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Prime Minister

ML 7/7

PRIME MINISTER

cc Mr Mount
Mr Walters
Mr Ingham

Cabinet, 8 July: Industrial Affairs

There are three current issues which Cabinet will no doubt wish to consider:-

Industrial Action on the Railways

The only issue for Ministers at present is whether to intervene in the decisions the Board has to take about laying off NUR members for whom there is no work, or dismissing ASLEF drivers and offering to re-employ them on different terms. We think that these are tactical issues which must be left up to the Board. The Government is at present in a strong position, standing well back from the tactics, enjoying a good deal of media support in its handling of the strike, and reaping the longer term benefits of the wide public perception that union leaders cannot always deliver on their threats - and that the threats are not so threatening after all. The balance of advantage in handling NUR lay-off and ASLEF dismissal will become clearer as the strike progresses; meanwhile, we are sure BR is right to do nothing which may hinder the possibility of a successful war of attrition, in which the commuters hold out and the drivers gradually drift back to work.

The NHS Pay Dispute

I am concerned at the expectations aroused in the media by the latest intervention of ACAS. You, and indeed Mr. Fowler, have made it clear that our increased offer to the various NHS groups is final, but this is not yet sufficiently widely believed. I think that our latest offer is entirely defensible in all its elements, and commands widespread public support. We should now be absolutely rock solid in not contemplating any further movement at all, and it would be helpful if Cabinet were to agree that that is the case, and that it should be made clear on every possible occasion.

You haven't, I think, found an occasion to do this yet, except for the nurses.
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Sympathetic Industrial Action by Civil Servants

You will have seen the Chancellor's note to you of 6 July, reporting the conclusions of MISC 80. Mr. Tebbit and Mr. Fowler argued strongly in MISC 80 for the written warning against unauthorised absence being sent to all civil servants, and not just those who supported the last NHS industrial action. But we think the majority in MISC 80 was right: as a disciplinary offence, unauthorised absence is the same whether it is for the purposes of sympathetic action or anything else, and it would be extraordinarily heavy-handed of management to send a letter to all civil servants containing a threat of dismissal in the event of any further unauthorised absence. The present proposal does give everyone a "free bite", but it should have a significant deterrent effect. But it would be helpful if Cabinet were to agree that there will be no leniency in the treatment of subsequent offenders: if individuals are warned, and repeat their sympathetic industrial action, then a significant disciplinary penalty must follow.



7 July 1982

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The remarks on p4 seem to be not miscalculated. Plus 10/6 Health

KENNETH CLARKE (HEALTH MINISTER). Nurses' Pay - Longterm Prospects.

Transcript from BBC Radio 4, Today Programme. 10 June 1982.

PRESENTER: JOHN TIMPSON.

TIMPSON: The Social Services Secretary, Mr Norman Foulter, met representatives of the Royal College of Nursing yesterday to hear their case for a better pay offer than the 6.4% that's now on the table. The nurses said, afterwards, that they had not got a commitment to more money but nor had they got an outright rejection. What they had all agreed about, though, was the need for a long term arrangement for nurses' pay. Mr Foulter said that he wanted to make progress as quickly as possible on this and the first meeting on the subject takes place today under the chairmanship of the Health Minister, Mr Kenneth Clarke, who is with me now.

Now Mr Clarke, a meeting within 24 hours of Mr Foulter saying that seems very fast work for a Government Department; presumably this has been in the pipeline for some time.

CLARKE: We had already arranged this meeting, that's true. It had taken us quite a long time to arrange it because the Government has been pressing for negotiations on a permanent arrangement for about 2 years now. Under the pressure of the present dispute, really, the unions have finally all agreed to sit down and negotiate with us so it's a very timely meeting; and one of the things we did agree with the Royal college - last night or yesterday afternoon - was that we obviously need a better way of resolving these things to avoid these eyeball to eyeball confrontations which only damage the patients.

