

SECRET

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DEPARTMENT OF TRADE AND INDUSTRY
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Secretary of State for Trade and Industry

12 April 1985

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

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TOTAL COPIES 25

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And Mums.

D Nigel.

POST OFFICE INDUSTRIAL RELATIONS

In my letter of 28 March, I explained the background to the industrial action which took place in the Post Office last week. A progress report and speaking notes were circulated to colleagues on 2 April. I am now able to report that negotiations between the Post Office and the Union of Communications Workers resumed on Tuesday and a satisfactory resolution of the dispute has now been achieved.

This is a satisfactory outcome: the use by the Post Office as to 1984 T.V. Act played a large part

*M
12/4*

2 The UCW has agreed to the unrestricted use of all letter sorting machinery, including the Optical Character Recognition machine at Mount Pleasant; a wider new technology agreement; and the introduction of work measurement and trials leading to work standards. In addition, the UCW Executive will recommend to its May conference acceptance of the principle of recruiting between twelve and twenty thousand part-time staff and additional casual labour, and the extension of the Mails productivity scheme to give one hundred per cent coverage. The Post Office will continue to table proposals for part-time posts up to a further 1000 on top of the proposals already put forward in sixty five offices up and down the country. These posts will not be filled until after the UCW conference but this was always the intention.

3 The cost to the Post Office is an initial lead-in payment of £100 per employee as part of a three-stage payment of £250 per employee. The initial payment is conditional upon the May conference accepting today's agreement and the balance of the £250 is conditional upon acceptance of a wider deal that removes opposition to part-time and casual staff and accepts the extension of the productivity scheme. Failure to endorse the initial part of the deal in May will lead to the £100 being recovered. In addition, implementation of the changes in working practices will lead to savings to the Post Office some of which will flow through into bonus payments under the existing scheme. There is no

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provision for changes to the working week at this stage but the full deal will allow a reduction of 1 hr as soon as local savings reach the point of funding this change.

4 I understand that the UCW Executive has decided to drop the proposed ballot of its members at Mount Pleasant. Such a ballot would now be unnecessary as the agreement covers the normal working of OCR machinery. However, the Executive has not yet made this known to its members at Mount Pleasant and this information should be treated as sensitive at this stage.

5 Finally, the settlement of this dispute opens the way for the Post Office to begin negotiations on the main pay settlement for UCW grades. The settlement date is 1 April. The Post Office has not yet formulated an opening offer but Sir Ronald Dearing is aware of the seven day rule. I understand, however, that the Post Office may well seek to contrive to link the main pay settlement to acceptance of the productivity package by the May conference.

6 I am copying this letter to the Prime Minister, members of E(PSP) and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Norman Tebbit', with a stylized flourish above the name.

NORMAN TEBBIT

POST OFFICE
Future pl 9.

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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1

19 April 1985

Dear Secretary of State

POST OFFICE: INDUSTRIAL RELATIONS

You wrote to Nigel Lawson on 12 April about the settlement of the recent industrial relations dispute in the Post Office. I am grateful to you for your regular reports during the dispute.

I am pleased that throughout these negotiations the Post Office do not appear to have made any concessions of substance to their original package of efficiency measures. Judging by your reports, the Post Office took a decisive and determined approach to these negotiations and to the implementation of more flexible and efficient working methods. The significant progress and efficiency gains now in prospect justify this approach. I hope you will encourage Sir Ronald Dearing to continue to tackle remaining inefficient working practices with the same vigour and resolve.

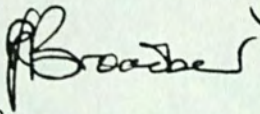
You discuss the phased lead-in payments offered by the Post Office. These payments should be useful to Post Office management in resisting claims for substantial pay increases in the main pay negotiations which you mention are shortly to begin. I trust the Post Office accept that the costs of the payments and the pay settlement should be financed within their agreed EFLs and should not require any adjustments either to tariffs or to the Post Office's targets. We await the Post Office's proposals on pay but I am certain that Sir Ronald Dearing recognises the importance we attach to low pay settlements and will not want to risk jeopardising through excessive pay awards

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the potential for efficiency gains which he has secured.

