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PS/ Secretary of State for Industry

8 January 1980

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Private Secretary to the Prime Minister
10 Downing Street
London SW1

Ann Austin

Dear Tim

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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 Mellor*

PP I K C ELLISON
Private Secretary



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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 Volunteers 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 GMW likely to be today

TGW workers now officially in dispute. No TGW people now at work in tinplate 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 ^{Still,} 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 BSCs) 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.

North Sea

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" even 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 tinplate 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 tinplate 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 Meco 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 NCB 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.

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

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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.

Broadcasts by Executives of Head Office, BSC

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