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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on

THURSDAY 10 JANUARY 1980

at 10.30 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

The Rt Hon Peter Walker MP
Minister of Agriculture, Fisheries and Food

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Humphrey Atkins MP
Secretary of State for Northern Ireland

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services

The Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of Lancaster

The Rt Hon John Nott MP
Secretary of State for Trade

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education and Science

The Rt Hon John Biffen MP
Chief Secretary, Treasury

The Rt Hon Angus Maude MP
Paymaster General

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THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Michael Havers QC MP
Attorney General (Item 5)

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

Earl Ferrers
Minister of State, Ministry of Agriculture,
Fisheries and Food

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Items 2 - 4)
Mr P Le Cheminant (Item 5)
Mr P J Harrop (Item 1)
Mr R L Wade-Gery (Items 2 - 4)
Mr P Mountfield (Item 5)
Mr W N Hyde (Item 1)

C O N T E N T S

Item	Subject	Page
1.	PARLIAMENTARY AFFAIRS	1
2.	FOREIGN AFFAIRS	
	Afghanistan and Iran	1
	Rhodesia	3
3.	COMMUNITY AFFAIRS	
	Community Budget	4
	Sheepmeat	4
4.	NORTHERN IRELAND	5
5.	STEEL STRIKE	6

PARLIAMENTARY
AFFAIRS

1. The Cabinet were informed of one change in the business to be taken in the House of Commons during the following week. At the request of the Opposition, the Motion on the Rate Support Grant (Scotland) Order announced for Monday 14 January would now be taken after the Motions on the equivalent Orders for England and Wales on Wednesday 16 January. There would be pressure for a debate next week on the strike in the steel industry, and possibly also for a debate on the Soviet invasion of Afghanistan.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet agreed that there should be a Ministerial statement on the steel strike when the House resumed on Monday 14 January and that the Government should provide time for a debate on the strike on Thursday 17 January. The Competition Bill, due to be taken that day, should be deferred until the following week. There should also be a statement on Afghanistan on Monday 14 January; any subsequent debate should take place in the following week, after the Foreign and Commonwealth Secretary had returned from his current visit to the Middle East, and should be separate from the debate on nuclear defence policy which had been promised.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of their discussion.

FOREIGN
AFFAIRS

Afghanistan
and Iran

2. THE LORD PRIVY SEAL said that the Soviet Union's invasion of Afghanistan posed a serious threat to the interests of the free world, not least in relation to Yugoslavia where President Tito's illness appeared to be graver than reported. The invasion had evoked a strong response from the United States Government, which had already announced a number of economic and other counter-measures. Efforts were being made by Britain and others to co-ordinate a Western response within the North Atlantic Treaty Organisation. The North Atlantic Council meeting on 15 January would be attended by the Minister of State, Foreign and Commonwealth Office, Mr Hurd. The attitude of the French seemed unlikely to be helpful. The German position was not yet clear. Action by the European Community would also be needed, to prevent any Community grain replacing United States supplies to the Soviet Union and perhaps also to stop further subsidised sales of butter and other agricultural surpluses. Meanwhile the British Ambassador had been withdrawn from Kabul and the Embassy's small staff had been reduced. British aid to Afghanistan was being stopped, but Afghan students already in Britain were being allowed to remain; many of them had already asked for political asylum. As regards Iran, the mission of the United Nations Secretary General, Dr Waldheim, had been a failure. The United States Government were now insisting on an early Security Council vote on a sanctions resolution which seemed

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unlikely to be adopted. Her Majesty's Government and other friendly Governments were advising the United States Government against moving too fast in the light of events in Afghanistan, but the domestic pressures on President Carter were strong, and within a few days the Americans were likely to ask their principal allies voluntarily to implement the terms of the sanctions resolution even if it failed. This would present great difficulties. Meanwhile the internal situation in Iran was deteriorating, and there was a real danger of break-up.

In discussion, it was recognised that a strong stand was necessary over Afghanistan in order to mitigate damage to the political interests of the free world in the face of Soviet aggression; the West had too often given an appearance of weakness in the past, eg over Angola. There were also serious dangers involved in not offering the Americans adequate support, both over Afghanistan and over Iran. At the same time it was important to recognise that Britain was much more exposed than her main allies to serious economic damage resulting from sanctions or other political measures affecting international trade. Overseas trade accounted for 30 per cent of Britain's gross national product. The competitive position of British industry was already weak and was likely to remain exceptionally difficult in the years immediately ahead. As in the case of Rhodesia, Britain's political course needed to take account of her economic vulnerability. Several hundred million pounds worth of British exports were at stake both in the Soviet Union and in Iran, and a number of industries in high unemployment areas were involved. Any Soviet ban on exports to Britain would damage the diamond industry and the balance of payments (because most diamonds imported from Russia were for re-export), and would affect essential supplies of raw materials for which in some cases the only alternative source was South Africa. The Afghanistan crisis had already led to a damaging rush for gold. Restrictions on credit terms for the Soviet Union might be one area where British political and economic interests coincided. But in others the Russians were liable to suffer less than Britain from economic confrontation. As regards the Moscow Olympic Games, the Foreign and Commonwealth Secretary had warned his colleagues that the Government might need to consider advising British athletes not to take part, not least in the light of advice already given about sporting contacts with South Africa. But the Government could only advise; it could not enforce its advice. Advice against participation in the Olympics would be unpopular, and the Government's prestige would suffer if it were ignored.

