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PRIME MINISTER

cc. Mr. Wolfson
Mr. Duguid
Mr. Lankester

Water Workers' Dispute

John Vereker is concerned with some cause that little is being done to mobilise public opinion against the water and sewage workers during their unions' period of consultation up to February 3. He suggests you should discuss this with Mr. Heseltine and Mr. King (who are deliberately playing it cool) and Mr. Pym.

In an ideal world the employers would be taking the lead. We should certainly not get involved in the negotiations.

But it does seem reasonable for Ministers, and officials like myself, without being provocative, to make the points suggested by Mr. Vereker in response to questions - e.g. in the House/Lobby. The desirability of canvassing a ballot would, of course, turn on the best judgment of the Department/employers on the outcome.

14 January, 1981

B. Ingham
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Plus
Home Secretary*

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MR INGHAM
PRIME MINISTER

cc Mr. Wolfson
Mr. Duguid

Water Workers Dispute

I think we are in danger of letting events pass us by in the water workers dispute. The unions are now consulting their membership at regional and branch level - but without a ballot - on the need for industrial action; the executives of the two of the four unions (NUPE and the NFU) are recommending action, and there are indications that the other two (GMWU and TGWU) will follow suit. A strike could follow soon after the unions meet the employers again on 3 February and if the junior supervisors join in, as expected, the Ministry of Defence doubt they can maintain essential supplies (a report from the Contingencies Unit will be circulated shortly).

So I think you should call a meeting very soon with your colleagues most closely concerned - Mr. Heseltine and Mr. King, the Chancellor and Mr. Pym - to have a close look at:

- (i) The prospects for a negotiated settlement. Is the National Water Council contemplating a way out? How much damage would be done by a small increase from the 7.9 per cent offered, and would it be accepted?
- (ii) The need to mobilise public opinion. Cabinet decided last week that Ministers should not comment publicly on the negotiations. That does not preclude all comment: and although there are signs that media opinion is against the water workers, there is little public debate at present and therefore little pressure on the unions to act responsibly. The employers appear to be doing nothing, even by way of correcting false impressions of current earnings. Ingredients in a public debate should include
 - Surely the water workers would not be so irresponsible as to risk public health by industrial action?
 - All those who work in public sector monopolies, where costs of excessive pay increases are passed straight on to the consumer, must justify their pay claims to the public;

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- Pay settlements elsewhere have been moderate; and the Government has set cash limits for its own employees, and for the NHS and local Government, well below the current offer to the water workers;
- Water workers wages have risen by 44 per cent in the last two years, while prices rose by 34 per cent.

It seems to me that Ministers can make the first three points, and the employers the last one, without interfering in the negotiations.

- (iii) The possibility of suggesting that the water workers should be balloted. The current consultations are bound to over-represent the views of the union activists; a ballot would focus public and media attention on the pros and cons, and should decrease the chances of industrial action.


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