I am copying this letter to the Prime Minister,
Members of E(PSP) and Sir Robert Armstrong.

Yours sincerely


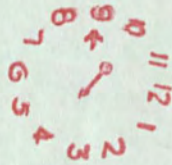
for PETER REES

[Approved by the Chief Secretary]

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Post + Tels

Future of P. O. Pt 9



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Secretary of State for Trade and Industry

28 March 1985

SECRET

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

N.B. pm

R. Nigel,

POST OFFICE: INDUSTRIAL RELATIONS

In my letter of 18 March, I explained the background to current moves by Post Office management to force through changes in working practices which could lead to confrontation with the UCW. I saw Sir Ronald Dearing on Tuesday when he indicated that industrial action is highly probable from next Monday but if not next week, then from soon after Easter.

The Post Office has held a series of negotiations with the UCW following the special conference which was held on 4 - 6 March. The UCW seems willing to reach agreement on a number of important issues including the full use of mechanised sorting equipment and newer technology and the introduction of a proper system of work measurement, work standards and work revision procedures within the context of a productivity deal. However, the union leadership was not freed by its conference to negotiate on the introduction of more part-time and casual staff; the special conference rejected proposals from the leadership on this point. The union was also blocked at the conference from negotiating a compulsory national extension of the existing productivity scheme which currently covers rather more than half of the postal grades.

Negotiations are continuing this week, against a deadline the Post Office has set for their completion by Friday. At this point, while the union is in the market for a major deal in many areas, and is feeling for a way out of the conference embargo on a national extension of the existing productivity scheme, there has been no progress in the critical case of part-timers and casuals. The Post Office intends to push that. It is in the market for a deal covering whatever can be agreed, but is not prepared to drop the part-timers issue, and unless contrary to expectation the union can find a way out of its blind alley, that issue will be pursued through procedure, office by office, after Easter, probably leading to confrontation on a national scale within a month.

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Sir Ronald told me that the UCW had been given notice that the Post Office intended to implement change by executive action in the absence of a negotiated agreement. The first conflict could occur on Monday 1 April at Mount Pleasant - the largest office in the country. An Optical Character Recognition (OCR) machine has been on trial at Mount Pleasant and the trial is due to end on 31 March. In the absence of an agreement on the conditions for live use of OCR machines, the UCW would expect the machine not to operate after 31 March. The Post Office will not switch off and will suspend anyone refusing to operate the machine. This could quickly lead to mass suspension or a walk-out by the Mount Pleasant workforce. The Post office thinks the union could be making a tactical error if it chose confrontation on that particular issue but it could happen, and if so escalation to other offices is likely to be swift.

Sir Ronald told me that he was clear that in the event of a dispute his tactic had to be to escalate it in order to deny the UCW the weapon of selective (and, for the union, inexpensive) guerrilla action. If there is a walk-out at Mount Pleasant on Monday or at other offices subsequently, the work will be diverted to neighbouring offices where it is likely to be blacked. This will lead to further suspensions and walk-outs so that there is likely to be a national stoppage quite quickly.

It is not clear at this stage to what degree Post Office counters or Girobank will be affected. Counter staff are represented by the UCW and are already taking intermittent industrial action as part of a campaign against Crown office closures. (Many offices were on strike on Tuesday afternoon). Sub-post offices are unlikely to be affected.

There are some 200 UCW staff at Girobank but they are not in the front line in the issues in dispute. Sympathy action by the National Communications Union (formerly the POEU) is more than possible, however, particularly following the disclosure of a stolen Post Office document which speculated on a 50 per cent reduction in the workforce in some important areas over the next few years. This could be serious for Girobank, as there would be sympathy action by the Girobank Bootle branch of the Clerical Group of the NCU (formerly CPSA) which has an influential Militant Tendency group. But there is some comfort in the knowledge that Girobank staff pulled back from the brink last year and that the issue of part-timers is unlikely to have much impact in a business which has agreed to significant increases in part-time employment over the last two years.

