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cc: D/Transport  
HMT Ho  
Co

10 DOWNING STREET

Memo cc to W. Wilson  
D. Higgins

From the Private Secretary

15 September 1980

cc: 8 I  
Blf 18-9-80

As you know, the Prime Minister held a meeting with your Secretary of State and the Minister of Transport this afternoon to discuss the strike threat caused by the problem at the Port of Liverpool.

Mr. Prior described the problem (on the lines already set out in your letter of 11 September). Pressure had already been put on the Merseyside Docks and Harbour Company to accept re-allocation by the local Dock Labour Board of the dockers who were going to be made redundant. But the Company were playing it tough because they were already in financial difficulty and because they believed that they had been treated less well than the Port of London Authority. The risk of putting still further pressure on them was that they would then ask the Government to bail them out. There was a possibility that the planned increase in severance payments from £8,500 to £10,000 would persuade the dock workers concerned to accept redundancy; but the prospects did not look good, and there was a significant risk that a national dock strike would be called. Mr. Fowler added that if either of the other two private companies at Liverpool Port were to take on the Harrisons dock workers, they too would almost certainly collapse. He agreed with Mr. Prior's assessment that the prospect of achieving voluntary severance on the basis of the improved £10,000 severance pay was not good.

The Prime Minister said that she was very concerned to avoid a national dock strike. The best way forward would be to consider urgently how much higher the severance payments would need to be in order to obtain an adequate response. She would like your Department and the Department of Transport, in consultation with the Treasury, to consider this urgently so that a decision can be taken before a strike becomes inevitable. In reaching a decision, the Prime Minister will clearly need to know what will be the public expenditure implications, including any repercussions for redundancy payments in other industries.

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I am sending a copy of this letter to Anthony Mayer (Department of Transport); copies also go to John Wiggins (HM Treasury) and David Wright (Cabinet Office), both of whom get copies of your letter of 11 September.

*ditto Home Office.*

L. P. LANKESTER

Richard Dykes, Esq.,  
Department of Employment.

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