

CONFIDENTIAL

Prime Minister

Ms 2/2

PRIME MINISTER

c. Mr. Hoskyns
Mr. Ingham

NEDC: ASLEF DISPUTE

It seems likely that the latest developments in the ASLEF dispute will crop up in conversation with Len Murray tomorrow, in the margins of the NEDC meeting, although it should not of course be a topic for discussion in the meeting itself. You may therefore wish to have this background note of where we are as of 6.00 pm this evening, and what you might say to Len Murray.

As the news agencies are reporting, ACAS has announced that they are using their powers to appoint a Committee of Inquiry into the rail dispute, chaired by Lord McCarthy to report as a matter of urgency. The terms of reference as reported would be:

"To consider the terms of the 1981 pay and productivity understandings ratified as agreements by the Railway Staff National Council, and taking into account the agreement to introduce a 39-hour week, to make recommendations to resolve the differences over the payment of the further 3% pay increase to footplate grades, and over productivity understanding on flexible rostering and related matters."

You will see that this would meet BR's insistence that any Inquiry should cover both pay and productivity.

Ray Buckton has apparently told the media that ASLEF will not cooperate with the Inquiry, although Mr. Howell's Office have told me that ASLEF have not yet passed that decision on to ACAS. I am told that ACAS will proceed regardless with their meeting tomorrow, without ASLEF; and that McCarthy may then issue an appeal to ASLEF to participate, after which he will adjourn the Inquiry until they do.

Even if ASLEF had attended the Inquiry, there would have been no question of their calling off the industrial action; any Inquiry would take a week to ten days; and there would be a

/ period of

CONFIDENTIAL

CONFIDENTIAL

- 2 -

period of further negotiation after the enquiry reported.

The background to these latest developments is that Pat Lowry, Chairman of ACAS, Len Murray and Peter Parker have all more or less independently concluded that there is no other way out of the present log jam, even though a non-binding Inquiry carries no guarantee of success. I am told that Len Murray, perhaps conscious of the unhelpful nature of his first intervention - in which he said that BR should pay the 3% - met the ASLEF Executive last night and warned them that if they did not agree to participate in the Inquiry, they would further alienate public opinion, and perhaps also incur the TUC's condemnation.

Nonetheless, Douglas Smith suggests that it would be wrong to indicate any form of appreciation to Len Murray for his recent efforts, because he might see that as an intrusion into a squabble within the union family. You could say, if there is still any prospect of the Inquiry going ahead, that you hope it will provide a sensible resolution of this issue of principle; and that a lot of change is needed on the railways, including getting the unions to work together.

Jr.

J.M.M. VEREKER

2 February 1982

CONFIDENTIAL