In discussion with Sir Ronald, I emphasised the importance of ensuring that the right messages are put out in the media and suggested that he should be taking action now to brief industrial

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correspondents and leader writers so that he would reduce the possibility at least of ill-informed comment. There has been some press coverage already and the Board Member for Personnel and Industrial Relations, Ken Young, has been in the forefront of these. It is Sir Ronald's intention to take over this role himself if there is industrial action.

We also discussed whether there was any useful role that the Government could overtly play and agreed that, at this stage, it would not be helpful for Ministers to become involved. The Government have a duty to keep the letter monopoly under review, however, and we have been presented with an opportunity of making our position clear to the UCW by virtue of a letter from the union's General Secretary, Alan Tuffin, to Geoffrey Pattie giving the UCW version of events. We are using that opportunity to ensure that the UCW leadership is in no doubt that the monopoly will be lifted in the event of industrial action leading to serious disruption and that this can be applied locally as well as nationally.

Clearly, this is a confrontation that the Post Office must win and Sir Ronald knows that he has my support for the action that he is proposing to take. But I hope that it will prove possible to secure the implementation of those necessary measures without destroying the position of Tuffin. He is essentially a moderate voice at the TUC and can be a useful advocate of a more sensible and realistic approach by the wider trade union movement. But he is clumsy and has already had to be rescued on a few occasions from difficult situations that he has himself contrived and this objective is very much secondary to the main task of establishing that the Post Office board has the right to manage the business effectively and efficiently.

I will write again the light of developments.

I am copying this letter to the Prime Minister, members of E(PSP) and to Sir Robert Armstrong.

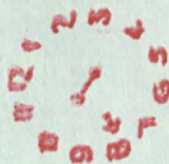
NORMAN TEBBIT

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POST + TELS Pt 9

FUTURE

28 MAR 1967



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DEPARTMENT OF TRADE AND INDUSTRY
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Secretary of State for Trade and Industry

18 March 1985

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

NR PM

D. Nigel,

POST OFFICE: INDUSTRIAL RELATIONS

In his letter of 19 February, Geoffrey Pattie notified you and colleagues of the UCW special conference which took place last week (4-6 March) to consider a negotiating mandate for a package comprising the removal of restrictive working practices in exchange for improved conditions of service. Geoffrey dined with the Post Office Board in the week before the Conference and made it clear that, while we accept that Post Office management should be prepared to pay a small price for industrial relations peace, there would be strong backing from the Government for firm resistance to industrial action, by the UCW or any other Post Office union, taken in furtherance of unreasonable demands over conditions of service or pay. Geoffrey made it clear that we were aware of the potential consequences of such action but that there should be no doubt in the minds of the Board that the Government were prepared to accept such consequences as a necessary price for sensible industrial relations in the Post Office.

2 With two exceptions, the Conference agreed to the Executive Council's recommendations to lift previous mandates that were blocking meaningful negotiations. In particular, the Conference agreed to negotiations that could lift the embargo on the use of letter mechanisation equipment and on the introduction of new technology. The exceptions were, however, in the key areas of the introduction of more part-time and casual staff and on the move from a voluntary to a mandatory productivity scheme for Mails Staff. Because it is very unlikely that proper work measurement can be introduced by agreement in offices not covered by the productivity scheme, the decisions on these two questions effectively undermine the value of the industrial relations package which the Post Office had hoped to negotiate.

3 The Post Office is currently considering its position and will be holding discussions with the UCW.

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4 I hope to see Sir Ronald Dearing after this, to discuss the Post Office reaction, and I will write to you again following that meeting.

5 I am copying this letter to the Prime Minister, members of E(PSP) and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Norman Tebbit', written in a cursive style.

