

Prime Minister

PRIME MINISTER

May we discuss
this.

In view of recent briefing
from by the Prime Minister
we are weakening,
Dever and I think
it would be worth taking
issue with x below?
Agree the attached draft?

STEEL STRIKE: LONGER TERM EFFECTS

Flag A

I agree with Adam Butler that as the strike continues the deeper and longer term effects, particularly in the corporate sector, will be more damaging than might be suggested in the report of officials attached to his minute to you of 15 February. I do not believe, as the report suggests, that a settlement can now be in prospect which would provide incalculable benefits to our policies, to industrial morale and to foreign confidence.

Many strikers are no doubt deeply anxious about their continuing loss of earnings and the future of their jobs. But I have seen little evidence that these anxieties are exerting any significant pressures on the unions to accept a largely self-financing wage settlement, or are likely to do so in the foreseeable future. Within two to three weeks we can certainly expect pressures from employers.

X If we were to attempt unattributably to brief the media that a continuing strike would be sustainable, we must expect that this would be reflected as the Government's view. This I am sure would make the more militant activists the more determined to halt private steel production and the movement of steel and, possibly, to extend and intensify the picketing of steel users. It could also prompt companies to display their anxieties. Such briefing is best avoided.

cc: Members of E Committee
Secretary of State for Scotland
Secretary of State for Wales
The Paymaster General
Sir Robert Armstrong

J P

19 February 1980



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CONFIDENTIAL



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From the Private Secretary

19 February 1980

The Prime Minister has seen your Secretary of State's note of 19 February.

She agrees that it would probably provoke the militants to put it about that the strike could be sustained for a substantial period. But she strongly takes the view that to give any hint of weakness now could have a similar effect, encouraging the militants to go for a quick kill.

She believes that the important thing is to maintain an impression of firmness and resolution to see it through and quietly, in unattributable briefing, to underline how well the economy continues to cope.

I am sending copies of this letter to the Private Secretaries to the Members of E Committee, the Secretary of State for Scotland, the Secretary of State for Wales, the Paymaster General and to David Wright (Cabinet Office).

T. P. LANKESTER

I.A.W. Fair, Esq.,
Department of Employment.