



Secretary of State for Industry

DEPARTMENT OF INDUSTRY
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MT

18 January 1980

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

1. In Winter 181
2. Peter Smith

Dear Tim,

P, E, I,

...

I attach a copy of the 5th Report of the interdepartmental Contingency Group on the steel strike.

I am copying this letter to the Private Secretaries to the other Members of E, the Secretaries of State for Scotland and Wales, the Paymaster General, the Minister of Transport and Sir Robert Armstrong.

*Yours ever,
Pete*

PETER STREDDER
Private Secretary



STEEL STRIKE : 5th REPORT OF INTERDEPARTMENTAL
CONTINGENCY GROUP
This Report summarises the position on 18 January.
Industrial Relations

1 The prospects for ending the strike may be clearer after the Ministerial meetings with Mr Sirs and Mr Smith over the weekend and one can judge their reactions to a reaffirmation of the Government's determination not to intervene in the negotiations or increase financial support for BSC. Before Ministers agreed to meet, both the Corporation and the unions continued to plan for a long strike. ACAS soundings of both sides had produced little movement.

2 Meanwhile the announcement of BSC's closure plans for South Wales may have hardened attitudes, even though the decision, now to be the subject of consultation with the unions, involves keeping all operations going (with considerably reduced manning) both at Llanwern and Port Talbot.

3 We expect that most ISTC and the few NUB members in the private sector will reluctantly follow their unions' instruction to stop work from Sunday 27 January unless the dispute is settled. The accompanying instruction immediately to stop all movement of steel has already led some ISTC members, mainly in the Midlands, to refuse to load and unload steel within private works. The ISTC have some members in all private sector steelmaking and rolling plants. If there is a general response production would be affected very quickly, possibly even next week.

4 Intensive picketing of stockholders continues, but is still mostly peaceful.

Availability of Steel

5 The first report from the Business Statistics Office confirms that the strike has so far had comparatively little effect on industrial production generally - about 2% down last week and perhaps marginally lower than this in the current week, no individual user sector being seriously affected.

6 Even if private steel production were to dry up users generally report enough stocks to support normal production for another 4-6 weeks from now, with problems in some areas appearing within 2-3 weeks. The motor industry generally is talking of early to mid-February. Metal Box have given notice that they will suspend their guaranteed working week from the beginning of February but MAFF still considers that there is no cause for concern about canned food supplies at present.



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7 The transport situation is unchanged. Despite publicised picketing quite a lot of steel, including imports, seems still to be quietly moving. This will help to lengthen endurance, but with growing patchiness.

Public Opinion

8 Evidence of public attitudes towards the strike is entirely anecdotal. Outside the industries directly affected people in general seem still fairly indifferent. On the whole industrialists appear to support the Government position; BSC's pay offer is generally not understood and their handling of the dispute, particularly in its early stages, is commonly criticised. The CBI's assessment of the situation, including on industrial endurance, accords broadly with our own, and there does not appear to be significant pressure from their members for the Government to intervene.

Further Action

9 We expect to submit next week a first report on the economic, financial and industrial implications of a long strike.

Department of Industry
18 January 1980

Correction: British Rail is losing £2½ million per week from the strike in all its aspects, not only from the blacking of steel transport by the BR unions, as suggested in the 4th Report.