to educate the public about economic realities, but this again requires absolute clarity about the Government's position and knowledge of management's negotiating plans.

We believe that a Ministerial broadcast could have been made early on in the steel strike in order to establish the criteria by which the public judged the actions of management and unions, and the inaction of Government. Ensuring that such a broadcast is not seen as intervention in the dispute is very simple; the explicit subject of the broadcast would be "why we are not intervening in this dispute" and its tone and content would be factual, above the battle, clarifying the real issues involved. But where a real battle for public understanding has to be won, it will be necessary to set up a full-time team for that task. The necessary work will never be done by people who have other and more pressing responsibilities.

(3. THE MAIN LESSONS - contd.)

3.4 We have asked CRD to check, in their opinion research, whether the public learnt anything useful about BSC, nationalised industries and the private sector steel companies during the strike.

3.5 <u>Redundancy Payments should be kept outside the Cash Limits</u>

If redundancy payments must themselves be made within cash limits, a Catch-22 situation exists where those limits prevent management from responding to excessive demands by requiring greater redundancies. This happened with the NCB-NUM negotiations last autumn. The Nationalised Industries Chairmen have cited this danger in their argument for a more flexible approach to annual cash limits.

4. <u>SUGGESTED ACTION</u>

4.1 <u>A Coherent Government Posture must be worked out</u>

4.1.1 This is a <u>big job</u>. NIP reports to E(NF) next week on the system of financial control for the nationalised industries. Further work needs to be done to establish a clear Government position on pricing, where market monopoly power exists; privatisation and the breaking of monopoly power; political and physical contingency planning for major strikes; management/Government negotiating partnerships, perhaps even a negotiating "handbook"; sustained public communications on the reality of nationalised industry economic performance and its burden on the taxpayer, in order to set the mood of public opinion for the next pay round; the scope for no-strike agreements in certain industries.

4.1.2 We suggest that a further inter-departmental study - possibly led by CPRS - of this whole area and its implications for the Government's political philosophy and economic strategy is needed. Above all, we must recognise the variety among nationalised industries. What is right for one will not be right for another.

Ministers are due to consider their approach to public sector pay on 19 May. Nationalised industry performance and public sector pay seem to us to be central to the Government's strategy. At the moment, the Government's thinking on all these things is far from clear.

4.2 <u>We have to Choose between Proper Procedures or more Nasty Surprises</u>

4.2.1 Once this study is complete, there will be a need for clear Cabinet and Committee procedures. For example, E Committee in September decided that sponsoring Ministers should be consulted before major pay offers were made by their nationalised industries. But there is no requirement that sponsoring Ministers should also consult their colleagues - a serious gap in the present arrangements.

4.2.2 One result of the work in hand and further studies may well be a more consistent and systematic approach to the setting of financial targets and cash limits, recognising the different circumstances of each industry. This has its parallel in the setting of budgets and targets, even in independent companies exposed to the full disciplines of the market. There is always some element of game-playing involved, in which managers negotiate for targets which they know they can easily beat, and the managing director learns gradually to calibrate and judge the degree of caution or recklessness, optimism or pessimism in each of the profit centre or functional managers who report to him.

4.2.3 A fuller discussion on the cash limits set for each industry than was possible at Cabinet on 1 November seems essential. How many colleagues realised that the BSC cash limit had been first determined in June and that there had been a sharp deterioration since - but without any revision to the limit? It is also doubtful whether colleagues had much idea of the size of the BSC redundancy package then looming.

(4. SUGGESTED ACTION - contd.)

4.3 Nationalised Industry Management must learn how to get it right

4.3.1 It may be worth considering some kind of "teach-in" for the management of major nationalised industries to get together to ensure that future pay negotiations are designed to achieve the right objectives; and that those negotiations are then conducted with professional competence. A comparison of experience in these negotiations in the different nationalised industries could throw up valuable lessons for improving performance.

4.3.2 Nationalised industries should also be continuously monitoring (at least every six months, and weekly or fortnightly during a major strike) the opinions of their work force. They should be at least as well-informed - not difficult, to judge by experience - as union negotiators about the mood of the men at the times when it matters. We have the impression, though we may be wrong, that this simple precaution has never been taken.

