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PS/ *Secretary of State for Industry*

26 February 1980

Tim Lankester Esq
Private Secretary to the Prime Minister
10 Downing Street
London SW1

Dear Tim,

Prime Minister

An encouraging report.

I attach a copy of the 16th Report of the Interdepartmental Contingency Group on the Steel Strike.

I am copying this to the private secretaries to members of E Committee, the Secretaries of State for Scotland and Wales, the Paymaster General, the Minister of Transport and Sir Robert Armstrong.

*Yours ever,
Pete*

PETER STREDDER
Private Secretary



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STEEL STRIKE : 16th REPORT OF THE INTERDEPARTMENTAL
CONTINGENCY GROUP

This report summarises the position on 26 February.

BSC

2 The BSC, ISTC and NUB met on 22 February to discuss the Union's draft agreement and suggested terms for a settlement. The talks broke up without agreement to resume full negotiations, the gap between the Corporation and the Unions remaining very wide. The Unions have again specifically rejected arbitration. Whilst the situation with ISTC and NUB remains deadlocked any further talks between the Corporation and the TGWU, NCCC and GMWU remain in abeyance.

3 The Corporation has decided to ballot its employees in the next few days about whether or not they think there should be a ballot about the pay offer. The management hope that the second ballot would be conducted by the unions. The ISTC General Secretary is reported as recommending that employees should ignore the ballot. It remains too early to assess the reaction of employees to the broadsheet which the Corporation sent out to employees about the pay offer (para 2 of the 15th Report) though the few first replies have mostly (as one might expect) been positive.

4 Last week's recommendations by the South Wales NUM delegate conference for sympathetic strike action from 25 February in support of steelworkers was heavily defeated in pithead ballots. Dockers at Newport are now demonstrating reduced support for mineworkers by commencing to unload the 20,000 tonnes of imported coal which had been blacked since last December. Ministers met representatives of the Welsh TUC on 25 February and agreed without commitment to study their arguments for a slower BSC rundown. It remains to be seen whether these events affect the Welsh TUC's plans for a general strike to start on 10 March.

Private Sector Producers

5 Private sector ISTC members are becoming much less inclined to support union colleagues in dispute with the Corporation and there is a growing number in favour of a return to work. Hadfield's (Sheffield), Manchester Steel (Manchester) and Round Oak (50% BSC owned) restarted steel production yesterday, and Templeborough Rolling Mills in Sheffield (50% BSC-owned) resumed re-rolling today. Picketing

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at these plants is reported so far to have been light. Manchester Steel's other plant at Bidston, Wirral, is reported to have voted today for a resumption. Other private sector companies are in discussions with their employees about resumption. What happens will be influenced by the meeting which the ISTC Executive are due to have on Friday about continuing the strike in the private sector. The Executive will no doubt be considering its policy on expulsion generally of members defying strike instructions, having given seven days' notice of expulsion to ISTC members at Sheerness.

6 Sheerness is continuing to work normally and make deliveries. Picketing here is now light. Several other private sector companies, who carry out cold processing and finishing of steel bars and strip, are still relatively unaffected by the strike and continue to produce and deliver to customers. It is too early to assess the combined effects of the continuing production and the limited resumption of work in the private sector on steel supplies and endurance of users.

Steel Supplies

7 Picketing of steel stockholders has eased in many parts of the country and despite the imbalance and diminution in their stocks, stockholders are maintaining good deliveries to users. Press reports that steel stockholders have made very large increases in prices are strongly denied by the National Association of Steel Stockholders; while some increases have undoubtedly taken place, there is no firm evidence that they have been either widespread or exorbitant. Supplies to users direct from the private sector have continued at a very low level from a small number of plants which carry out cold steel processing and finishing for engineering purposes. Imports continue to move freely from many ports to stockholders and direct to users.

Transport of Steel

8 There is nothing new to report on the movement of steel generally. No evidence has emerged of any effect from the threatened TGWU reinforcement of instructions to lorry drivers not to cross picket lines, and to dockers not to unload steel supplies. The London docks are now working again on all cargoes after the settlement of their pay dispute.

Effects on Steel Users

9 Whilst there is inevitably some further diminution in steel stocks, there is little new to report on the potential endurance of steel users. A limited number of additional layoffs

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have been reported. Weekend reports in the press have picked out small engineering companies, drop forgings and the canning sector as having problems, but this adds nothing to what has already been noted in earlier Situation Reports.

10 The CBI and the British Iron and Steel Consumers' Council have indicated privately that the proportion of companies being affected is rising, leading to short-time working and some layoffs, but that the critical time for companies is likely to be from mid-March onwards. This implies no real change on our previous assessment of endurance. Short-time working in some user sectors, eg component manufacturers, is thought to be as much a reflection of reduced demand from the automotive sector as from steel shortages.

Department of Industry
26 February 1980

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STEEL STRIKE: PICKETING IN SCOTLAND

The police report at 1000 hours today (4 March) confirms that peaceful picketing is being maintained at a low level in 7 of the 8 force areas. No problems have been experienced.

Most of the earlier difficulties were experienced in the Strathclyde Police area, but during the last 7 days only 3 minor incidents have been reported. In the first it is alleged that a lorry was driven at a picket line in Coatbridge. Pickets jumped clear and no-one was hurt. Particulars were taken and although no arrests were made, a report was submitted to the Procurator Fiscal. In the second incident bottles of milk were smashed and a tree trunk rolled into the roadway outside premises in Kilsyth. The police attended and the situation was resolved without further trouble. The third incident involved flying pickets in a car which barred the entrance to premises in Greenock. Again the police resolved the situation without incident.

Last Thursday (28 February) the number of pickets at Bellshill rose to 350 with Mr McGahey, miners, the press and TV Cameras present. The police responded by sending a sergeant, 2 constables and a Chief Inspector. No confrontation took place and by mid-afternoon only 3 pickets remained.

The press reported yesterday that the TGWU had issued a directive to their members that they must not cross steel workers' picket lines and that this had caused a company in Lanarkshire to lay off 9 drivers and virtually cease to operate. Strathclyde Police report that this directive appears to have made little visible difference to the number of lorries involved in transporting materials.

SCOTTISH OFFICE
4 March 1980