NORMAN TEBBIT

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SECRET

19 MA.



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From the Minister of State
for Industry and Information Technology

GEOFFREY PATTIE MP

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
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cc. PS/SOS
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PS/Sir Brian Hayes
Mr Croft
Mr Leeming
Mr Wright
Mr Knox IDU/ASD
Mr Butcher SPF
Mr Wells IDU/ASD
Mr Parsons
(on file)

19 February 1985

Dear Nigel

POST OFFICE PAY AND INDUSTRIAL RELATIONS

I discussed the question of the main UCW pay settlement with Sir Ronald Dearing when he came to see me recently. The settlement date is 1 April and negotiations with other Post Office unions tend to await developments in the UCW negotiations.

I stressed the importance that we attach to having seven days' notice of any offer that he intends to make and went on to argue that he should be looking for an opening offer of no more than 3 per cent and an eventual settlement well below the 4.9 per cent of last year. He agreed to come back for a further discussion on his negotiating strategy when he was closer to beginning negotiations on the main pay settlement. But he said that he had not turned his mind to this question in advance of a UCW Special Conference scheduled for 4-6 March which will discuss a major package of industrial relations reform.

The MMC, in its report on the letter post services published last September, identified a number of areas where it was essential for the Post Office to make progress in removing restrictive union practices. The Post Office had agreed with the UCW in the course of last year's pay round that they would hold discussions on the removal of these restrictions and on a number of items which the union wished to raise with management. These negotiations took place in the autumn but the UCW were unable to make progress in the face of binding conference decisions and the Executive are therefore holding the forthcoming special conference to seek approval for a more realistic negotiating position.

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The negotiations have centred on a package that would involve the UCW in lifting restrictions on the effective use of letter mechanisation equipment and on new technology generally, and in its agreeing to discuss new productivity and wage agreements. In return, the Post Office will consider financial incentives related to the savings that will result from increased productivity and the removal of the existing restrictions but also involving some pre-payment. The Post Office has also agreed to discuss some movement on the question of hours. The intention is that there would be discussion on the possibility of a national enabling agreement but that any movement on hours would be by local agreement and would be implemented only if it were self-financing from the workforce's share of the financial savings and then only retrospectively.

The Post Office have entered these discussions on the basis that any agreement should result in benefits not only to the Post Office and their staff but also to their customers. I intend to discuss this further with Sir Ronald immediately following the UCW Conference.

Copies of this letter go to the Prime Minister, other members of E(PSP) and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'Geoffrey Pattie', written in a cursive style.

GEOFFREY PATTIE

M12/M12AES

Postal Services

4.6 pm

The Secretary of State for Trade and Industry (Mr. Norman Tebbit): With permission, Mr. Speaker, I should like to make a statement about the possibility of disruption to postal services as a result of industrial action by members of the Union of Communications Workers.

The Post Office has been discussing with the UCW for several months a number of measures to improve productivity and provide a more reliable mails service. The need for improvement has been indicated over many years, most recently in the Monopolies and Mergers Commission report on the letters service, published in September last year.

Negotiations last weekend resulted in a failure to reach an agreement acceptable to both parties. Some UCW members subsequently refused to continue operating the optical character recognition machine at the Mount Pleasant sorting office yesterday and were suspended. That led to a walk-out by staff. I understand that, following an injunction granted to the Post Office in the High Court, the afternoon shift reported at 2 o'clock today, and the OCR machine is now operating normally.

Subject to certain derogations, the Post Office enjoys the exclusive privilege of providing a letters service in the United Kingdom. My right hon. Friend the Member for Leeds, North-East (Sir K. Joseph) the then Secretary of State for Industry told the House on 16 July 1980 that powers are available to remove the monopoly, either in a local area or nationally, and that those powers would be used in the event of industrial action within the Post Office that resulted in a cessation or serious decline in the quality of service. That remains the case.

