

This minute comments on the Government's negotiating position and outlines a communication strategy following our minute of last night and today's E discussions.

i. GOVERNMENT'S NEGOTIATING POSITION

- 1.1 Government has passed the point of no return as far as overt intervention and settlement is concerned. We have only to look at the statements in the House and on television, the consistent building up of the non-intervention position to see this. It may be possible to prompt BSC to show just enough flexibility within its present cash limit constraints (eg by being more accommodating on the union's productivity proposals) so that a settlement can be reached over the next week or so. But we would pay a heavy price if the public view of the settlement was: "The Government's nerve crumbled at the prospect of a long strike and it proceeded to do what it had emphatically said it would never do - intervene with taxpayers' money". Just as previous settlements (the miners) set up steel, so steel would be the green light to other more militant unions. If productivity strings went out of the window at BSC, how could the BL negotiators settle? British Rail will be close behind, with Weighell saying "we won't be picked off one by one". If we don't stand firm on Steel, where do we stand firm?
- 1.2 Against this, colleagues will be arguing that it is much cheaper to settle than to stick it out. Cheaper in "now" money, but not in political credibility and what follows. If colleagues have not resolved that dilemma, it will clearly be difficult to resolve it in the public mind.
- 1.3 We assume here that if early settlement between BSC and the unions does not happen, we decide that Government cannot intervene and settle, without a fatal loss of credibility. The Government will then be competing with the unions, for public opinion, whether it wants to or not. Non-intervention, like intervention, requires a strategy.
- 1.4 We should remember the background to the dispute, because it will set the tone and framework. A moderate union with a moderate leader is offered substantial cuts in real pay (with productivity upside, but almost certainly at the expense of further job losses) against a background of unacknowledged indexing, or better, for other groups, and a high inflation rate. BSC itself has been a disaster for years, not entirely the fault of its workers - constant Government intervention and fudging, the follies of Finniston, appalling productivity, poor management, huge interest burdens on ill-judged investments - all leading to a large and growing programme of redundancy. There must be latent sympathy for the steel workers and the question is, which way will that sympathy go.
- 1.5 On the face of it, it would not be difficult for us to find a rationale for intervening and settling. We could point to the fact that the steel workers were victims of a situation not

entirely of their own making; to the escalation of secondary picketing because the law has not yet been changed; to the disintegration of TUC's own code of behaviour. This might convince "Thinkers" but most "Feelers" would not absorb this complicated message. They would see it as a loss of Government nerve, and consequent loss of authority. TUC would shout "Victory".

- 1.6 The longer the dispute lasts, the greater the opportunity which may emerge for introducing a tougher Budget and promising other tougher measures: for example, de-indexing, deeming or ending benefits for strikers' families, getting started on other trade union reforms.

2. COMMUNICATIONS STRATEGY

2.1 Winning public opinion

- 2.1.1 The duration of the strike and the standing of the Government will depend on whether the general sense of grievance of the steel workers escalates into a wider trade union sense of grievance or, alternatively, a sense of public grievance and impatience, so that the steel workers begin to feel isolated and other unions acting in sympathy begin to put pressure on their union leaders to call a halt. Workers in private sector steel and steel-using industries - including BL, whose future is already precarious - will eventually start to lose pay and become worried about their future. The resulting pressures must be directed towards their union leaders and thus the ISTC, not towards the Government. Some transport drivers taking sympathetic action may also lose pay. (Unfortunately many drivers - and dockers and railwaymen - will be able to support the strike without cost to themselves. Even when the Employment Bill is amended and passed, contractual links will make railwaymen and many others immune to restraining action by employers like BSC. Hence our concern about the scope of the Bill. Railwaymen and dockers will remain a general purpose industrial army for mobilisation in disputes affecting large companies.)

- 2.1.2 The ISTC is already presenting the issue in moral terms, claiming that steel workers are being cheated. References to the economic logic are deliberately misleading. But neither Government nor BSC can win the debate merely by demolishing the facts and logic of the unions' case.

2.2 "Escalating" the debate

- 2.2.1 As soon as it is clear that the opportunity window for an early settlement is closed, we must take the initiative in communication terms by escalating the debate. Many people - union leaders, rank and file, employers - will be waiting to see whether the Government is going to hold to its position, before they decide which way to jump. What we do influences the chances of our being successful in doing it.

2.2.2 The purpose of escalation is to signal that something new is about to happen, just when people thought they were recognising the familiar ritual of confrontation and Government climb-down. It must introduce "new data" - information, explanation, ideas, new insights - which were previously missing from the debate. At present we see the familiar pattern on the union side where, because they have no new ideas, they simply escalate old ones - hysterical comparisons with the Government's effect on industry with that of the Luftwaffe during the War, accusations of cheating, threats to remove safety men which would put major plants out of action for months after the dispute was over. It is futile to escalate by simply shouting louder or exaggerating. We have to innovate.

2.2.3 The best form of escalation would be a Prime Ministerial broadcast. It would focus maximum attention on a ten-minute message (1,400 words) which could present the Government's case for non-intervention, in a way which gave the cue to others (eg BSC and CBI). It also demolishes any Opposition charge that we do not take the dispute seriously.

If we fail to escalate the debate (whether by Prime Ministerial broadcast or some other approach) moderate union members will not recognise that something new is happening. They will therefore not be motivated to act outside their normal "moderate" behaviour. They will thus continue to be manipulated by activists. Escalation is part of a deliberate effort to encourage moderates, at the thinking margin, to rise to the level of events.

