MR RICKETT

cc Mr Scholar V Mr Mount Mr Ingham

QUESTIONS: WATER STRIKE

In answer to invitations to comment on the negotiations (as agreed at this morning's meeting) -

"I understand that the National Water Council has formally requested ACAS to arrange arbitration, so the matter is in the hands of ACAS."

I think the Prime Minister could reasonably add -

"The unions are party to two agreements under which they are bound to accept arbitration. We expect the unions to honour such agreements, especially where essential services are at stake."

If the Prime Minister wants to use figures, the ones we gave her last week need to be slightly qualified to allow for the extras offered at the weekend:

> "Before the present dispute began, manual workers in the water industry had already received an increase in their average weekly earnings of about 56% since April 1979. That is substantially better than manual workers in the Country as a whole, who received 44% over the same period.

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On top of that, the water workers have now been offered an increase in basic pay which would bring their average earnings to over £145 a week. That would be an increase of about 64% since April 1979 - compared with an increase in prices of 52% over the same period. And a number of still further payments and benefits were discussed with the unions at ACAS on 6 February."

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8 February 1983