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PS/ Secretary of State for Industry

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*John Norton*  
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*20/3/80*

*Nationalised Indus*

20 March 1980

Tim Lankester Esq  
Private Secretary to the Prime Minister  
10 Downing Street  
LONDON SW1

*Dear Tim,*

Sir Charles Villiers rang my Secretary of State this evening "to have a chat with his shareholder" about developments in the steel dispute.

The BSC were seeing the steel unions tomorrow, 21 March. Sir Charles expected the unions to demand more money, which BSC would refuse. The unions would reject the idea of a ballot and would also reject mediation or arbitration by ACAS. He expected the unions instead to ask the Government to set up a Court of Enquiry which would look into both the question of pay and the management of the BSC. Sir Charles said that BSC expected to take the line that the union's rejection of arbitration was disappointing, but they would not pre-empt any Government reply about a possible Court of Enquiry. The Corporation would take the line that ACAS was there to provide arbitration facilities and they would hold the idea of a unilateral ballot in reserve until the prospects of action through ACAS has been explored. He thought that the proposal for a Court of Enquiry was a considerable climb down by Mr Sirs, it indicated that things were on the move but a Court would be an attempt to involve the Government and to return to the "good old tripartite days". The idea of an enquiry about management was not a good one since the dispute was about pay.

My Secretary of State agreed with Sir Charles that it would be wrong to have a Government sponsored Court of Enquiry and he agreed with Sir Charles about ACAS. He was confident that the Employment Secretary would join with him in rejecting the proposal for a Court of Enquiry and in continuing the line, which had been taken many times before, that it was up to management and the unions to sort out their dispute with the assistance of ACAS if this was what the two parties wanted. He thought there was justice in Sir Charles' comments about an enquiry into management being inappropriate.

My Secretary of State enquired about the options which were open to Sir Charles. He appreciated the point about no more money being available but he wondered whether any private polls had been taken about the possible outcome of a second ballot. Had the Corporation been surprised by the result of the first ballot? If a second ballot was successful would the Corporation have difficulties getting the men back to work? Were there any other alternatives to a ballot?

Sir Charles replied that the Corporation did have private

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sources of information in which they had considerable confidence. Present indications were that if there was a second ballot the Corporation would have to work very hard to win it. The question they had in mind would not be specific about pay, but might, for example, ask the workforce to make a choice between accepting the Corporation's existing offer or going to arbitration. At the present time probably only a minority supported the Corporation's offer but opinion was moving in the Corporation's direction each week. The prospects for a second ballot would therefore be said to be favourable but not very favourable and he thought it was right for the Corporation to be cautious about the idea. The best course would be to get the unions to agree to go to ACAS about pay and then to persuade their men to go back to work. If a ballot were successful it would still be a struggle to get the men to go back to work and many concerned would never forgive the Corporation. The unions were divided but when they got together Mr Sirs dominated and mesmerised them. Mr Sirs' acceptance of the idea of a Court of Enquiry was coming quite close to the idea of arbitration, so it appeared that the union side were in retreat.

Sir Charles asked whether, if the unions wanted to speak to Ministers there would be any delay in seeing them. My Secretary of State replied that his door was open to such requests but he would want to consult the Employment Secretary and his other colleagues before giving a firm decision. However, he thought he would be able to respond within 24 hours. He hoped that if BSC were faced with a proposal for a Government Court of Enquiry the BSC would not reply hastily or attempt to pre-empt the Government's reply.

Sir Charles agreed; he would say that a Court of Enquiry was not a good idea but would leave the reply to the Government.

Following his discussion with Sir Charles, my Secretary of State has decided that if the unions decide to ask the Government for a Court of Enquiry he should not make any substantive responses to press enquiries. He would instead, wait until a formal approach had been made to him or to the Employment Secretary. He is, however, sure that the idea of a Court of Enquiry should be rejected and the parties concerned should be invited to use the facilities of ACAS to help sort out their differences.

I am sending copies of this letter to Martin Hall (Treasury) and to Richard Dykes (Employment).

*Yours ever*

*Ian Ellison*

I K C ELLISON  
Private Secretary

21.30  
20.3.50