2.3 Establishing the criteria for evaluation

2.3.1 The escalation itself, and all subsequent messages, must establish the criteria by which the public, and especially members of supporting unions, judge our actions, the union actions, and the outcomes. It follows, therefore, that we have to start with opinion research on what is at present in people's minds - how they perceive the principles at issue, the criteria by which they judge, the individual's present assessment of what is "right" in each case. This research is in hand.

2.3.2 The escalation itself should explicitly list all the convenient rationalisations available to Government (see section 1.5 above), if it wants to intervene with taxpayers' money. Then it must explain why we cannot take that route, by reference to the principles involved in the dispute:

- i. The facts of the case. Who is fighting whom, for what? Why are they fighting and who are they fighting for apart from themselves? (Andrew Sykes has often commented on the way Governments have lost the initiative to the unions because the waters have been muddied and the public have lost track of the basic facts of the case.)
- ii. Are the parties in dispute in a genuine mirror-image situation? Who is being reasonable? What is "reasonableness" in this situation? Do they enjoy equal power, do they show equal responsibility? Does what they say make sense?

iii. Does what the different parties are doing make sense in the context of time? What sort of actions in the past have given rise to the present problem? What sort of problems in the future are going to arise from present actions?

2.3.3 The criteria by which people will judge action by BSC and the unions, and Government's action in refusing to intervene, are:

- a. Is it realistic, responsible, sensible?
- b. Is it understanding or hard-hearted? For example, is the Government being cruel to be kind, instead of killing the country with kindness?
- c. Is this a clash between rich and poor? What results would do most to alleviate poverty?
- d. Are the parties being fair, honest? Are the arguments honest, is the offer fair?

These are simply headings. But only if we can persuade people to think about the real principles at issue and then influence the criteria by which they try to judge those principles, can we persuade them to change their minds. We must assume that we start from a position in which the basic principles are simply not understood at all and the answers to the criteria questions, above, are largely unfavourable to the Government (this would fit recent opinion research on how the Tory Party is perceived by the public).

2.3.4 It is no good our having the guts to do difficult things, if enough people think that it's because we're nasty rather than because we're courageous.

2.3.5 Every speech or broadcast should seek to re-establish, again and again, the fundamental principles and the criteria by which they are judged. At its simplest, the mere repetition of words like "kind", "fair", "honest" can begin to suggest that we are not refusing to intervene simply because we are monsters.

2.3.6 We have to remember that all these debates start from a position in which Labour and trade unions have made first claim on all the human virtues, caring, compassionate, brotherhood, fair, social justice etc, etc.

2.3.7 It is also important to make the listener think by asking him questions, putting him in the hot seat, making him think for himself as it was his job to solve the dispute, not someone else's.

2. It may be possible to heighten the sense of public grievance through the media. For example, Solly Gross mentioned that there are "angry letters" from members of the public about BSC workers who earn large overtime and yet manage to have second jobs. The custom in one (or perhaps more) plant of paying a worker for a full further shift if he goes one hour over the first shift, means that he gets free meal vouchers (which he does not need) and there is thus a roaring trade of meal vouchers in exchange for drinks in the canteens. Examples of this kind encourage people to listen more closely to explanations of how their taxes are being used to pay BSC workers.

2.5 The strike will stand or fall by the strength of the links between the ISTC/NUB and supporting unions like TGWU, AUEW, NUR. Our audience is not, therefore, the steel workers, but their allies. We do not need to address the steel workers directly, provided that we do not, by anything we say, increase their sense of grievance, which is probably real and justified. We should also make the most of the support offered by unpopular Left-wing figures (eg Scargill and Robinson).

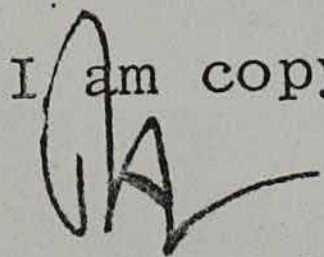
2.6 Tone of voice

The tone of Keith's statement in the House and subsequent answers seemed just right. Calm, patient, firm, more in sorrow than in anger. It is crucially important that every word any Minister says on the issue cannot possibly have the effect of increasing steel workers' sense of grievance or other people's sympathy for them. Explicit comments that today's steel workers are partly the victims of past short-sightedness by Government and misjudgments by management should ensure this. It doesn't alter the fact that if there is no more money, there is no more money. If we accept the principle (and this is an example of the principles which have to be established) that workers can enjoy the success (in terms of better security, good working conditions, higher pay) of successful companies, they must also accept the consequences of failure. The Government can and does provide taxpayers' money for those who are down on their luck (unemployed, sick, etc) within the limits of what the country can afford. But it cannot guarantee everyone a risk-free, problem-free working life.

2.7 If the steel strike does solidify, it will present opportunities for opening up the debate on economic reality generally and the trade union role in particular, which, properly used, should both help get public opinion on our side for this dispute and also begin to change public attitudes more generally, as regards other policy measures in the pipeline.

Over the next few days we will be working on a rough draft for an escalation broadcast which will give you an idea of how our message might come over.

I am copying this to the Secretary of State for Industry.


JOHN HOSKYNS
15 January 1980