THE PRIME MINISTER, summing up the discussion, said that as regards Afghanistan the Government should clearly be aware of the economic risks involved in any action against the Soviet Union. The Secretary of the Cabinet should arrange for officials concerned urgently to prepare a paper setting out the factual background. This should cover trade by Britain and her European partners, not only with the Soviet Union but also with other East European

countries. As regards Iran, her importance to the West both strategically and as an oil supplier made it desirable for new attempts to be made to co-operate with her as soon as the current crisis in Tehran permitted.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.
2. Instructed the Secretary of the Cabinet to arrange for the urgent preparation of a paper describing the extent of Britain's and the European Community's economic interests vis-a-vis the Soviet Union and Eastern Europe.

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THE LORD PRIVY SEAL said that the Monitoring Force had performed admirably, in spite of serious difficulties. The forces of Mr Nkomo had observed the cease-fire reasonably well; and even Mr Mugabe's forces had assembled in larger numbers than expected despite the accidental death of their military commander. The Governor was now faced with major problems over the presence of South African units at Beit Bridge on the South African/Rhodesian frontier and over his need to use the Rhodesian security forces in an operational role. Meanwhile, the electoral campaign had begun. In the Governor's view, Bishop Muzorewa's electoral prospects remained reasonably good, despite his somewhat colourless performance so far.

The Cabinet -

3. Took note, and invited the Lord Privy Seal to draft a message of congratulation and support for the Prime Minister to send to the Governor in their name.

COMMUNITY
AFFAIRS

Community
Budget

Previous
Reference:
(79) 25th
Conclusions,
Minute 4

3. THE LORD PRIVY SEAL said that in preparation for the next European Council discussion of the United Kingdom budget problem he had visited Rome, Luxembourg and, together with the Chancellor of the Exchequer, The Hague. These visits were useful in obliging our Community partners to focus again on the problem. The Italian Prime Minister, as current President of the European Council, had expressed readiness to help in finding an acceptable solution. He had a personal interest in so doing since his involvement in international negotiations would help to bolster his internal political position. The stability of the Italian Government was a matter of serious concern, and had been further threatened by the recent spate of terrorist activities in Italy. The visit to The Hague had also shown understanding for our case, and evidence that the Dutch were actively looking at practical ways of meeting our requirements. The Commission seemed to understand that for us it was essential that reductions in our net contribution to the Community Budget should enable us to make a corresponding reduction in domestic public expenditure, but this would cause difficulty with some of our partners who would want Community expenditure in the United Kingdom to be additional. It would be advisable not to bring this issue too much into the open.

Sheepmeat

Previous
Reference:
(79) 26th
Conclusions,
Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that, before Christmas, the Commission had expected the French Government to find ways of complying with the European Court ruling on British exports of sheepmeat to France. In the event, following a rise in the French market price, the French Government had re-imposed a levy amounting to 43 per cent on lamb imports in place of their previous quantitative restrictions. This was wholly contrary to the findings of the European Court and, four months after the Court ruling, made it extremely difficult to justify continuing patient discussion of a Community sheepmeat regime. He had protested to the Commission and would be discussing the situation with Commissioner Gundelach later in the day.

In a brief discussion it was noted that the French action did not give the United Kingdom any right to retaliate but might possibly be a useful precedent in the context of negotiations on the United Kingdom contribution to the European Community Budget.

The Cabinet -

Took note.

NORTHERN
IRELAND

Previous
reference:
(79) 20th
conclusions,
page 1

4. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the Conference on the future government of Northern Ireland had opened on 7 January. The Democratic Unionist Party (DUP), Social Democratic Labour Party (SDLP) and Alliance Party were taking part, but the Official Unionist Party were still refusing to do so. The Conference had survived an initial danger of breakdown caused by the SDLP's insistence on discussing Irish unity, contrary both to the wishes of the DUP and to the terms of the British document on which the Conference was based. The fact that the DUP and SDLP leaders, Mr Paisley and Mr Hume, knew each other well and were fellow Members of the European Parliament was proving of some value. But the delegates remained suspicious of each other and of the Government, and more work was at present being done in the corridors than in full session.

The Cabinet -

Took note.

STEEL STRIKE

5. The Cabinet had before them a minute to the Prime Minister from the Attorney General dated 9 January and a letter to the Private Secretary to the Prime Minister from the Private Secretary to the Secretary of State for Industry dated 8 January, covering a report by Officials on the Steel Strike.

THE PRIME MINISTER said that a small Group of Ministers had been keeping the situation under review. The time had now come for the Cabinet to consider the position.

In discussion the following main points were made:-

Pay Negotiations

a. The talks between the two sides had broken down even though there had been little difference between the quantum of extra pay on offer (12 per cent) and that demanded (13 per cent). The difficulty was that the employers had sought to attach to their offer conditions about productivity - including local productivity bargaining - which were unacceptable to the unions, in part because local bargaining weakened the position of the central union leadership.

b. The British Steel Corporation (BSC) was to all intents and purposes bankrupt, and further improvements in pay - already above the national average - could be financed only by improved productivity or additional subsidies from the taxpayer. The unions had already agreed to substantial reductions in the total workforce, and their resistance to the management's insistence that the whole of any pay increase must be financed from higher productivity (which would necessitate further job losses) was perhaps understandable. But other steel industries abroad, faced with similar problems, had already made great progress in tackling them. The BSC's problems were compounded by the industry's reluctance to come to grips with reality quickly enough.

c. Coal miners in South Wales were particularly concerned about the prospects for them as the steel industry contracted. They were threatening to strike later in the month in support of the steel men. But Mr Gormley, the President of the National Union of Mineworkers, was reported to have said that any strike in the South Wales coal mine would not be made national.