TIMPSON: Yes, I've heard it suggested, on the union side, that this is a diversionary tactic, on your part, to take attention away from the actual pay claim that's on at the moment?

CLARKE: It's a proposal, as I say, we've been putting forward since the middle of 1980 and it's very unfortunate that it's taken so long for everybody to agree to start the negotiations. I don't think it's a diversion at all. I think the present dispute has underlined the importance of it all.

TIMPSON: Well, as I understand it, the arrangement about nurses' pay, at the moment, is that the Government announces how much money is available and then it's left to the Whitley Council to distribute it. Now what alternative is there to that that you're thinking about?

CLARKE: That's the present arrangement and we made some more money available, this year, to enable the Whitley Council, then, to make a 6.4% offer and divide it up between the various grades. What we're thinking of is an arrangement which will recognise the particular position of nurses and midwives; the fact that most of them don't strike, won't strike and, therefore, feel inhibited. We'd probably have a system that would make some comparisons with the outside world; have some agreement about how we took into account the Government's ability to afford an offer; the difficulties of recruiting and retaining particular sorts of staff. The kind of arrangements that, in fact, the Government has already got with the police and firemen although we're not suggesting the same mechanisms are possible in the Health Service where there are so many employees.

TIMPSON: Does this come near to index-linking?

CLARKE: Index-linking, I think, is quite impossible because the Government has reduced inflation by getting more common sense into the running of the economy generally but index-linking, obviously, is, potentially, highly inflationary. We're also not very anxious to recreate the Clegg Commission - or anything like it - which was

also highly inflationary. But it's a better permanent arrangement which will make some comparisons with people in the outside world and have a machinery, I hope, for taking into account things like what the country can afford, the effect on the national economy and so on.

TIMPSON: Well if you contemplate doing that in the future, why can't you do it this year and take due account of the outside world in this case?

CLARKE: Because it's a very complicated matter and it will take some considerable time to reach agreement, I think, in any negotiations. It's a very great pity that nobody responded when Gerry Vaughan was first suggesting this 2 years ago. But I can't think that it would be possible this year. The major problem this year is that we're already spending a lot of money on the Health Service; we've increased the offer we've made to the nurses and the midwives but we're rather anxious that we don't see all the additional money we're putting into the Health Service go into the pay of existing staff. So this year, I'm afraid, we do have to negotiate within the resources available. We, I think, have got to see an end to the present dispute which is threatening the health of patients in some places and I think the more responsible nurses in particular - those who don't want to have industrial action - will welcome the fact that, for the future, we're now looking as though we're getting on towards a better permanent arrangement.

TIMPSON: But it should be pointed out, I suppose, that this applies only to nurses, it doesn't apply to ancillary workers - to members of COHSE and NUPE and those sort of people.

CLARKE: Today's talks will be about nurses and midwives and they,

because most of them have nothing to do with the industrial action, they are really, obviously, the group that's more sensible to start with. But we've made it clear that if those who represent the other groups - the porters and the cooks and so on - at the moment on strike, are interested in something of the kind; then we're quite happy to talk about that. Because of the unique position of the Health Service, the Government thinks it's entirely sensible to look at this sort of approach. What we think there's no room for, in the Health Service, is the kind of strike action and mass picketing: the kind of thing which the TUC unions have been organising in the last few weeks.

TIMPSON: And do you think that a longterm arrangement would eliminate all strikes and this sort of action?

CLARKE: One can never eliminate all disputes but, certainly, people like the police, the armed forces, the firemen; who, nowadays, do not take industrial action because of their responsibility towards the public. I think we've treated them fairly well over the last 2 or 3 years and I think there's a kind of 2 way duty. There are dedicated groups of people who can't take action because to do so injures the public. I think the Government wants to look after those people. In fact, we think we've got a greater duty, in a way, to look after those people than the sort of people who take irresponsible strike action that damages the public.

TIMPSON: Mr Clarke, thank you.