

See
by TL+CAW

PRIME MINISTER

CIVIL SERVICE DISPUTE

1. The Civil Service dispute, like other public sector confrontations, presents Government with an opportunity as well as a problem. The public want and expect the Government to win this trial of strength decisively. If we can do that without losing public goodwill or creating widespread grievance within the Service, we gain several advantages. First, the chance of further strike action by the Civil Service in 1982 will be greatly reduced. Second, the Government's image of "firmness and fairness" will be heightened. Third, there will be a beneficial effect on attitudes in other unions (for example, NUM).

2. ESCALATE TO WIN

2.1 We think that option 5 in the CSD note - withdrawing the 1 April operative date for 1981 - should be our next move. It should not be done yet. We suggest that before the Council of Civil Service Unions meets, the Government should say that such a move may become necessary. This could help to discourage them. If they then decide on a week's strike, we should escalate quite swiftly. If they decide not to strike, we can reconsider. Escalation may not then be necessary.

2.2 In order to be seen to be fair, and to give time for moderate forces to work, the Government should give plenty of notice before it acts to drop the 1 April date. We suggest three weeks.

2.3 As the CSD note says, there are two alternative ways of deploying this weapon: treating everyone alike (see 2.4 below); or penalising the strikers (see 2.5 below).

2.4 Treating Everyone Alike

2.4.1 On this approach, we would explain that the mounting cost of the strike to the taxpayer obliged Government to act to end it, and to find ways of offsetting the cost. Accordingly, if it is not settled within three weeks, no-one would receive backdated payments. We could explain how unfair this is on those who have

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worked loyally, etc. That's all part of the moral pressure that would be directed against the strike organisers. To put extra pressure we could announce our intention to hold a management-organised ballot before the three weeks expired.

2.5 Penalising the Strikers

2.5.1 This would entail the same messages. It would be made clear that anyone striking after the three weeks were over would not have his pay backdated. (We assume there is no difficulty identifying strikers after a certain date.) Their pay will be subject to deductions for striking anyway.) This approach could be dramatised by an offer to each employee asking him to accept the 7% and agree not to participate in further strike action. The results of these offers could be published. They would have much the same status as a ballot.

2.6 Our own preference is for the first approach, because it maximises pressure on the unions to bring about a final end to the dispute. The risk with the second approach is that small numbers will continue to strike with the union promising to make good their lost back payments. The dispute might drag on. We also see difficulties about the treatment of those laid off as a result of strike action. Some will be willing supporters of the strike; others will be completely innocent.

2.7 Either approach will be criticised as rough justice, but we think the vast majority of the public would support it. The short point is that whenever strike action is used with intent to gain, innocent parties get hurt. After all, the impact of the dispute on the public has also been very arbitrary: some people have had holidays and business trips and livelihoods disrupted; others have not.

3. LEGISLATION ON LAY-OFF PAY

3.1 The present inability to lay off white collar workers in the public or private sector when there is no work for them as a result of strike action by their own colleagues is ridiculous. It provides a permanent temptation to all white collar unions to practise and perfect the selective strike. We have seen this used

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occasionally but very effectively in the last few years (eg the Post Office). Technology will provide much more opportunity in the future. Putting right this anomaly would be a valuable step towards our Manifesto objective of restoring a better bargaining balance between management and unions throughout the economy. We therefore think the change should be made not just for civil servants, but for all white collar workers.

3.2 The present dispute provides an excellent peg on which to hang this much-needed reform. It could be done swiftly during the dispute. Alternatively, we could use the dispute to publicise the need for it, commit ourselves to putting it right, and do it in the next session when the need has been better understood.

3.3 We agree with CSD that the industrials should receive the assurances necessary to avoid antagonising them by this legislative change. Indeed, we should be able to make a virtue of aligning the treatment of industrials with non-industrials in this respect.

4. INTERNAL AND EXTERNAL COMMUNICATION

4.1 The Government's position remains strong. But it is important that Ministers should keep up their efforts to sell and explain it. If a ballot is contemplated, it is especially important that those who take little interest in the dispute do not fall prey to the unions' propaganda. Sometime ago, I raised with Mr Whitmore the possibility that senior Civil Service management could play a rather more active - though non-political - role of explanation. I understand CSD saw objections to this, but it might be worth considering again now.

I am sending copies of this note to Geoffrey Howe and to Sir Robert Armstrong.



JOHN HOSKYNS

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