Effects of the Stoppage

d. The stoppage in the publicly-owned steel industry was almost complete, but most private steel firms were continuing to function. Moreover considerable supplies of steel were held by stockholders - though distribution was affected by picketing - as well as users, and some imports were getting through. No major problems had yet been reported by consumers. British Leyland might soon be short of steel for body manufacture and there could be difficulties in the canning industry; but most consumers appeared to be getting by for the time being by exercising their ingenuity.

Offsetting Measures

e. Officials might be instructed to examine the scope for the use of volunteers to move steel supplies by road should this become necessary, but no overt steps should be taken at this stage. No action should be taken to bring in steel imports through non-traditional ports.

Other Public Sector Wage Claims

f. There was a risk that any large new settlements in the public sector in the near future might encourage the steel workers to increase their claim or prolong their resistance. There was a good prospect that the Local Authority Manual Workers would settle at about 13 per cent. Talks at British Leyland were still in progress. Unions in the water supply industry were balloting their members on an offer of 13 per cent: rejection of the offer could be followed by the threat of industrial action. British Shipbuilders' pay negotiations were being protracted. The British Rail settlement, which in some ways most closely resembled steel, would not fall due for some time.

Strikers' Income

g. Steel workers were not receiving strike pay. They would therefore suffer a very considerable reduction in family income, even after taking full account of tax rebates (high at the end of the financial year) and of supplementary benefit payments. Strikers could finance themselves in the short term by delaying payment of bills and drawing on savings, but family pressures might be expected to mount after a few weeks. In some areas, strikers saw themselves as defending their jobs as well as their pay packets, and this might prolong their resistance. The endurance of the steelworkers might prove to be longer than that of industry. But the longer the strike lasted, the heavier would be the eventual redundancies required if the BSC were to break even

next year. The strikers were thus putting at risk their own redundancy payments. The BSC might be encouraged to emphasise this point in its publicity.

Publicity

h. Ministers had already received one speaking brief for use the previous weekend, and another was in preparation. It was important that the Government should not be seen to take over the negotiations. At the same time it had an unavoidable responsibility for the finances of the steel industry and for the health of the economy. Without being drawn into detail, therefore, Government spokesmen should draw attention to the facts of the case as publicised by BSC. They could also emphasise that no workers were entitled to automatic pay increases to cover the cost of living, irrespective of their own contribution to the national economy, and that the average steel workers was already over £10 a week better off than the average worker in manufacturing industry as a whole, who was being asked to contribute through taxation to the subsidisation of the steel industry. The details of the pay offers made were complex, and it was doubtful if the workforce as a whole understood them. The BSC should make greater efforts to get the facts across to its employees.

Picketing

i. The Home Secretary was receiving regular reports from the affected areas, and the Chief Constables could be relied upon to enforce the law on obstruction, disorder and violence. For this purpose the law drew no distinction between primary and secondary picketing. The reports so far did not indicate many abuses, although action had been taken by the police in a limited number of cases.

State of the Law

j. Although the criminal law remained unchanged, the recent House of Lords decision in the case of *Express Newspapers Limited v. McShane* had altered the position at civil law on trade union immunities. Those immunities were now seen to be much wider than had been understood by the Courts in recent years. The position was thus less favourable than it had been generally thought to be a year ago. For all practical purposes, blacking and primary and secondary picketing by unions was now immune from action at civil law by injured employers. The Secretary of State for Employment intended to introduce amendments to the Employment Bill, currently before the House of Commons,

to deal with this situation. There were broadly two routes: to define more restrictively - on the lines of the Court of Appeal's decisions subsequently overturned by the House of Lords - what action taken in furtherance of a trade dispute should attract trade union immunities, or to restrict immunities to contracts of employment. As experience had shown, either course was full of difficulty. He would bring forward proposals to the Ministerial Committee on Economic Strategy in the near future, with a view to introducing changes at the Committee Stage of the Bill. It would take time to carry the Bill through all its stages, and it could not be expected to influence the current dispute. The Bill should be viewed in the context of the longer term, not as a contribution to the handling of this dispute. It would be a mistake to accelerate the procedure, or to introduce special legislation in a hurry, because this would merely inflame trade union opposition to the Bill. Any abuses of picketing in the current dispute would swing public and Parliamentary opinion further behind the Government, and assist the passage of the legislation.

Further Action

k. The negotiations had now broken down twice, and an interval was needed before any further moves could be made. The Government should not be seen to intervene directly, but it might wish to work behind the scenes to encourage the parties to seek conciliation by one means or another. It could be argued that time was against the Government, and that the price of an eventual settlement would rise as the strike dragged on. Against this view, however, it was argued that the long-term credibility of the Government's economic policies was at stake, and it could not afford to buy off a strike. Ministers would need to give full consideration to the balance of the arguments before deciding on further action.

THE PRIME MINISTER, summing up the discussion, said that there was general agreement that the Government should continue not to intervene in the dispute. The Cabinet would resume its discussion the following week. Meanwhile the situation must be kept under review, adequate public relations must be maintained, and any necessary contingency planning undertaken.

The Cabinet -

1. Invited the Secretary of State for Industry to arrange for officials to consider, without publicity, the possible use of volunteers to facilitate the movement of steel supplies.

2. Invited the Paymaster General to circulate briefing material for Ministerial speaking engagements over the weekend.
3. Invited the Secretary of State for Employment to circulate proposals to the Ministerial Committee on Economic Strategy for amending the law on trade union immunities in the light of the recent judgment in the case of *Express Newspapers v. McShane*.
4. Noted the arrangements which had been made, by the Home Secretary and the Secretary of State for Industry, to keep themselves informed of the developing situation, and invited them both to report to the Cabinet any problems which required further Government intervention.
5. Agreed to resume their discussion of the steel strike at their next meeting.

