

Seen by the Home Minister.

CONFIDENTIAL

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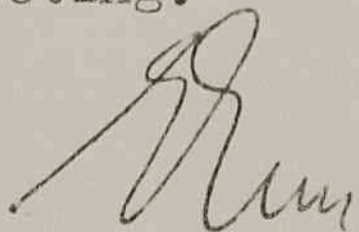
PS/Secretary of State

- cc PS/Mr Butler
- PS/Mr Marshall
- PS/Sir Peter Carey
- Mr Ridley Dep Sec
- Mr Murray IS3
- Mr Long IS(Tech)

STEEL DISPUTE: PRESENT POSITION

As requested by the Secretary of State, I spoke to Mr Scholey yesterday and to Dr Grieves today about contingency planning on arbitration and/or mediation. They told me they had given considerable thought to the drafting of proposed terms of reference, which would certainly include reference to the ability of the Corporation to pay, ie their inability to pay wage increases that were not self-funding. On the selection of a mediator or arbitrator it appeared that they had not so far given much thought to individuals whom they might propose. Dr Grieves said that, in the first instance, he would be content to consider the ACAS list. I noted that this might include some figures traditionally given to "splitting the difference". I fed in the names we had discussed - Dr Atterton, Mr Edmund Dell and Sir Richard Way. Dr Grieves thought that Sir Richard Way would no longer be acceptable to Mr Hector Smith because of his recommendations on the Llanwern dispute.

2 Monday's resumed negotiations start at 2.30 pm. Dr Grieves said that BSC had not received a copy of the new draft central agreement that had been drawn up by the Unions in concert and, on past form, did not expect to receive it much before the start of Monday's meeting. For this reason BSC were planning to adopt a largely passive role, ie listen to what the Unions had to say. Dr Grieves was trying to get in touch with Mr Sirs today to seek advance agreement that Monday's session should adjourn at 6 pm or so, so that BSC could then go away and assess the value in self-financing terms of the proposed agreement. It looks therefore as though Monday's session will be of a preliminary nature, to be followed by more detailed negotiations at a subsequent meeting.



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 7 March 1980



Don Smith

Scholey has now spoken to Sirs, who confirms that they will "play it cool" and avoid another confrontation and breakdown. P. 213

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