

PRIME MINISTER

(dictated by Mr. Solly Gross)

Steel Wage Negotiations

The following is the remit to a committee of inquiry agreed by BSC and the unions this evening.

"On 12 March 1980 a document was produced by the Iron and Steel Union Coordinating Committee and BSC specifying conditions relating to an increase in wages for manual workers employed under heavy steel conditions other than the percentage values of the two elements of the increase in wages, namely - the general increase and the minimum guarantee for participants in local schemes.

The difference between the parties on the two elements of disagreement were as follows:-

BSC offer: general 10%, minimum guarantee 4%.

The union claim: general 14%, minimum guarantee 5%.

The committee of inquiry is requested to determine what these percentages should be."

BSC are pleased that the terms of reference are so narrowly defined and do not refer to management or closures. Secondly, that the general agreement is taken as read. While the remit does not refer to ability to pay, the general agreement does refer to the need to finance pay increases through improvements in performance etc, which is an essential feature of the BSC case.

The unions will seek from Government appointment of a committee of inquiry by the Secretary of State for Employment.

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Nationalised  
Industries

BSC will not join them in that approach since BSC maintain that the committee of inquiry should be appointed by ACAS.

The unions have left open the issue of an early return to work.

I shall be discussing with the Secretary of State for Industry and Mr. Douglas Smith how the above should be reflected in the Secretary of State for Employment's meeting with the unions on Monday morning.

The unions and BSC have arranged to resume talks at 2 p.m. on Monday.

21 March, 1980.

Mr. Gross phoned again at 2325 to say that he had consulted the Secretary of State for Industry and in the light of the narrow terms of reference proposed it has been agreed that the meeting with the unions should be chaired by the Secretary of State for Employment on his own.