Cabinet Office

10 January 1980



SECRET

ROYAL COURTS OF JUSTICE

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Mr. K. Basil
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J. L. Miller
& Baldum

PRIME MINISTER

1. I attach a Note on the present law on picketing and blacking. A complete survey was not possible in the space of a day, but I have outlined the main provisions of the law which are relevant to the items we discussed yesterday.
2. I am afraid that this gives us little comfort. The position in respect of the civil law is worse than last winter when the Court of Appeal was prepared to restrict the words "in contemplation or furtherance of a trade dispute" (in s.13(1) of TULRA 1974) with the result that the courts were able to grant injunctions to restrain some forms of secondary action (including secondary picketing). But now the House of Lords in McShane has stopped all that; their judgment largely rules out the prospect of obtaining injunctions.
3. At the meeting yesterday we discussed the concept of "lawful intimidation". This was an unfortunate phrase which was used by my predecessor (Hansard, 25 January 1979, Col 712). In doing so he appears to have been referring to s.13(1) of TULRA 1974, which inter alia means that certain threats - which earlier had amounted to intimidation at common law - are made lawful.
4. Whether particular threats are protected by s.13(1) and hence are "lawful intimidation" in this sense is a question which depends on the particular facts and cannot be dealt with satisfactorily in the abstract. But in the case we discussed, that of threats of future blacking made to a private employer not involved in the main dispute, the immunity now given by s.13(1) could well be available. However, this immunity will not be available in respect of action to implement such threats once the main action is over.
5. Apart from s.13(1) (which deals solely in respect of threats with those which relate to breach of or interference with contract), the general principle is that intimidation is not unlawful unless the threat itself is unlawful; clearly this would be the case where physical violence is threatened, because physical violence is itself unlawful. But in the case of, say, a picket who threatens the loss of a union card, the threat might well be held to be unlawful if (but only if) the picket has no authority to make it and (in accordance with union rules) there is no prospect of the threat being carried out. But a warning in good faith that breach of a union rule may lead to loss of membership is not, of course, unlawful.
6. This minute and the attached Note are copied to all members of Cabinet, the Chief Whip, the Minister of Transport, the Minister of State (MAFF) and Sir Robert Armstrong.

M.H.

SECRET

THE PRESENT LAW ON PICKETING AND BLACKING

Note by the Attorney General for Cabinet

1. This Note outlines the present law on picketing and blacking. The relevant Acts are the Trade Union and Labour Relations Act 1974 (TULRA 1974) as amended by the Trade Union and Labour Relations (Amendment) Act 1976 (TULRA 1976). This Note does not deal with the changes in this area in the Employment Bill 1979 now before Parliament nor with any future amendments to that Bill which may affect the position.

Picketing

2. Picketing may be broadly defined as action taken by strikers to procure others to support them in their dispute, whether those others are fellow workers, substitute labour, customers or suppliers or their employees. Section 15 of TULRA 1974 provides that such action is not illegal if it:-

- (a) is in contemplation or furtherance of a trade dispute (for the meaning of this see 9-10 below);
- (b) is not at, or near, another person's home unless his home is also his place of work or business; and
- (c) is solely for the purpose of peacefully obtaining or communicating information, or peacefully persuading any person to work or abstain from working.

This means in effect that no legal proceedings can be brought in respect of picketing unless in the course of that action some crime or independent tort is committed. Relevant crimes would include obstruction of the highway (both a statutory and a common law offence), unlawful assembly, assault, obstruction of a police officer in the execution of his duty, causing damage to property, carrying an offensive weapon and causing a breach of the peace. Relevant torts would include trespass to the highway and private nuisance. But it follows from the wording of section 15 that where the picketing is entirely peaceful no action would lie under any of these heads. In the case of criminal offences this is qualified by the overriding duty of the police to uphold the law, which would enable them eg to require pickets to disperse where it is anticipated that they would otherwise cause a breach of the peace. In practice criminal sanctions are often available under the above heads.

3. Apart from section 15, section 13 of TULRA 1974 as amended gives immunity in tort in respect of picketing which results in or is aimed at breaches of or interference with contracts. This section relates to all forms of industrial action and is dealt with in 5 and following below.

/Blacking

Blacking

4. This form of industrial action may be broadly defined as action intended not to promote the withdrawal of labour but to interfere with the business of the employer, eg refusal by employees of a supplier to handle goods or provide service intended for the employer in dispute. Such action is not covered by section 15 of TULRA 1974 but section 13 as amended is relevant to it as it is to picketing.

Immunity in Tort

5. Section 13(1) as amended gives immunity in tort to any person who acts "in contemplation or furtherance of a trade dispute" and that act -

- (a) induces a breach of contract by another person or interferes or induces him to interfere with its performance; or
- (b) consists in his threatening that a contract will be broken (whether he is a party to it or not) or its performance interfered with, or that he will induce another person to break a contract or interfere with its performance.

6. Section 13(1) was originally confined to contracts of employment but by section 3(2) of TULRA 1976 was widened to cover all contracts and hence gave substantial further protection in respect of direct inducement to an employer to break his commercial contracts.

7. To take advantage of the immunity the defendant must first show that there is a "trade dispute" as defined in section 29(1) of TULRA 1974 and secondly that the action taken was in "contemplation or furtherance" of it. The definition of trade dispute is extremely wide and actions rarely succeed on the basis that the definition is not satisfied.

