



PRIME MINISTER

STEEL STRIKE

In preparation for this afternoon's meeting you may find it useful to have a note of the latest situation as far as it can be discerned. We shall receive an oral report from the Government members of the BSC Board at our meeting.

Position at BSC Works

ISTC members generally have supported the strike and have not reported for work. ISTC safety men are working normally except at Lackenby, Consett, Bilston and Wolverhampton. One exception is that 40% of ISTC staff grades at Corby (computer operators, foremen and like functions) have turned up for work as usual.

National Union of Blastfurnacemen (NUB) members are also generally absent except safety men on blast furnace plants and at the coke ovens. The blast furnaces are damped down and the coke ovens are being reduced to minimum safety levels of work. At Corby all NUB employees are reporting for work and are passing through picket lines. There is, however, no production.

Most members of others unions have reported for work as normal again today, having passed ISTC pickets without difficulties. The workers are members of NCCC (craftsmen), Transport and General Workers (TGWU) and General and Municipal Workers (GMWU). Exceptions include engineers at River Don, and craftsmen and TGWU workers at Stocksbridge (Sheffield) and Port Talbot, who have refused to cross picket lines.

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There is no iron production, no steel production or rolling at any of the Corporation's plants and no deliveries of BSC steel are being made.

Three iron foundries are working normally, Distington, Dowlais and Llandore (South Wales). Stanton iron foundry, which makes iron pipes, is not working because NUB personnel have withdrawn from the melting plant.

Work is continuing at three tubes works in the West Midlands: Prothero (mainly GMWU workers), Coombs Wood and Bromford (both TGWU members).

Private Sector Picketing

In the Midlands there are no reports of pickets at private sector plants.

In Sheffield most plants are being picketed but, with two exceptions, there is no interference with normal activity of traffic in and out of the works. The exceptions have been at Templeborough Rolling Mills and at Tinsley Wire where lorries have been stopped by pickets. Local managements have contacted the ~~ISCC~~ in the area and sought the issuing of an instruction from the union to its members not to interfere with normal activity at the plant gates. We do not yet know the outcome.

In South Wales pickets are at the GKN plant but there are no problems.

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Transport of Steel

Both the NUR and ASLEF have decided to handle normal internal traffic from private steelmakers, but to handle no imports whatsoever. The great bulk of non-BSC steel traffic, including imports, is by road (90% from private steelmakers, 95% from stockholders, 80% in the case of merchants and well over 90% in the case of direct user imports). The TUC, including the main general unions dominating road transport and ports, have declared full support for the ISTC and NUB, but appear as yet to have issued no instructions or guidance to their members.
Declarations of international solidarity (such as that yesterday by the International Transport Workers Federation) have in the past led to little effective action. So far non-BSC steel seems still to be moving normally, both from abroad and internally.

The outlook remains highly uncertain. At yesterday's TUC discussions I understand that all the steel unions other than the ISTC and NUB said that they were not yet in dispute with the Corporation, and indeed had not yet received the latest offer rejected by Mr Sirs and Mr Smith. If the two general unions, the TGWU and MGWU, were to follow the ISTC and NUB lead, we must reckon that they would tell their members on the roads and in the ports to black the movement of steel, at any rate in abnormal quantities. The degree of response would be critical and is very hard to predict. Some haulage workers could suffer a heavy loss of earnings and by all accounts there is little enthusiasm at the moment for supporting action.

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It was to be expected at this stage that the strikers would make every effort to attract support and would put the best appearance in public on the success of their efforts. Nothing has happened to invalidate our earlier assessment that users will survive for at any rate 4 weeks in most cases without serious trouble, even in the unlikely event that all further deliveries from private steelmakers and imports were stopped. I believe that the Government tactics should be:

- (a) to maintain firmly our position that we will not subsidise higher losses in nationalised industries resulting from wage increases which these industries cannot afford. If we gave way, or even appeared to give way, on this issue we would destroy the credibility of a key element in our economic policy;
- (b) to keep up our efforts to secure public understanding of the issues and of the Government's attitude. So far we have secured good media coverage and comment has been almost wholly favourable, but of course these are early days and no one is yet hurt.
- (c) to avoid any unconsidered move against sympathetic action by non-striking unions. It is likely to remain unclear for several days how much effective interference (as distinct from protestations) there is with non-BSC supplies, and any premature reaction on our part would risk spreading and escalating the strike;
- (d) the attitude of road transport and port workers is particularly critical. We must consider what action

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is practicable to discourage the TGWU and GMWU in particular from joining the strike or at any rate extending it effectively outside BSC (e.g by discreetly moving industrialists to speak to Moss Evans, David Basnett etc about the damage to their members generally from an escalation of the strike; general unions may have more of their members at risk in firms like BL than in BSC itself);

- (e) to encourage BSC to be ready to negotiate, especially on local productivity deals, but to continue ourselves to stay in the background. It will remain for BSC management to decide, always within the financial limits we have set them, whether they can afford to make an offer involving additional flexibility - such as some payment for increased productivity "on account" for a limited period and withdrawable if the improvement is not achieved. They will have to make a tactical judgment as to the best timing for any further offer to give it the maximum chance of success at minimum cost. No doubt they have the importance of keeping the general unions out of the strike well in mind;
- (f) to consider what measures we can take to avoid undermining BSC's negotiating position by, for example, high wage settlements elsewhere in the public sector, not paid for by performance, particularly where the Government itself is particularl

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the employer.

I am copying this to colleagues attending the meeting and to George Younger, Nicholas Edwards, Angus Maude, Norman Fowler and Sir Robert Armstrong.

I.S.

K J

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