4.3.3 There will be many other tasks, but we won't know what they are until the Government is absolutely clear about its relationship with, and policies for, the different nationalised industries (as sketched out in 3.1.1 above).

Monday, 19/11	ISTC Shotton members accept closure.
Thursday, 22/11	BSC announces further 2,300 redundancies at Port Talbot. Sirs reaffirms opposition to Corby closure.
Wednesday, 28/11	Ford workers vote to accept 21½%.
Thursday, 29/11	BSC announces £146m half-year loss; abandons break-even target for March 1980; predicts need for more job cuts.
Friday, 30/11	Scholey presents options to ISTC for redundancies of 52,000 (ie 32,000 more than earlier announcements).
Monday, 3/12	BSC tells ISTC it is bust, offers 2% consolidation and local self-financial productivity deals. Sirs predicts strike.
Wednesday, 5/12	NUB rejects call for strike over Corby closure.
Wednesday, 5/12	Miners ballot accepts 20% offer. Ministers and press welcome "moderation".
Friday, 7/12	ISTC calls national strike over pay. Sirs says members not prepared to accept less than miners.
Monday, 10/12	Corby steel workers accept closure.
Tuesday, 11/12	BSC announces location of 52,000 redundancies.
Saturday, 15/12	KJ meets TUC and rejects changes in redundancy plans or financial discipline. Strike not discussed.
Friday, 21/12	BSC increase offer to 5% in return for suspending guaranteed work system. Rejected by unions. NUB give notice to strike.

Friday, 28/12	BSC adds another 1% notionally.
Wednesday, 2/1	Strike begins.

Friday, 4/1	T&GWU join strike.
Monday, 7/1	Len Murray and Sirs ask for 8% plus 5% "on account" for local productivity. BSC offers 8% plus 4% in advance for one quarter.
Tuesday, 8/1	Negotiations collapse on 9% plus 4%. GMWU join strike.
Wednesday, 9/1	NCCC join strike.
Sunday, 10/2	Craft union leaders accept outline 10% plus 4%.
Thursday, 14/2	Craft and general union rank and file reject 10% plus 4%.
Sunday, 17/2	BSC formally proposes arbitration; ISTC and NUB reject it.
Friday, 22/2	ISTC and NUB ask for 15% plus guaranteed 5%.
Wednesday, 5/3	Joint union claim drawn up for 14% plus 5%.
Wednesday, 12/3	Talks collapse after 3 days. BSC repeats 10% plus 4% final offer.
Monday, 31/3	Committee of Enquiry recommends 11% plus 4.5% (equals 16% compound).

Source: Press Cuttings

QUOTES FROM BILL SIRS

1. 22 November on extra 2,300 redundancies at Port Talbot:

"I am absolutely confounded".

2. 30 November on announcement of 52,000 redundancies:

"They are trying to trample our people into the dust. This all stems from Keith Joseph's dictum that he will not fund revenue losses. I said I would not be going to him so that he can make a monkey out of us. Where I come from they hang them."

"Perhaps they will believe me now. With a united framework among the unions, we can stop Sir Keith Joseph and the Steel Board in their tracks."

3. 3 December after the 2% offer:

"Our members are livid, and they are not prepared to accept. They have reached the stage now where - regardless of what happens to the industry - they are not going to accept this sort of offer which they regard as highly insulting."

"It is a miserable, ridiculous offer. They are making us an offer which is trying to make us look small."

4. Hector Smith on 4 December:

"They have offered the miners 20% and us 2% just because they say that they can increase the price of coal and can't increase the price of steel. The people of Britain have to realise that iron and steel is a basic industry just like coal and vitally important to the nation."

5. 7 December:

"Steel workers operate in difficult and dangerous conditions, and are not prepared to accept a lower level of settlement than miners."

6. 9 December:

"Our members say we must take a last stand on this and show our manhood. Villiers is trying to frighten them, but he won't frighten them any longer."

Source: Press Cuttings