

CONFIDENTIAL

Prime Minister *Brick*

Prime Minister

*This dispute
might easily spread.**MUS 25/3*

PORT OF LONDON AUTHORITY (PLA) STRIKE

I must warn you and colleagues of a potentially dangerous situation that is developing with a prolonged strike of PLA dockers on a pay issue.

The Tilbury dockers are claiming parity on basic rates with the clerks (£135 a week). This would mean a 30% increase, costing £3m at a time when the PLA's finances are on a razor's edge with a budgeted profit for 1983 of only £2.6m. In practice, since dockers invariably get additional bonus and overtime pay on basic rates (£106.50) the claim would raise their average earnings from £147 to £176 per week. The PLA have countered with an offer of a straight 3½% increase with the prospect of further earnings through new productivity agreements. This has been rejected and the dockers, who have already been on strike for two weeks, have now decided to stay out for another fortnight in pursuit of the parity claim. The dockers on the private riverside wharfs have already voted to come out in support from next Monday.

A strike of four weeks or longer will put the PLA in danger of breaching within a couple of months its £5m overdraft limit guaranteed by the Government as part of the financial restructuring package which I announced in December and which is the subject of the Ports (Reduction of Debt) Bill currently before the House.

The problem for the Board will be that, given the very tight financial framework in which we have placed them, with no question of a return to operating subsidies from the

CONFIDENTIAL

CONFIDENTIAL

Government, a prolonged strike must before long call into question the future of the PLA's own involvement in cargo-handling. Pulling out of direct cargo-handling would in fact be consistent with our policy objective of increasing private sector involvement in the Port's business, but it has not been practicable up to now because of the constraints of the National Dock Labour Scheme and the Jones-Aldington agreement. The effects of these are that the 1,000-2,000 registered dock workers (rdw's), who would become surplus could not be made compulsorily redundant. The private riverside wharfs, many of which are already in a precarious financial position, could not possibly absorb this number of rdw's as they would normally be required to do by the Jones-Aldington agreement. The PLA would either have to keep them on their own books on basic fall-back pay (currently about £100 a week) until they could be severed under the industry's voluntary severance scheme; or they would have to be put on the Temporary Unattached Register (TUR). There is a TGWU Conference resolution that recourse to the TUR should be met with a national dock strike, and all experience suggests that it would be.

I hope that the PLA will be able to confine this dispute to the pay issue, which is local to London, and avoid taking any step which would precipitate a wider crisis over the separate issue of the Jones-Aldington agreement. This will not be easy and will need a steady hand and a clear understanding of where the Government stands. I have left the Chairman and Chief Executive in no doubt that it is for the Authority to manage their own affairs in this dispute within the financial framework the Government has laid down for them, and that there is no question of a return to operating subsidies. I have also made it clear that they must handle the dispute so that it is confined to London.

CONFIDENTIAL

CONFIDENTIAL



We have to recognise however that events could develop in a way which could widen the issues and possibly end up with the calling of a national dock strike. If the situation looks like going this way, quick decisions will be needed. In the meantime I shall keep closely in touch with Norman Tebbit.

I am copying this minute to our Cabinet colleagues, and to Sir Robert Armstrong and John Sparrow.

David Howell

DAVID HOWELL

24 March 1983

CONFIDENTIAL

25 MAR 1983



11 12 1 2 3 4 5 6 7 8 9 10

IND. POL.

PRIME MINISTER

Mr. Howell's office rang to say that all the dockers employed by the Port of London Authority at Tilbury will be going out on strike on Monday. The dockers are seeking pay parity with the clerks employed at Tilbury. This would cost £3m to concede, a sum the PLA cannot afford. At present the Department think there is no risk that this strike will spread; it is a purely internal matter concerning only the PLA at Tilbury. Mr. Howell will, however, report if there are any further developments.

ms

WR

11 March 1983