

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

23rd January 1980

Dear Tim,

INDUSTRIAL PROBLEMS IN SOUTH WALES

Mr. Len Murray telephoned the Chancellor early this morning, to warn him of pressures likely to come to a head at this morning's meeting of the General Council in connection with the complex of problems arising in South Wales. He was not seeking an immediate response from the Chancellor; but thought it would be helpful to warn him in advance.

Mr. Murray said his main objective at General Council would be to try to avert next Monday's day of action proposed by the Welsh miners, and to cool down the Welsh as far as possible. An important strand in achieving this objective was to keep the issues - notably steel closures, coking coal, and steel pay - as far as possible separate. He emphasised that he was not telephoning the Chancellor about the steel strike.

The Welsh TUC, and to a greater extent the TUC's own Nationalised Industries Committee had so far been a restraining force on the Welsh miners. It was important to avoid using steel pay as a trigger for more generalised industrial action. There were strong voices on the General Council in favour of a day of action next Monday as a means of allowing the Welsh militants to let off steam. He himself could not accept this point of view; he said that the effect may simply be to give the militants a "taste of blood". He was worried that generalised action might be more difficult to control, once the technique had been tried.

Some of his colleagues favoured a request from the TUC to see the Prime Minister to discuss steel closures. He saw no point in this, and thought it would be much more useful to seek a meeting with the Chancellor, and possibly other Cabinet colleagues, such as the Secretary of State for Industry, and possibly the Secretary of State for Employment, to discuss a broader range of financial problems, focusing on,

/but not

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but not confined to, the steel industry - perhaps touching on EEC aspects. He was thinking of suggesting such a meeting, in the hope that it would avert next Monday's day of action (though he was not over-optimistic that this objective would be achieved). Some of his colleagues - he named specifically Sidney Weighell and Joe Gormley - were coming under great pressures to take more militant action. He would like to involve them in such a meeting. It was very important to drive home to the Welsh that their own difficulties were part of much wider national problems.

The Chancellor said he would need time to give a considered reaction to Mr. Murray's suggestion. He thanked Mr. Murray for telephoning, and said he would await the outcome of the meeting of the General Council with interest.

The Chancellor's impression was that Murray really is under a great deal of pressure. He sounded distinctly worried on the telephone. The Chancellor's preliminary view is that it might well be worth agreeing to such a request if it comes; but clearly Ministers' response will depend very much on the terms and context of any proposal for a meeting. I doubt therefore whether there is any point in treating this letter as anything more than for information at this stage.

I am sending copies of this letter to Ian Ellison, Ian Fair, and George Craig.

Y aw,

ME

(M.A. HALL)

23 JAN 1960

