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PRIME MINISTER

THREATENED STEEL STRIKE

To be raised orally at E on 18 December

in folder
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(A minute from the Secretary of State for Industry to the Prime Minister is relevant)

BACKGROUND

1. E discussed steel last week and concluded:-
 - i. No intervention in BSC's closure plans;
 - ii. No change in the cash limit, despite the deteriorating outlook;
 - iii. Mr Prior would talk informally to BSC about their pay negotiations;
 - iv. Sir Keith Joseph would arrange for any necessary contingency planning over the threatened strike.

2. Sir Keith Joseph's minute to you of 17 December fulfils iv. above. He concludes that although the situation should be closely monitored, there is little else the Government should do, except perhaps publicly to emphasise the damage of a strike.

HANDLING

3. The main questions you might like to pursue are:-
 - A. Likelihood of a strike.
 - B. Effects of a strike.
 - C. Handling of publicity.
 - D. Any other action the Government should take.

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A. Likelihood of a strike

4. You might ask Mr Prior to report on his informal soundings. I understand these have been both with the BSC management and with Mr Len Murray and Mr Sirs. As of today his officials think there is some chance (no more than that) that the strike could be called off. Points to watch include:-

a. The TUC's attitude. The TUC General Council is meeting on Wednesday morning; and Mr Prior may be able to report on its attitude;

b. The Welsh TUC have called for strike action in late January over the steel closures; this could help to deflect pressure for a strike over pay in early January;

c. For the Iron and Steel Trades Confederation (ISTC) a crucial issue is BSC's insistence on local (rather than national) productivity deals (to ensure that they stick) whereas the Union seeks to keep pay negotiations at national level; but the BSC may be able to accept some kind of national framework arrangement which would satisfy the ISTC.

B. Effects of a strike

5. Sir Keith Joseph's note suggests user industries would have about one month's endurance. But this is very uncertain and there are likely to be wide variations. A lot depends on how far the rail and dock unions take sympathetic action. Statements from these unions have not been very clear so far; there are some signs that sympathetic action may be less than total. You might seek Mr Prior's and Mr Fowler's views.

6. The most vulnerable industry looks like being the motor industry and above all British Leyland: being located mainly inland BL have less ability to import steel for car bodies than Ford. You might ask Sir Keith Joseph about the financial effects on BL, in view of the next item on the agenda. And how far will the cash limits of other nationalised industries be affected if they cannot get steel? Is any nationalised industry particularly vulnerable (eg coal through pit-props) and is there any measure of the risk? What are Mr Walker's views about the effects on tinned food - especially babyfood (probably not too bad, as there are thought to be about two months' stocks of tinsplate)?

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C. Publicity

7. The main question is whether Ministers should emphasise in speeches the damage to the economy - and especially to jobs in steel and user industries (eg BL) - caused by a strike. You might ask Mr Prior's views - as well as Mr Maude's. Timing will be crucial: if there is a chance the TUC could put diplomatic pressure on the steel unions not to strike, or that the BSC could settle, then a Ministerial intervention might be counter-productive.

D. Other Government Action

8. There are two possibilities; but both present difficulties:-

a. Use of troops This does not really look a starter - and Mr Pym (who would almost certainly be opposed) has not been invited. The main reason is simply that steel does not meet the normal 'civil emergency' definition of being vital to the life and health of the community. Tinned food is the only thing that gets near this definition, but even this seems marginal. Also relevant is the impact of any announcement on BSC's negotiations or on the TUC.

b. Dismissing strikers - or sending them home without pay. This could in theory be used against steelworkers or others taking sympathetic action and is raised in Sir Keith Joseph's minute. The key question is whether the Government should intervene, or whether such action should be left to the managements themselves.

CONCLUSIONS

9. You may want to record conclusions on:-

i. The Government's general stance: do colleagues agree with Sir Keith Joseph's line - essentially hands off except for publicity?

ii. Publicity: if a campaign is to be mounted there will need to be close liaison between Sir Keith Joseph, Mr Prior and Mr Maude.

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iii. Any other Government action - including especially arrangements for policy consideration during the Christmas period. (The simplest arrangement might be to confirm that it will be Sir Keith Joseph's responsibility to keep senior colleagues in touch with developments and to consult them as necessary when he judges that action may be needed).



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Cabinet Office
18 December 1979



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