



PRIME MINISTER

ECONOMIC EFFECTS OF INDUSTRIAL ACTION

1 In his note to you of 25 February, Geoffrey Howe suggests that we should have some machinery permanently available to assess the economic significance of particular industrial threats and also, if possible, to identify the pressure points to which any contingency action might be directed.

2 As Geoffrey points out, the Civil Contingencies Unit (CCU) is concerned only with the essentials of life. Its remit does not extend to the industrial or economic consequences of industrial action and special ad hoc arrangements have had to be made to assess and monitor the effects of major disputes such as the steel strike. In the circumstances it would be useful to have some standing machinery available.

3 Before any extra machinery is established, however, I think we should look closely at two points. First, the machinery must be capable of ensuring that effective action can be taken; there will be no advantage in creating a talking shop. Secondly, many small and local disputes have a potential for damage out of proportion to the factors underlying the dispute, for example major capital investments, such as blast furnaces, may be put at risk or a sizeable proportion of industrial production could be jeopardised by the interruption in the supply of materials like industrial gases. The machinery might be established so that it can look at such problems, even though it is not easy to identify

/problems ...

Prime Minister

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You have already agreed with Robert Armstrong that we should not set up any new machinery. I do not think this minute from Keith Joseph adds anything to the argument.

TL 18/3

Econ Bl



problems of this sort in advance.

4 I am copying this minute to Geoffrey Howe, William Whitelaw, Christopher Soames, James Prior, George Younger, Nicholas Edwards, John Biffen, David Howell, Norman Fowler, Michael Havers and Sir Robert Armstrong.

KJ

K J

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