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Prime Minister (2)
To be aware of trouble
ahead.

PRIME MINISTER

PORT OF LONDON AUTHORITY (PLA)

I think I should forewarn you of the problems that we face with the Port of London Authority. They could soon become urgent.

The PLA was badly damaged by the 8 week strike of dockers earlier this year, on which they allowed themselves to be manoeuvred into a generous settlement, and by the following strikes by tallyclerks. They told my predecessor that they might be able to return to viability if they withdrew from all direct cargo handling and transferred remaining traffic to their tenants at Tilbury. Tom King asked them to pursue this and to examine the other options, and to report on the options in October. This has been delayed. I expect to have the Authority's report and their views on what should be done next week and I will report to E(A) Committee as soon as possible thereafter: there is a place on the agenda for 15 December.

We have frequently reaffirmed that we will not revert to the open ended deficit subsidy that we finally managed to stop at the end of 1982. The PLA's current problem is that they have 25% more registered dock workers than they need after several attempts to sever them voluntarily, and they are unlikely to be willing to seek to follow the legally difficult and industrially very risky road of compulsory severances. So they will I expect ask us to resume subsidy, or to give them a further very generous

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financial reconstruction. They will claim that we ought to solve their problems by repealing the Dock Labour Scheme.

It is going to be a matter of very difficult judgement to find a strong and firm line which will require the PLA to deal with their problems without letting them precipitate wider industrial problems at the wrong time and on the wrong issue. I am doing what I can to strengthen the Board with fresh appointments, but my legal powers to do so are limited. I am of course keeping in close touch with the Secretary of State for Employment and the Chief Secretary. I believe that we shall have time to deal with these matters in a considered and deliberate way once we have the PLA's report, and that I shall be able to retain control over the way things develop. But there is a risk that matters could be precipitated, for example by resignations from the Board, and that is why I am sure it is important that we should take a collective view of these matters well before the Christmas Recess.

I am sending copies of this minute to members of E(A) Committee and to Sir Robert Armstrong.

NICHOLAS RIDLEY

30 November 1983

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From the Private Secretary

5 December 1983

Port of London Authority

The Prime Minister was grateful for your Secretary of State's minute of 30 November, giving advance warning of problems ahead with the PLA. She has noted that a collective discussion of the PLA is likely to be needed before the Christmas recess.

I am sending copies of this letter to the Private Secretaries to members of E(A) and to Richard Hatfield (Cabinet Office).

MR. A. TURNBULL

Miss Dinah Nichols
Department of Transport.

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