8. Prior to the judgment of the House of Lords in Express Newspapers v McShane (December 1979) the courts, and in particular the Court of Appeal, had favoured a narrow construction of the words "in contemplation or furtherance of a trade dispute", thus attempting to limit the immunity in relation to action that could be said to be far removed from the main dispute. The Courts had held, inter alia, that the immunity was not available if the action was not reasonably capable, on an objective view, of advancing the interests of those in dispute.

9. But the House of Lords in McShane has now clearly removed this limitation. By a majority of four to one the judges favoured a subjective test, so that any defendant can claim the immunity if he can show that he honestly believed that the action taken was likely to advance those interests; there was some difference of view as to whether the court can enquire into the reasonableness of the belief, and grant an injunction in cases where it is not satisfied of this,

/but

at the clear feeling of the court (Lord Wilberforce dissenting) as that the courts should be reluctant to substitute their own judgment for that of experienced trade union witnesses where the latter gave evidence that in their view the action taken was likely to further the dispute.

9. In practical terms the result of the McShane judgment is that all kinds of picketing and blacking will be protected from successful proceedings in tort where the existence of a trade dispute can be proved and the defendant can show honesty of purpose in relation to the action he took. The importance of the distinction between "primary" and more remote forms of industrial action, both picketing and blacking, is much reduced and the likelihood of injunctions being granted (under section 17 of TULRA 1974 as amended) is correspondingly less. This applies equally to the grant of interlocutory relief, having regard to section 17 (2) of TULRA 1974 as inserted in 1975.

Law Officers Department
January 1980



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[Handwritten signature]

S/ Secretary of State for Industry

8 January 1980

Tim Lankester Esq
 Private Secretary to the Prime Minister
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CABINET OFFICE
 A 7834...
 9 JAN 1980
 FILING INSTRUCTIONS
 FILE NO. 492/8

cc Sir K Bennell
 Mr Le Chevalier
 Mr Wakeham
 Mr Mountfield
 Mr Miles
 Brigadier Bishop

Dear Tim

STEEL STRIKE

I enclose the second report of the Interdepartmental Contingency Group on the Steel Strike. My Secretary of State suggests that the proposals for action described in paragraphs 5 and 6 of the paper should form the basis for a discussion at Thursday's meeting of Cabinet.

At the Prime Minister's meeting earlier today the question of BL's position was raised. We have no reason to alter our earlier forecast that BL would survive a further three weeks of strike. So far BL's only problem is with springs for heavy commercial vehicles, but the company is vigorously pursuing alternative sources of supply.

As instructed at this morning's meeting, Mr Gross of this Department has approached Sir Charles Villiers who is putting in hand the preparation of a clear statement of BSC's case which will be in short sentences to ensure that it is readily understandable.

Mr Gross has also spoken with Mr Scholey who accepts privately that the Corporation's public relations on the evening of 7 January were less than adequate; the union negotiators spoke to the press on leaving the building whilst the BSC negotiators were reporting back inside the building. BSC have, however, stepped up considerably their public relations campaign as can be seen from the two attached notes prepared by BSC which list separately the broadcast appearances by members of Head Office executives and by executives in the main BSC regions.

I am copying this letter and its enclosures to the private secretaries to all members of Cabinet, the Minister of Transport and to Sir Robert Armstrong.

*Yours sincerely
 Peter Morrison*

PP I K C ELLISON
 Private Secretary

STEEL STRIKE : 2nd REPORT OF INTERDEPARTMENTAL
CONTINGENCY GROUP

Following the breakdown of negotiations between the BSC and the main steel unions, this paper summarises the present strike position, and sets out possible courses of action on the assumption that a prolonged strike is now probable.


Effects of the Strike so Far

... 2 The attached notes at annexes 1 and 2 give the latest situation reports on the physical effects of the strike for producers and consumers of steel, and on the movement of steel, respectively. The general picture is still that the private sector steelmakers and the stockholders are mostly operating normally, despite a steady increase in the intensity of picketing. Steel imports are also flowing fairly normally at least as far as stockholders (though some efforts are being made to black them once they have reached the stockholders). There is no reason at this stage to alter the original judgment that a strike is unlikely to have significant effects on the majority of steel users in under a month. Indeed heavy last-minute movement from stockholders to users is likely to have increased endurance in many cases by 2-3 weeks.

Dealing with a Prolonged Strike

3 Now that negotiations between the BSC and the unions have broken down, union attitudes towards both private sector steel production and the transport of steel are expected to harden. The ability of steel users to withstand a prolonged dispute will depend on private sector and imported steel continuing to reach customers; transport is probably the more vulnerable area. The following paragraphs consider what might be done, by the BSC, by third parties (eg BISPA and the road hauliers) and by government, to minimise the damage which the strike might cause (both to productive industry and to the government's

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overall economic strategy), and thereby to maximise the chances of eventually obtaining an acceptable settlement to the dispute.

4 Generally speaking it still seems best to rely on self-help on the part of producers, transport undertakings, port authorities etc. A good deal is going on unobtrusively and precipitate public action by Government would still be likelier to endanger their success than to improve matters.

