

CONFIDENTIAL

P.0192

PRIME MINISTER

STEEL STRIKE

BACKGROUND

You asked that this should be added to the agenda of E on Tuesday, although there are no fresh papers and, at the present, no further decisions to be taken.

2. You are aware of developments over the weekend and on Monday. You may wish to invite Sir Keith Joseph and Mr Prior to report on these to the Committee. Or you may judge that, at this juncture, it is best to await positive developments.

HANDLING

3. In any case, you might ask Sir Keith Joseph for a brief statement on the effects of the dispute. The latest information is that steel is moving rather better than was thought even on Friday.

4. If you choose, you can then go on to ask him for a report on the prospects for a settlement. If however you would prefer Sir Keith Joseph and Mr Prior not to discuss this part of the problem it would be as well to warn them beforehand.

5. Finally you might consider further handling of this problem. If the current overtures are successful, there is likely to be an Extraordinary Meeting of the BSC Board on Thursday morning. BSC will be trying to work out and approve a new offer within the existing financial limits. You may feel that it would be premature for Cabinet to consider any further action until it is known whether this can be successful. If it is not, then at some stage (this week or next) Cabinet will need to consider the alternatives: sitting out a prolonged strike, or giving way on the Cash Limit. Papers

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setting out the two differing views on this are already being prepared,
~~but you may not want them circulated for discussion this Thursday unless~~
it is clear that matters have come to a head and that an urgent decision
is needed.

CONCLUSIONS

6. These must be framed in the light of discussion.



P Le CHEMINANT

Cabinet Office
14 January 1980