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PRIME MINISTER

Transport: London Transport
Pay: May 79
Also - we have no choice unless we change the Law.
Mr Wolfson
Mr Venecker
Mr Duguid

Prime Minister
Mr Fowler feels unable to intervene in the renewed negotiations with LT, despite the likely impact elsewhere. Content to accept this?

MAF 24/11

MONITORING REPORT: PUBLIC TRADING SECTOR

The Chief Secretary's minute to you of today's date with the latest monitoring report draws particular attention to the problems which could arise following the change of political control at the GLC.

I reported on the situation orally at E Committee earlier this week. The London Transport (LT) busmen have settled at 8 per cent, and I know that the TGWU are not anxious to upset this. But they will be forced to ask for the settlement to be reopened if the tube workers get substantially more.

Up till now the rail unions have been content to postpone further talks about tube pay until they had settled with British Rail (BR); the BR claim will be taken to arbitration on 8 June. But LT have been instructed by the new Leader of the GLC to settle the tube workers' pay claim quickly, even if this means increases in double figures. The rail unions have been told of this and, today, the NUR have told Sir Peter Masefield, the Chairman of LT, that they want an immediate resumption of talks, that their minimum demand is 13 per cent, and they know this is acceptable to the GLC.

Sir Peter Masefield's own position at LT is not strong. He had in any case only accepted the Chairmanship for a single year virtually on a caretaker basis. He could easily be replaced quickly by the new GLC. I do not know how long he will feel able

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to resist these demands which could, of course, create great difficulties for BR as well as leading to a much higher revised settlement for the bus workers.

As you know, I have no statutory powers of control over LT. As matters develop we may well need to consider changing the law. But I do not see that, in advance of that, there is any action which I can usefully take, since there is no sign at all that the new GLC have any intention of acting reasonably.

Copies of this minute go to the Home Secretary, the Chancellor of the Duchy, the Secretaries of State for Industry, Employment, Environment, Energy and Trade, the Chief Secretary, Mr Ibbs and Sir Robert Armstrong.

NORMAN FOWLER

21 May 1981

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