

NOTE FOR THE RECORD

The Secretary of State met Sir John Greenborough and Mr Brian Rigby at 3.00 pm on Tuesday 4 March in his Room in the House to discuss the steel strike. The Secretary of State told Sir John that it was a great help to the Government that broadly it had CBI support for the principle that the taxpayer should not have to pay people's salaries in nationalised industries, particularly where they were bankrupt and the workforce had the opportunity to earn pay rises through higher productivity. Of course nothing was ever tidy and there was no clear coherence in the Government's position; there was an obvious contrast with the coalminers and the waterworkers. However it was a comfort to the Government that there were no voices from the CBI as yet, wanting a settlement at all costs. He was also grateful to the CBI for keeping him in touch with the endurance of industry during the strike; it appeared that the position on this was much as it had been when the strike began. Sir John Greenborough said that there had been total support for the Government's position at the last Council meeting. As to endurance, the position the last time the CBI had reviewed the situation seemed a little better than it had been in the previous week. In a way this was not surprising with the private sector returning to work. British management was often criticised but it had shown a lot of ingenuity by swapping, and ^{using} imports, stockholders and the private sector to ameliorate the position. Of course lack of demand was also a factor. However, there were a number of mismatches and Metal Box looked increasingly vulnerable.

2 The Secretary of State went on to say that he really wanted to focus on the following question. He could not predict when the strike would end and had to assume that it could go on for many more weeks. During that period the climate might change and it might be that there would be increasing pressure on the Government from industry for a settlement of the strike. He wanted to see this pressure deflected towards the trade unions and could not be expected to cave in as soon as some firms faced real trouble. Sir John Greenborough said that he thought there would be a mixed bag of reactions when the position got worse. In 4 weeks time there were a number of firms who would

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probably make harsh statements about the handling of the strike. But there was also likely to be a feeling, particularly in view of the experience of the engineering strike, that industry had managed to withstand the strike for 3 months and would throw away the benefits of that by urging a premature settlement. Moreover the pressures were neither universal nor immediate, they focussed more on the longer term future for individual companies. A number of them would undoubtedly be operating on a completely cash basis as the strike bit harder. In his view the strike would cause extreme discomfort but did not amount to the death penalty for industry. Mr Rigby said that the strike was likely to hurt most at the heart of the traditional engineering industry but his guess was that in 4 weeks time there was more likely to be criticism of the parties to the strike for showing intransigence rather than of the Government. The Secretary of State said that he hoped insofar as the CBI's members would take guidance, the CBI might suggest to them that they should ask their trade unions to put pressure on the steel trade unions whose actions would be jeopardising their jobs.

3 The Secretary of State and Sir John Greenborough agreed to keep in close touch over the next 3 - 4 weeks about progress on the strike and Sir John Greenborough said that he would speak personally to the Secretary of State if there was a clear change in the attitude of his members.

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5 March 1980

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PS/SoS(Employment)

10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

6 MAR 1950