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ECONOMIC POLICY.

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cc Mr Scholar ✓
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PAY

There is a slight hiatus in public sector pay issues at present: but a number will come to a head in early December, and it may be helpful if I set out the main ones and suggest what we will need to cope with presentationally. This note is not intended to be comprehensive; but you might feel it raises issues worth addressing in the Group on Pay Policy Presentation run by Martin Hall.

The Main Groups and Dates

1. The NHS

The affiliated unions appear no longer to be distinguishing between consultation on the pay offer to the nurses, and on the offer to the other NHS groups. Decision day is December 15^{*} and the build up looks like this: (* When the TUC Health Service Committee meets.)

NUPE:	Branch ballot results, following strong recommendations to reject	December 10
RCN:	Membership ballot results, following strong recommendations to accept	w/b December 13
COHSE:	Special delegate Conference, no recommendation yet	December 14
NALGO:	Special delegate Conference, no recommendation yet	December 14

I think the nurses are in the bag; the others are much less certain, but with union leaders talking about an all out strike as an alternative to acceptance, the moderates may still carry the day.

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2. Civil Servants

We are a long way off claim and offer for this pay round, but the tone will be set by the progress on negotiating a new Pay Agreement following the Megaw report. The key dates are these:

- 2 December: E decide on the negotiating mandate for the Official Side.
- 6-10 December: Special Pay conferences of the Civil Service Unions to decide on their negotiating mandate.
- w/b 13 December: COCSU meet to try to adopt common position.

No serious negotiations will take place before the New Year. It follows that negotiations cannot break down for some time - but adverse decisions by the CPSA and SCPCS might prevent them getting started.

3. Local Authority Manuals

This is a key negotiation for the public services, and the outcome will influence the expectations of both sides in negotiations with the teachers and civil servants. The only date we have at the moment, and not confirmed, is:

- 9 December: National Joint council meeting: offer expected.

4. Nationalised Industries

The Chancellor is sending a note on NI pay to his colleagues who sponsor NI's. He will stress that the miners should not be taken as the going rate, even at 6.5%; and that there should be a range of settlements with several very low indeed. Ministers will be asked to report, in early December, what the intentions of their Chairmen are. That will present difficult decisions about where and how to intervene to bring expectations down. And meanwhile -

- (i) The Water Workers still pose a significant threat. ACAS are declining to intervene without the consent of the unions, and the union negotiators have recommended to their

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executives (GMWU, NUPE and TGWU) that they consult their members about an all out strike. The consultation will take place during December, but no decision is likely before the New Year. However the 4% is virtually certain to be rejected and, unless ACAS pulls the rabbit out of the hat, unofficial industrial action in December is possible.

(ii) BR has still not paid the 6% of the latest McCarthy award, quite rightly insisting on delivery of the productivity conditions first. That is unlikely to cause further problems, and the next increase is not due until April. But the future prospects of BR are dependent upon the Government's response to the Serpell Inquiry, due in early December: the handling of that is bound to have an important effect on union attitudes (and I have sent you a separate note about it).

Analysis

These points seem to me to emerge:

(i) A lot of pay issues will be coming to public attention during the first two weeks of December, and perception of them will contribute substantially to the tone of the current pay round.

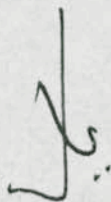
(ii) There is a lot of consultation of branches and members - more than usual. We should welcome this: it provides a useful background to Mr Tebbit's forthcoming Green Paper on Trades Union Democracy.

(iii) For two of the most difficult groups (and the power workers later in the year may be a third) their strength is their weakness: neither the health service workers nor the water workers can readily contemplate all out action.

(iv) As always, there are non-pay events which may have a considerable bearing on pay: Megaw, Serpell, the inflation figures - and the current controversy over NI Board Members, on which I have provided a separate brief.

Points We Might Make (apart from the usual ones about moderation and declining inflation)

1. The more thorough the consultation is, the more often it is found that moderate pay increases are accepted - NUR and ASLEF last Summer; the miners, BL and hopefully the nurses. Only the unrepresentative union militants (Buckton, Scargill, Bickerstaffe) see any sense in pursuing claims which can't be afforded.
2. Few workers have a "stranglehold" on the economy, and those that might be tempted to think they have (water workers, power workers) have been very well rewarded indeed in the past.
3. And for such people to seek even more would be to cut off their noses to spite their faces - they are all part of the community which needs water, electricity and health care.
4. Dozens of figures for pay rises appear in the press every week, few of them typical or comparable one with another. The one incontrovertible fact about the new pay round is that most people are settling for less than they got last year, and that's a pretty good rule of thumb for what to expect.
5. In particular, there's no point in comparing industry-wide pay settlements with those of the dozen or so nationalised industry Chairmen. None of them get paid more than is necessary to keep competent management in often huge corporations; and their increases will range widely.



23 November 1982