5 The immediate areas for action and further contingency work are as follows:


a) Publicity/Public Handling of the Dispute

The BSC must make every effort to keep putting its case across publicly: DoI Ministers and officials are doing what they can to encourage and help in this respect. It will be particularly important for them to try to exploit any disaffection with the strike among the union rank-and-file. Government must also keep up a steady campaign to keep the fundamental issues before the public, whilst keeping off the details of the BSC's offer. The main themes are that 'free money' (Bill Sirs's term) cannot be provided by the taxpayer except at the expense of something else - higher taxes, cuts in other public spending or 'printing money'; and that the stoppage impoverishes everybody, most of all steelworkers themselves, and puts their jobs at risk. Ministers might also privately encourage the CBI and its members to take a helpful line in public, and discreetly with their unions. But direct appeals to steelworkers are unlikely to be productive: like miners, steelworkers tend to live in tight and close-knit communities. Relations with its workforce must remain for the BSC itself.

b) Other Public Sector Wage Claims

It will be important to minimise the impact on the BSC negotiations of other "comparable" public sector wage claims which may be, or appear to be, settled on markedly more generous terms than the BSC offer. This seems unlikely in the cases of BL (5% offer with better working practices) and British Shipbuilders (no offer as yet in reply to 20% claim). A 20% settlement for the National Freight Corporation is about to be announced, though this should contain a substantial local productivity element; hopefully the latter will be emphasised in publicity. The local authority manual workers, and NHS auxiliaries, seem likely to settle for about 13% with no productivity strings;

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the water workers for a good deal more. In public, the government can try to narrow attention to loss-making nationalised industries, and point out that excessive settlements elsewhere in the public sector (eg local authorities) are liable to lead both to job losses in due course and to other public expenditure cuts.

c) Picketing.

(i) Private Sector Steelworks

BISPA has already taken up some cases with the ISTC and the TUC, on the grounds that their members are not in dispute, and have received some assistance from the ISTC leadership. They are taking legal advice on the possible use of injunctions against secondary picketing should the problem snowball. A direct approach to the TUC by the Department of Employment, in terms of the TUC guidelines on picketing (especially the provision that picketing should be limited as far as possible to the striker's own employer, or his customers and suppliers - which should exclude many private steelworks) could have some PR advantages whether or not they succeeded, but would put at risk the Government's continued ability to avoid direct intervention in this (and other) dispute.

(ii) Enforcement of Existing Law

There are signs of intimidation in some isolated cases, eg threats to report drivers who cross picket lines with the risk that they lose their union cards. If the practice spreads there will be a case for publicly reminding people of their rights to protection. Intimidation is a criminal offence, but victims are reluctant to report incidents to the police, as are witnesses. There might be scope also for employers to provide some visible support for their own workforces or for road haulage drivers eg by the presence of volunteer witnesses at sites where intimidation is to be feared. Home Office officials will be examining this possibility further.

(iii) Changes in the Law

The Employment Bill will enlarge the scope for civil actions against secondary picketing, though the decision to initiate action in individual cases would of course remain with the aggrieved party. The criminal law will be unaffected. It is unlikely that this Bill will be enacted during the course of the present dispute.

d) Use of Colunteers etc.

(i) Transport

The most promising scope for voluntary action lies in road transport from the docks and from stockholders to users where regular haulage drivers will not cross picket lines. In the

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first instance firms in the steel trade itself can be expected to organise this for themselves - turning owner-operators etc. Government could in the longer run play a rôle by the discreet use of Regional Transport Commissioners and DoI Regional Offices to effect liaison between users producers and hauliers eg in alerting the police to potential trouble spots well in advance. But trade associations would be equally effective and less provocative. Direct government involvement would require the procurement of a substantial fleet of vehicles (purchase or hire), and the establishment of an organisation capable of matching users' demands to the availability of vehicles. The effect on industrial relations in the road haulage industry generally would be unquantifiable. Ministers are invited to indicate whether further work should be undertaken on the practical arrangements necessary (including finance).

(ii) Ports

While imports may enter the UK ports during the dispute through channels which do not traditionally handle much steel (eg roll-on roll-off container ports), there is unlikely to be much scope for government involvement beyond the facilitation of road transport already mentioned. It is questionable whether MoD port facilities are large enough to make a significant impact on UK steel requirements. Government involvement of this kind or any attempt to use volunteer labour to move steel through the ports themselves would run a severe risk of provoking widespread industrial action in the docks, involving products other than steel.

6 Farther-reaching Government measures, ranging from the use of troops and requisitioning vehicles to proscribing certain forms of secondary action would probably require the enactment of new emergency legislation - present legal advice is that the existing 1920 Emergency Powers would not cover the present strike. The Interdepartmental Group have not examined this area in any depth and I believe would need specific Ministerial guidance about the scope of the powers envisaged before doing so.

BRITISH STEEL CORPORATION STEEL STRIKE SITUATION AS AT
8 JANUARY 1980

Reports have been received from the majority of industry divisions and the Regional Offices. Picketing appears to be intensifying and is starting to effect the Private Sector and stockholders.

Isolated reports of imminent shortages of steel have been reported but most user industries appear to be coping.

BSC

and GTW likely to be today

TGW workers now officially in dispute. No TGW people now at work in tinsplate works, but they have turned up for work again at the West Midland tube works. Supplies of oil and coal for safety purposes are moving normally. At Ravenscraig (Scotland) ISTC have withdrawn their safety cover of coke ovens which are now being kept at minimum heat levels by staff. In South Wales there was a need for police assistance for staff to cross picket line, yesterday at Port Talbot. At Llanwern pickets are very active in trying to discourage non union staff. This is also happening at Corby where fewer staff are at work than last week.

BSC reports refusal of dockers to unload a cargo of Japanese pipes at Leith.

BSC stockholders reported no change to yesterday but expect picketing to intensify and stop most centres today.

The Private Sector

Templeborough is still not producing and Ductile Iron have threatened to lay off workers at 5 sites in the Midlands without pay, this evening if picketing is not relaxed. (The ISTC pickets claim that Ductile are taking on BSC work). Discussions between management and their own ISTC workers are in progress. Hadfields restarted yesterday after the New Year shut down in spite of heavy picketing and local road hauliers are managing to get in and out of the works. This morning 6 pickets were arrested.

