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STEEL STRIKE

Note of a Meeting held at
10 Downing Street, at
2.30 pm on 31 DECEMBER 1979

PRESENT -

Prime Minister
Home Secretary
Chancellor of the Exchequer
Secretary of State for Industry
Secretary of State for Employment
Sir Robert Armstrong - Secretary of the Cabinet
Mr D R Instone - Cabinet Office

Ministers had before them a minute dated 31 December 1979 from the Secretary of State for Industry to the Prime Minister about the threatened steel strike.

THE SECRETARY OF STATE FOR INDUSTRY said that, following the breakdown of negotiations between the British Steel Corporation (BSC) and the steel unions on 28 December, there appeared to be little prospect of averting the strike due to begin on 2 January, despite the fact that the Advisory, Conciliation and Arbitration Service (ACAS) were meeting both sides separately that day. The Government had clearly spelt out its view that negotiations should remain a matter for the BSC and the unions without Government intervention, and there seemed no case for changing that policy now. It would, however, be important to continue to emphasise publicly that there were substantial amounts of money available for pay increases through productivity, and that the unions were putting jobs at risk through strike action. In addition a close watch should be kept on the effects of the strike on other industries and on picketing.

In discussion it was argued that it was most unfortunate that the negotiations had broken down, despite the intervention of Mr Len Murray. With greater negotiating competence on both sides the breakdown might have been averted. It would be wrong for the Government to intervene directly in the negotiations or to allow any relaxation in BSC's financing. Nevertheless BSC had perhaps not done enough to emphasise that there was still room for further negotiations.

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Additional money could be made available for pay increases, either through improvements in productivity or at the cost of increased job losses beyond those already announced by BSC. BSC could therefore emphasise the kind of local productivity arrangements they already had in mind; and they could point out that the unions had a choice of accepting money already offered or accepting larger amounts at the cost of greater job losses caused by the impact of pay increases on steel prices and hence demand. In all probability a settlement would be bought at a higher price once the strike had started, and BSC had in any case estimated the net cost of the strike at about £40 million per week. This suggested that, despite difficulties of calling off the strike following the breakdown of negotiations the previous week, nevertheless a really determined effort should be made by BSC, on the lines indicated, to enable further progress to be made in negotiations in the time available before the strike was due to begin; if this were done there was still a chance - though perhaps a slender one - that the strike could be averted.

In further discussion, it was noted that a close watch was already being kept on the likely impact of the strike on other industries. British Leyland was likely to be among the first to be seriously affected. Picketing should also be monitored through the usual reporting channels from the police to the Home Office, though it did not seem necessary at this stage for formal advice to be sent to Chief Constables.

THE PRIME MINISTER, summing up the discussion, said the Secretary of State for Industry and Chancellor of the Exchequer should contact the BSC, through their nominated members of the Corporation, and suggest that BSC should emphasise that there was still scope for further negotiations without breaching existing financial limits. Points to be emphasised in comment by Government spokesmen should stress the amount of taxpayers' money which had already been committed to BSC for the present and coming financial year, and should reiterate that there was still scope for negotiations on productivity and that more money without higher productivity could only mean a further loss of jobs in the industry. Guidance for use in response to Press questions about the meeting was also agreed by the meeting.

Cabinet Office

2 January 1980

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