

PRIME MINISTER

cc: Mr. Scholar
Mr. Vereker
Mr. Ingham

ASLEF DISPUTE

Mr. Howell's Office told us that, following Sid Weighell's intervention on return from his sick bed, there will be a meeting of all parties under ACAS auspices tomorrow morning.

The bad news is that this will almost certainly produce nothing. Mr. Weighell's initiative consists of nothing more than a request to ACAS to call such a meeting. Sir Peter Parker has told Mr. Howell that the BR Board are not about to make any movement, and there is no evidence that ASLEF are ready to make any movement.

Once the outcome of tomorrow morning's session is known, Mr. Howell will provide a new assessment of the situation. We will also get up-to-date briefing at lunch time for Questions purposes.

MA

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18 January 1982

CONFIDENTIAL

cc Mr. Scholar
Mr. Hoskyns
Mr. Ingham

MR. VEREKER

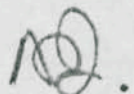
BR DISPUTE

1. Thank you for your note of 18 January, bringing us up to date. You refer to damage to BSC and NCB. Do we know how far it is possible to make rank and file employees in those two organisations feel the impact of this damage? At NCB, I would imagine that miners - heavily dependent on the bonus scheme for a large proportion of their earnings - would feel the effects of any reduced production schedules pretty quickly. It is admittedly hard to imagine Arthur Scargill using the TUC as a forum in which to put some pressure on Buckton to compromise. But rank and file NUM opinion could be articulated by others.
2. Perhaps there is more scope with BSC. Although bonus schemes and overtime must be hardly relevant at the moment, the prospect of lay-offs and closures must be very worrying to those who work there. Do we know whether there is any provision for laying off BSC employees in these circumstances?
3. Are there other groups of employees who are likely to start putting the pressure on Buckton, through the TUC? Terry Duffy's article in yesterday's News of the World said, among other things:

"The train drivers feel they have been badly treated in not getting their extra 3%. But their strike action has caused suffering to thousands of my members. Many factory workers, unlike office workers, don't get paid if they can't get to work. This past week their wives have had to accept less money while they struggle to make ends meet as prices rise."

4. Incidentally, it was interesting to see him refer approvingly - I think that's what he meant - to the GM proposals for wage cuts in order to be more competitive. He also described political strikes in a democratic country as "brainless drivel". (Meanwhile, he condemned the latest proposals from Norman Tebbit.)

18 January 1982


ANDREW DUGUID

Trans

c ~~Mr. Scholar~~
~~Mr. Ingham~~
Mr. Buguid

MR. HOSEYNS

BRITISH RAIL DISPUTE

I have had some discussion of the British Rail pay dispute, in the Treasury pay monitoring group and, in the margins of another meeting, with Douglas Smith. The subject was also raised briefly at the Prime Minister's meeting this morning; I have no proposal for action, but you may wish to be brought up-to-date on the flavour of Whitehall's present reaction to events.

It seems to be generally agreed that there are no decisions for Ministers to take at present. The most likely decision with which they could be confronted would be whether to back Peter Parker if he decides to suspend ASLEF drivers, so provoking a substantial escalation and all-out strike. In such circumstances Ministers would have to weigh the chances of ASLEF's eventual caving in (pretty remote) against the damage to BSC (who are having to go on short time in some places because they cannot shift finished steel) and the NCB and commuters. If Peter Parker decides to go in the other direction, and seek an ACAS managed compromise, I doubt if Ministers would need to be involved. At present I see no case for Ministers to take any initiative to bring the dispute to an end through a compromise, if only because, if I understand it correctly, it is to a large extent the Government's decisions in the last year over BR finance and investment that has put them in a position where they simply have to make the proposed improvements in efficiency. It is believed in the Treasury that Peter Parker's principal concern is that the Government will go soft and "let him down". Douglas Smith believes that there is scope for a compromise settlement, because the complexities and technicalities are such that it would be fairly easy to disguise the extent to which either side had climbed down; but I very much doubt if a proposal aired in today's FT - under which BR would pay up, and ASLEF would commit themselves again to negotiation and arbitration - would appeal to Peter Parker.

/Michael Scholar

Michael Scholar has agreed to remind David Howell's Private Office of their obligation to provide some assessment of how they think the dispute will end.

J. M. W. VEREKER

18 January 1982