A special picketing drive is threatened for Sheffield today though there is no suggestion of interference with production as yet.

In general, road transport has continued to operate without significant harassment but as the attitudes of the pickets is hardening some hauliers are becoming edgy, especially those delivering to Stockholders. Bright bar producers are particularly sensitive if the situation worsens. Still no movement of imports from Kings Lynn but, so far, efforts have not been particularly intensive.

BISPA and NASS have written to Bill Sirs expressing views of their members.

Stockholders

Picketing is becoming more widespread and is having most effect in Yorkshire, the North East and in parts of the Midlands. NASS estimate that about a dozen of its 250 members have been shut down (mainly ESCs) but they are aware that several Small non-member Stockholders in the Midlands have been similarly effected. In general the pickets are hardening but no violence has been reported.

An Inverness fabricator is concerned about supplies for a £50m steel jacket contract for North West Hutton. They need 13,000 tonnes and may have difficulty meeting the "weather window" if the strike is settled quickly.

Truck Industry

Coventry climax will be in real difficulties in 6 weeks or so.

Domestic Appliances

Generally secure to end of January (Hoover are possible exception).

Mechanical Handling

Large companies generally hold 4-6 weeks stocks but medium and smaller size ones would be affected immediately if supplies from stockholder were interrupted. Freight container manufacturers are most at risk, taking account of the threat from serious competitors.

MAFF

Say that stocks of tinsplate for the canning of foods and petfoods are adequate for continued production for some weeks to come. Food canning is largely seasonal and large stocks of a wide variety of foodstuffs are held ready for distribution and sale. Supplies of canned foods in the shops are consequently expected to be normal in present circumstances. This is confirmed by:

Metal Box

Reports 4 weeks stocks for manufacture of food and beverages cans but only 2 weeks in the case of the 16oz tin (representing some 20% of total food can production). France, Belgium and West Germany are reported to be unwilling to dispatch tinsplate due to doubt about supplies being allowed to pass through the docks. Holland and Norway are still prepared to send material, but no extra supplies will be available before March.

Mining Machinery

Makers. Douty Mecco estimate unofficially that they could be in difficulties by the end of January.

The Post Office

Report no immediate difficulties but could be affected by secondary picketing at stockholders or interruptions to components for vans and lorries.

Scottish Office

Report that industry is only just restarting after the holiday. Apart from a requirement later this month for fresh supplies at Robb Caledon for work on a new dredger the office knows of no user reaction and has received no enquiries. They are not aware of any picketing other than at BSC.

Northern Ireland Office

Have little to report, having only a few stockholders of general steel products. Stocks of specialist manufacturing steels are low (3-4 weeks) but constructional steel in stocks are higher.

Yorkshire and Humberside Region

Report more widespread and effective secondary picketing, notably in Sheffield/South Yorkshire although not yet total. Press reports say that the BSTC plan to step up picketing and that BSC transport workers plan to join in. BSC electricians may also picket power stations if the craftsmen's pay negotiation break down.

There are no significant reports of any effect on user industries although small companies could be quickly affected by picketing of steel stockholders. A supplier of oil and lubricants in Leeds has only a 3 weeks supply of 45 gallon drums; if further supplies are affected this could have serious implications.

East Midlands Region

Report little immediate impact on user as most firms have at least three weeks supplies and average size in small and medium sized firms. The most vulnerable groups appear to be high volume users like the metal box manufacturers and manufacturers supplying the MCB with underground supports. These groups we suspected to be in difficulty by the end of January.

The local press reported flying pickets from Corby on 4 January attempting to stop steel imports at Boston and Kings Lynn.

South West Region

Secondary picketing reported at Gloucester docks involving small quantities of foundry pig iron and at GKN, stockholders at Newport where drivers were reported to be crossing the picket line. There were no pickets at GKN Bristol.

North West Region

There is no evidence of non-BSC imports being blocked nor picketing at a possible unrepresentative sample of stockholders. The CBI suggest general engineering stock levels are about 4 weeks.

West Midlands

Reports picketing of stockholders

Welsh Office

Report widespread secondary picketing particularly in West Wales, targets being industrial sites where steel stockholders are situated. The CBI say that lay-offs must be soon. Leyland cars at Llanelli have had their steel warehouse at Portardluis picketed and have been unable to transfer steel to the body pressing shop. They will be in a serious difficulty at the end of the week if talks with the ISTC are unsuccessful.

Northern Region

No specific complaints, significant or otherwise, have been made to the office and the general position is virtually unchanged from last week with steel users living on existing stocks. Three ships have been blocked in the Tyne Tees area including a 700 tonne load of steel coil at Seaham and 600 tonnes of steel from Europe at South Shields. Picketing is generally increasing and one stockist has appealed through legal advisors for the removal of the secondary pickets.

Transport of Steel

Docks

No major problems at docks (except King's Lynn where there is no movement of steel) and steel is moving freely but only as far as the stockholder. Steel in crates is still coming through and Southampton and Dover are said to be as busy, if not busier than usual.

Rail

No abnormalities reported on rail movement except for the docks areas of Immingham. A new work roster to take effect next week will effect overtime and weekend work.

Road

No signs of enthusiasm in support from road haulage workers themselves. More a case of reluctance to cross picket lines where these are heavy eg stockholders and private steel. The National Freight Corporation is not particularly effected but some 10% of the private sector is closely tied to steel.

In general the mood of the hauliers is to cross the picket line whilst employers are exploring the use of court injunctions against pickets.

