

It would depend on the terms of release. We could certainly do a deal up a minute and a half by the assessment of the Prime Minister

Prime Minister
If this is your view, people ought to know before things go too far. Plans get a momentum of their own. Agree I may speak as amended? 3 December 1985

TEACHERS' PAY 3/12

A bit overstated

The Ministerial group, headed by Lord Whitelaw, has now come down in favour of a public 'enquiry' into teachers' pay and conditions. Officials have been sent away to work up detailed proposals.

We continue to believe that this would be a gross error:

- there is little possibility of agreed terms of reference, so strikes will probably continue while the enquiry is sitting;
- the enquiry will provide a platform for union propaganda;
- the unions will not accept the enquiry's findings and will continue their strikes unless it gives them most of the £2 billion a year that they want.

In short, an enquiry will simply make the position worse. You would be planting a time-bomb, set to go off in the second half of 1986, when you will want to keep every penny for tax cuts.

It is dangerous even to allow DES to proceed with detailed work on the proposal, since this will almost inevitably leak, creating expectations and giving the unions new hope.

Surprisingly, Treasury opposition seems muted. If it was made clear that you were opposed, this would bolster the Treasury.

We recommend that you should ask David Norgrove to have a word with Lord Whitelaw's office, letting them know that you are [opposed to] an enquiry.

I suggest "very sceptical about". You ought to hear what the Committee have to say before you give a firm view.

OLIVER LETWIN

PETER WARRY

Prime Minister ²

Teachers' Pay

Lord Whitelaw may raise this with you
in the margins of Cabinet. If appropriate,
I suggest you say:

(i) your instincts are against an
enquiry;

(ii) you would like to see the
report from his group before
commenting on two options.

That will be the time to put forward
the Policy Unit's proposals.

JDS
27/11

2
JEN
27/11
TEACHERS' PAY

Lord Whitelaw's group have been considering the best strategy to end the teachers' strike. There are three serious runners:

- i. an enquiry; (wet);
- ii. continuing the war of attrition; (less wet);
- iii. dispersing Burnham; (tough).

Enquiry

DES are wedded to an enquiry. They think this is the one way of achieving a settlement acceptable both to unions and Government. That is sloppy thinking. An enquiry will not solve anything:

either it will ask the teachers to change their minds with no more than the £1250m of Government money, which the unions will refuse to accept;

or it will ask the Government to spend yet more, which will put you in an even worse position than you are now.

An enquiry would in fact be positively dangerous. You would find yourself under pressure to make concessions simply to get the unions to agree the terms of reference - without bringing the strike any closer to a satisfactory end. And if no terms of reference were agreed, any finding against the unions would have no chance of being accepted.

War of Attrition

Attrition may work. The unions may crack when Burnham meet

in December with the NUT in a minority. And they may not be able to raise enough support for a repeat performance next year.

But, to win the struggle, you would need:

- yet more propaganda to win over the public (not just to 'inform the teachers');
- at least one local authority stimulated into testing teachers' contracts in the courts; (other authorities might follow if one gave the lead);
- vigorous implementation of the new mid-day supervision system (which takes away the unions' best weapon);
- more supply teachers to cover for absent colleagues while the strike lasts.

Your hand is strong, because the NUT cannot afford to escalate: they have only enough money to pay for a few days all-out strike.

Dispersing Burnham

The most exciting discovery made in the review is that Burnham can probably be broken up without primary legislation, though this of course needs to be checked with the Law Officers. (The detail in the official report to Lord Whitelaw makes the position clear, but the summary obscures it.)

The great advantage of dispersing Burnham is that, unlike all the other options, it might establish a new and far more sensible landscape for the future. Since each local authority (or group of authorities) would be able to negotiate on its own:

- a. teachers' pay would become much more obviously a local matter - the Government would get less of the flak;
- b. national disruptive action would be far more difficult to organise;
- c. opportunities for strike-breaking by individual authorities would increase dramatically;
- d. individual authorities might get local unions (often more reasonable than head offices) to agree to new pay and assessment structures - setting an example for others to follow;
- e. the massive pay settlements suitable for Reading being applied in Yorkshire would cease - something much closer to a genuine labour market would emerge, with far more sensitivity to local supply conditions and far fewer shortages in particular subjects.

True, this course would have dangers:

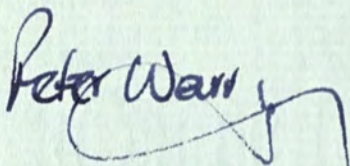
- it could provoke a (short) all-out strike; and
- it could lead to 'leap-frogging' by individual local authorities, with the first local settlement setting a base figure which each subsequent settlement would seek to outdo.

But neither of these dangers is overwhelming. An all-out strike could deliver a quick resolution. And any 'leap-frogging' would be contained by the financial pressures on local authorities.

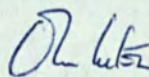
Conclusion

We recommend that you should:

- reject an enquiry absolutely, since it could only 'solve' the dispute by giving away more money;
- look for ways of increasing pressure on the teachers in a war of attrition;
- ask DES to report fully on methods of dispersing Burnham, and on the pros and cons of doing so.



PETER WARRY



OLIVER LETWIN