

CONFIDENTIAL

Not Ind.

MR. LANKESTER

c. Mr. Duguid
Mr. Ingham

R. 4/7

I am pretty appalled at the way things are getting out of hand on the negotiations with the railway unions. Until a few days ago we were consistently being reassured at all levels by the Department of Transport that there was no threat of a strike until the autumn; and that Mr. Fowler would ensure that nothing more than 8% was offered until productivity improvements were secured. The last piece of ministerial correspondence on this issue was a stern letter from the Chief Secretary on 30 July saying that no more than 8% should be offered, and that colleagues should have a fuller report before anything happens. It now seems to me that DTp have lost control of British Rail; and we are threatened with the likelihood of industrial action followed by, no doubt, an increased offer. I think therefore we really ought to ask Mr. Fowler to report urgently to the Prime Minister what is going on and what he proposes to do to avoid industrial action and prevent yet more money being given away by this loss-making industry, and what connection he sees with the prospect for electrification. This might mean that the Prime Minister has to take a short meeting in the next few days notwithstanding the state of her diary.

Andrew Duguid and I are also concerned about the possible inter-relation between a rail strike and power station coal stocks. When the CCU looked at this in April, the DTp advised that the great majority of bulk movements of coal for power stations were by rail, but that since power station coal stocks were reasonably high there was no need for immediate alarm. They did however recognise that a stoppage would affect the summer restocking programme and could reduce power station endurance next winter. Four months later, that seems a complacent judgement: stocks are somewhat higher, but the importance of endurance is higher still. I suppose this may be mentioned at the Prime Minister's meeting this afternoon; and I have suggested to the CCU secretariat that they should convene an urgent meeting to reassess this point.

J.

4 August 1981

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Mr Ingham
Mr Wolfson
Mr Duguid
Mr Vercher

Prime Minister

A siting on the rail
strike threat.

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Are you content for

Yes - I am Mr Fowler to continue
only in Consett his holiday?

Prime Minister

Do you want to have
any discussion with
Mr Clarke before you
leave London?

RAIL STRIKE

No

no

MA 4/10/11

The NUR Executive has unanimously decided to give
notice of an all out strike on British Rail starting on 31
August. ASLEF have decided to give the same notice. TSSA have
decided not to strike.

The Railways Board will call the Unions into a
meeting at which they will explain to them the damage they are
threatening to inflict on the industry.

My Department has asked the CCU for a meeting
(scheduled for Thursday) at official level to provide for
Ministers a first appreciation of the consequences of a strike
and any recommendations for preliminary preparations.

I suggest that we should continue to maintain our
position that the negotiations are for the Board to handle. The
Board's position remains entirely in line with the one they
agreed with the Secretary of State and which he put to you on
17 July. I understand that ACAS have been in touch with all the
parties but there is no question of the Railways Board making
fresh offers. We shall see in due course what promises of support,
if any, the rail unions are able to secure from other unions, and
what response they appear to be getting from their own workforce
to a situation in which an 8% increase in pay will continue to
be delayed. I do not suggest that the Secretary of State for
Transport need return to the United Kingdom at this juncture.

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I suggest in public we should confine ourselves to saying that this is a matter for negotiation between the Board and the unions who must both face up to the financial problems of the industry.

I am copying this note to members of the Cabinet, the Chief Whip and Sir Robert Armstrong.

Kc

KENNETH CLARKE

4 August 1981