

SUBJECT

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STEEL STRIKE

Note of a Meeting held at 10 Downing Street, at 5:15pm on 3 January 1980

PRESENT:

PRIME MINISTER  
CHANCELLOR OF THE EXCHEQUER  
SECRETARY OF STATE FOR INDUSTRY  
SECRETARY OF STATE FOR EMPLOYMENT  
MR P W RIDLEY )  
MR S GROSS ) Department of Industry  
MR D B SMITH Department of Employment  
MR N J MONCK Treasury  
SIR ROBERT ARMSTRONG )  
MR P MOUNTFIELD ) Cabinet Office

MINISTERS continued the discussion of the steel strike following their meeting on 2 January. They had before them a minute dated 3 January from the Secretary of State for Industry to the Prime Minister about the strike, and a report dated 3 January from Mr Gross (Department of Industry) and Mr Monck (Treasury) about that morning's meeting of the BSC Board.

In discussion, the following points were made:

- (a) Support for the strike was solid among members of the ISTC, and production had ceased throughout BSC plants. ISTC safety men remained on duty at some but not all plants; NUB safety men generally speaking remained on duty.
- (b) The private sector was not yet seriously affected by the dispute. There was some picketing, both at ports and at private steel works, presumably with the object of ensuring that movements to and from private sector steel works were no more than normal. The attitude of the TGWU, which was not

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yet in formal dispute with BSC, was ambivalent and no clear instructions appeared to have been issued to its members.

(c) The BSC, at their meeting that morning, had authorised the Executive to make a fresh offer, based upon a productivity deal with a lead-in payment. The majority view in the Corporation was that it was unrealistic to attempt to withdraw such productivity payments once made, even when performance fell short of target. The Corporation were clear that there would be no further financial assistance from Government for such a deal, and that it would be financed from the Corporation's own resources if not covered by improved productivity.

(d) The ISTC leader, Mr Sirs, had put out a statement that afternoon which suggested that what was not proposed might provide a basis for the resumption of negotiations. The BSC had responded by welcoming his statement. The public position was therefore one of slight movement, with talks about to resume.

(e) Relations between the ISTC and the TGWU were not good. ISTC feared a possible takeover by TGWU. These problems might colour the attitude of TGWU, which was not so far not found in dispute with the BSC. It was for consideration whether an informal approach by industrialists to TGWU leadership, probably at regional and local rather than national level, would help in postponing any escalation of their action. Such an approach could emphasise the damage which the TGWU would do to its own members in other sectors of industry by an all-out stoppage of steel movement. The Department of Employment would take soundings to see whether such an approach was likely to be productive.

(f) The position of the TUC leadership was less clear. Mr Murray was bound, in public, to emphasise the solidarity

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of the trade unions concerned. In private, he appeared to be working behind the scenes towards a settlement. It was possible that the TUC leadership still wished to avoid outright confrontation with the Government on this dispute.

(g) The Government directors had made it clear to the other members of the Corporation that it must live within the cash limits for 1980-81. These had effectively been imposed by the Government, rather than agreed with the Corporation. It had also been made clear - and this was in practice an even stronger discipline - that Government support was not to be used to finance operating losses in 1980-81. There were signs that the industry's management welcomed this resumption of tight financial discipline. Some of the Board members were doubtful about their ability to keep within their cash limits in 1979-80 or in 1980-81. The Government directors had urged the need for realisation of assets, if necessary, in order to stay within the limits. It was undesirable to emphasise this point in public, lest the Corporation should be put in the position of a forced seller. A 'Cash Committee' of the Corporation, including some of the non-Executive members, had been set up to examine the Corporation's financial position for the coming year.

(h) The Government should stand back from the dispute so far as possible. In particular, it should avoid any appearance of seeking to determine the management's tactics through the Government directors on the Corporation. So far as possible, publicity should emphasise that the settlement of the dispute was a matter for the BSC management, within the financial limits laid down by the Government.

(i) Nevertheless, the Government should continue to keep in close touch with the situation, using the existing machinery set up by the Department of Industry. It was noted that arrangements had now been made to coordinate the publicity arrangements of the Corporation and of the Government.

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(j) In further discussion, it was noted that a number of other important public sector pay negotiations were nearing a climax. It seemed possible that the Local Authority Manual Workers would reach a settlement at about 13 per cent when consultations with membership at branch level were concluded later in the month, and the NHS Ancillaries and Ambulancemen might then follow suit. In the water supply industry, one of the unions concerned - the TGWU - was balloting its members on a 13 per cent offer: if the ballot rejected the offer, there would be a risk of industrial action by TGWU members in that industry later in the month. The Clegg recommendations for nurses pay were less expensive than had originally been feared, and were for a two-stage settlement. It was less clear that there findings on teachers' pay would be acceptable; the Treasury were preparing a paper with a view to submitting further evidence to the Commission.

THE PRIME MINISTER summing up the discussion, said that no Government action was needed at this time, other than an examination by the Department of Employment of the possibility of an approach by industrialists to TGWU leadership (see (e) above), pending the resumption of negotiations between the BSC and the ISTC.