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W - constant hand.
with any more money
will be coming for
distribution

There is a lot
of things to go on
the industry
helping the country
the way we should
be with the current
not

J. J. V.
①

SECRET

Prime Minister

Prime Minister

THE RAILWAYS

* Or would you
prefer the square-bracketed
words left out?

MUS

Much will depend on
the way Mr Howell makes the
point at X. May he say this,
provided he gives no hint whatever
that the government will
agree to this?

MUS 21/7

The British Railways Board now face a crowded and difficult timetable. The ASLEF delegate conference next Tuesday 27 July may reject the Executive's recommendation to accept the principles of Lord McCarthy's report on flexible rostering. Or the Executive may fail to negotiate a satisfactory agreement with the Board in the following six days. In either event the Board will start imposing further flexible rosters.

Lord McCarthy's Tribunal is now due to meet on 3 August to start hearing the unions references of their pay claim and other issues. The Tribunal would then report in September - with obvious risks of unacceptable recommendations. Before the RSNT starts up, the Board will be trying to find ways to resolve the outstanding productivity issues with the NUR and with ASLEF, but time is now very short, and neither union may be in a position to negotiate.

Having reviewed this with our colleagues in MISC 80, I have concluded that I should see Sir Peter Parker to press him to go very hard for a quick win and outface any threats of renewed strikes. Having gained the upper hand over the NUR and ASLEF, he must do everything he can to bring the outstanding issues to a successful conclusion and avoid if he possibly can the risk of renewed confrontation on the pay front in the autumn. I would explore with him whether ways could be found to keep the pay issue away from Lord McCarthy, and what sort of pay deal he may envisage. In view of the tight timetable I ought to do this very quickly.

SECRET


SECRET

Sir Peter Parker may ask me whether we can give him any help, and he will certainly have in mind the public pressure that is already developing for a quick approval to the electrification proposals for the East Coast Main Line. If he does, I will tell him that there can be no question of approving that now, or of promising more money for the purpose. [But I would not rule out approval of that investment, provided] all the outstanding issues on productivity and pay ^{must be} brought to a fully satisfactory conclusion and provided that he is doing all he can to make good the losses inflicted by the strikes.

Before there is any question of making any commitments even to this part of the core railway, I would of course bring East Coast Main Line proposals before E(NI), with a full assessment against normal economic tests. This would be without prejudice to the rigorous assessment we must in due course make of the fundamental choices of the railway's future and organisation. The Board for their part would be going on to develop their ideas for entirely new contracts of employment for new patterns of working a modern railway.

I am sending copies of this minute to the Chancellor of the Exchequer, the other members of MISC 80 and to Sir Robert Armstrong and Mr Sparrow.

JH.
~

DAVID HOWELL
21 July 1982

SECRET

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SECRET



10 DOWNING STREET

From the Private Secretary

22 July 1982

Transport
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a:io
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Dear Anthony,

The Railways

The Prime Minister has seen your Secretary of State's minute of 21 July about the next steps on the railways.

She agrees generally with your Secretary of State's approach. But she has minuted that we must not hint that any more money will be made available for electrification. Our line should be that there is a long way to go on productivity before there can be any question of any resources being made available for extra investment of this kind.

I am sending copies of this letter to John Kerr (HM Treasury), to the Private Secretaries to other members of MISC 80 and to David Wright (Cabinet Office) and Gerry Spence (CPRS).

Yours sincerely,

Michael Scholar

Anthony Mayer Esq
Department of Transport.

SECRET

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