There is little evidence of enthusiasm by drivers to support their steel colleagues. Indeed, there is increasing evidence of a mood to cross picket lines rather than lose earnings. Employers are said to be considering the use of court injunctions where appropriate in an effort to stop secondary picketing.

The Department is taking soundings from Road Haulage Association and Freight Transport Association contacts as to what might be done to move steel over picket lines in the event of a long-term strike.

Ports & Docks

The British Transport Docks Board and the National Association of Port Employers report no major problems today. After the tough day taken by BTD at Hull in sending men home without pay for refusing to load private steel all is now well. Steel machinery for Russia was loaded on Sunday and steel pylons for Indonesia (the result of a refusal on Friday) were loaded today.

A somewhat sophisticated approach is now being adopted by the Board that while steel imports are being off-loaded and then moved

A NOTE BY THE DEPARTMENT OF TRANSPORT

STEEL DISPUTE : TRANSPORT SITUATION 1700 HOURS 7 JANUARY 1980

British Rail

1. Little to report. Most of BR's steel consignments are BSC steel and as expected there is no movement. The BR Emergency Committee meets again on Wednesday 9 January when new rosters cutting out overtime and weekend working on Freightliners will be discussed. These new rosters will operate as from Monday 14 January and will hit many railmen's pay packets.

Road Transport

2. The layoffs reported in the Press are at a level anticipated by the Industry. As much as 10% of all traffic in the Midlands and the North is tied to steel movement. There are no reports of union refusal to carry steel loads and as yet no evidence of any clarification of the TGWU HQ call for support for steel workers. The Industry continues to report that there is little evidence of enthusiasm by drivers to support their steel colleagues. Indeed, there is increasing evidence of a mood to cross picket lines rather than lose earnings. Employers are said to be considering the use of Court injunctions where appropriate in an effort to stop secondary picketing.

3. The Department is taking soundings from Road Haulage Association and Freight Transport Association contacts as to what might be done to move steel over picket lines in the event of a lengthy strike.

Ports & Docks

4. The British Transport Docks Board and the National Association of Port Employers report no major problems today. After the tough line taken by BTDB at Hull in sending men home without pay for refusing to load private steel all is now well. Steel machinery for Russia was loaded on Sunday and steel pylons for Indonesia (the subject of a refusal on Friday) were loaded today.

5. A somewhat sophisticated approach is now being adopted by the TGWU in that while steel imports are being off-loaded and then moved

by road to stockholders, this is strictly on the understanding that there they remain. The aim is apparently to avoid Port congestion and so protect jobs and earnings of Port workers and lorry drivers.

6. After the media focus on King's Lynn last week there is no movement in or out of the Port for steel products and latest reports suggest that King's Lynn may soon become congested.

7. Many other Ports are reported to be working normally and steel in crates/containers is being handled at Southampton and Dover.

8. A late report causes some concern. One large International operator has reported that Townsend Thoresen Ferries have conceded a National Union of Seamen's demand to refuse ro-ro facilities to any lorry carrying steel. We are now investigating whether other Ferry operators have been subjected to the same pressures and what, if anything, might be done about it.

On 2nd World
at One.
Radio Cleveland
and Radio York
news

Tuesday
Jan 4 1980

Interviews and
media news
programme (3 mins)

Chief engineer
Interviewed for
BBC Today
(3 mins)

Newspapers, television and radio in Britain

Broadcasts by Executives in the Main BSC Regions

	Scotland	Teesside
Thursday Jan 3	Statement issued to all Scottish media and used widely by TV, radio and press	Press Conference covered by all media and BBC TV and radio, Tyne Tees TV, Radios Cleveland & Tees
Friday Jan 4	DMD on STV news (3 minutes)	
Saturday Jan 5		
Sunday Jan 6	DMD on Radio Clyde talk-in (1 hour)	
Monday Jan 7		DMD on BBC World at One. Radio Cleveland and Radio Tees news
Tuesday Jan 8	DMD on BBC TV and radio news programmes (3 mins)	Chief engineer interviewed for BBC 'Today' (5 mins)

Newspapers, television and radio in Divisi

Sheffield	Wales	Scunthorpe
DMD, Yorkshire TV 6 p.m. (5 mins.)	Mansel Jones appeared on BBC Wales "Heddiw" (Today)	Don Ford appeared on Radio Humberside 'phone-in. (1 hour) with Mike Brown MP and Les Bromley ISTC
	DMD on HTV (30 mins) with Adam Butler MP	
DMD on Calendar Weekend, YTV (5 minutes) World at One		
Radio Sheffield 'phone-in (1 hour)		

ons have given extensive coverage to DMD statements.

Thursday 3 January	Mr Scholey: 60 minute "Phone-in" on LBC Press Conference, Grosvenor Place All National Papers, BBC TV & Radio ITN TV
Friday 4 January	Press Conference, Grosvenor Place All National Papers BBC TV & Radio LBC Radio ITN TV Independent Radio News
Saturday 5 January	Telephone Briefings for all Sunday Papers & BBC TV & Radio ITN Independent Radio News LBC Telephone Interviews (Mr Scholey & Dr Grieves) Sunday Times Observer Sunday Telegraph
Sunday 6 January	Telephone Briefings for National Dailies and BBC TV & Radio, Independent Radio News, LBC
Monday 7 January	Press Conference, Grosvenor Place All National Papers BBC TV & Radio ITN TV LBC Radio Independent Radio News
Tuesday 8 January	Mr Scholey: 10 minutes LBC News Interview Mr Scholey: 10 minutes, Jimmy Young Programme, BBC Radio Chairman, 8 minutes - World at One, BBC Radio Chairman, 5 minutes, Nationwide, BBC TV