

SUBJECT

SECRET & PERSONAL

50 file

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cc: HMT
MOD
D/T
ENERGY
EMP
Mr. Ibbs
CO

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10 DOWNING STREET

From the Private Secretary

cc Ind
13 January 1982

Dear John,

cc Master

RAILWAYMEN AND MINERS' PAY

The Prime Minister discussed railwaymen and miners' pay yesterday evening with the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Defence, Transport, Energy and Employment and Mr. Ibbs.

The Secretary of State for Transport gave a report on the latest position on ASLEF's industrial action. ASLEF were now firmly entrenched, and it was necessary to expect that they would repeat this week's action again next week. One option for the BR Board was to send home NUR and TSSA members who had no work to do while ASLEF members were on strike. This would involve breaking a five-day guaranteed working week agreement and might prove impractical. It would certainly prejudice the support which the NUR and TSSA had been giving to the Board's stance in the matter. The Board would not take this action without further consultation with the Government. In discussion it was argued that some means must be found to bring further pressure to bear on ASLEF members, and to protect BR's finances. There appeared to be a bias in the media insofar as more radio and TV time was given to the presentation of the unions' case than to the Board's. The Secretary of State was asked to report to Cabinet on Thursday on the latest position; and to his colleagues on how the dispute might be brought to an end. His Department should set up a systematic monitoring procedure so far as the media were concerned, so as to be able to make more effective representations about bias. They should also investigate the extent to which repayments of tax to striking ASLEF members minimised the financial disadvantages to them of their strike action. The time had now come for the Government to step up its own publicity effort, to bring home the reasonableness of the Board's case.

The Secretary of State for Energy said that the NCB's latest estimate was that slightly under 60% of the miners would vote for a strike if necessary and for a rejection of the Board's pay offer. The Board had had some success in getting over the strength of their case; and Mr. Gormley had agreed to come out in favour, in an article in the Daily Express, of the Board's offer. It would not be possible before the result of the ballot was known to estimate what the next move should be. The Board's

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... that if the opportunity for a strike was now far above 50% an increased offer of between 1-2% might produce a settlement without a strike, and without destroying the board's managerial credibility and its financial position. A larger offer than this would have very serious consequences for the board's position; and in particular for their negotiations in the next pay round. The Board considered it a virtual certainty that there would be a strike at some point in 1982 whether in, say, February, or, say, November. But they thought it most unlikely that there would be two strikes.

In discussion it was argued that the possibility of two strikes in 1982 could not be ruled out. The NUM might well be tempted, if a strike beginning in February produced the desired result, and given that coal stocks would be low by the end of the year, to try to achieve a repeat performance. The effect of the recent cold weather and of the ASLEF stoppages would be to reduce endurance both this winter and next (even on the assumption that the oil burn would be increased to the maximum extent immediately this week's ballot boxes were closed). Endurance could be extended significantly if the Services were used from the start to move coal from pithead stocks to power stations. This was an option which would require serious consideration, and it would be important at no stage to rule out the use of the Services. Stocks of ancillaries at power stations broadly matched the level of coal stocks except for hydrogen and sulphuric acid stocks which, it was argued, could not be procured safely in advance; there appeared, however, to be no problem about securing these supplies rapidly if necessary. The use of rota cuts in order to extend endurance was of doubtful attraction, given the modest extra endurance secured by the introduction of rota cuts even from the very beginning of the industrial action. If it proved necessary to increase the offer to secure a settlement it would be necessary to bring home to the mining industry and to the nation that the additional cost of the settlement would have to be met either through a reduction in coal investment (and thus in jobs in the mining industry), or in higher electricity prices (and thus in fewer jobs in the economy at large).

Summing up, the Prime Minister said that no decisions were needed at present. The Secretary of State for Energy should bring to a conclusion as soon as possible the work his Department were doing both on increasing the use of oil burn to the maximum extent possible and on ensuring that the stock of ancillaries at power stations matched their coal stocks. He should also report on the scope for rapidly increasing coal imports if a strike were to be called. As a possibility for the future, he should also investigate the possibility of introducing gas fired turbines at power stations on a substantial scale as rapidly as possible. Consideration should also be given to the possibility of reactivating the pit closure programme in the event of an expensive settlement of the present pay claim. There would be a further meeting of Ministers as soon as the result of the ballot was known.

/ I am sending

I am sending copies of this letter to John Kerr (H.M. Treasury), David Gandy (Ministry of Defence), Anthony Mayer (Department of Transport), Julian West (Department of Energy), Barnaby Shaw (Department of Employment), Gerry Spence (Mr. Ibbot's Office) and David Wright (Cabinet Office).

I would be grateful if you and the other recipients of this letter would ensure that it is given the most limited possible distribution.

Yours sincerely,

Michael Schuman

John Halliday, Esq.,
Home Office.