Mr. John Smith (Monklands, East): Does not the Secretary of State realise that the settlement of the differences between the Post Office management and the UCW over quite difficult matters such as the proposed large increase in part-time workers and the use of OCR machines throughout the country can be satisfactorily achieved only by negotiation and a real attempt by both sides to reach an agreement? Is it not remarkable that in the statement that the right hon. Gentleman has chosen to make to the House today, at no stage did he refer to negotiations or wish the process of negotiation any success? Is the right hon. Gentleman not aware that at this very moment discussions are taking place between the executive of the UCW and the chairman of the Post Office? Would it not be better to encourage that attempt to settle the dispute rather than, at this delicate stage, to make a provocative and ill-judged threat to withdraw the Post Office monopoly?

Mr. Tebbit: I have made no threat whatever. There has been no provocation and nothing that has been done either by me or by the Post Office management has been ill-judged. I understand that negotiations have been resumed and I welcome that. I believe that it is best not to comment on those negotiations at this stage, but I hope that they will come to a fruitful conclusion.

Mr. Robert McCrindle (Brentwood and Ongar): As disputes of this kind are very difficult to resolve once they have started, will my right hon. Friend confirm that there is nothing to prevent ACAS intervening in advance of any

dispute if the parties are unable to reach agreement? To the extent that a dispute is possible, does my right hon. Friend agree that it is the Government's duty to allow and encourage the maximum movement of mail in this country? Is he satisfied that there are private sector companies ready and willing to do that?

Mr. Tebbit: My hon. Friend is right. ACAS is ever ready to offer assistance but it is up to the parties to agree on whether they wish to take advantage of such assistance. One of the most important aspects of the dispute is the fact that the Post Office has used the injunction procedure and thereby ended the industrial action. The question of suspension of the monopoly therefore does not arise at the moment as there is no problem with the post. Should the post be interfered with, I should, of course, have to consider the matter most carefully.

Mr. Chris Smith (Islington, South and Finsbury): Does not the Secretary of State realise the fears of the workers at Mount Pleasant sorting office in my constituency have been exacerbated by the management's provocative action in unilaterally introducing new technology and productivity measures? Does he agree that it is even more provocative for the Government now to be making implied threats about the future of the Post Office monopoly?

Mr. Tebbit: The hon. Gentleman refers to the introduction of new technology as though the machine in question had not already been working for a year.

"New technologies mean major changes in the way we work and how we live. In the Britain of the future, we will need a new flexibility in the way we work—with less hours at work, a positive approach to new technologies, a new priority to training and retraining throughout our working lives". The prose may be pretty turbid, but that is the kind of stuff being put out in the names of the Leader of the Opposition and a pop singer called Bragg.

Mr. Teddy Taylor (Southend, East): As the TUC is constantly telling the Government to encourage the cutting down of excess overtime so that more people can be taken from the ranks of the unemployed, will my right hon. Friend invite the TUC to support the Post Office, which is proposing exactly that by cutting overtime and employing more people at present out of work?

Mr. Tebbit: The formal view of the TUC was expressed in its paper presented to the March meeting of the National Economic Development Council. It said:

"Although in limited cases for short periods overtime can provide extra flexibility it rapidly becomes entrenched and inefficient."

We all agree with that, don't we?

Mr. John Ryman (Blyth Valley): Will the Secretary of State concentrate on the real issues in the dispute? Is not the truth of the matter that the Government are now pressuring Sir Ronald Dearing to bash the Post Office workers, just as they pressured Mr. MacGregor to bash the coal miners? Is the right hon. Gentleman aware that the Post Office union's conference takes place in six weeks' time and that if negotiations had been conducted with a bit more diplomacy and sensitivity these issues could have been amicably resolved? As it is, on 15 April part-time and casual workers are to be introduced without consultation or agreement with the unions. Will the Secretary of State use his goodwill to allow commonsense to prevail in the negotiations and restrain the chairman of the Post Office from taking such hostile measures?

Mr. Tebbit: I gather from the hon. Gentleman that there is some criticism of the chairman of the Post Office. I must confess that I would not differ from the view that Sir Ronald Dearing is superb, inventive, humorous, loyal—

Mr. Ryman: Like you?

Mr. Tebbit: Indeed. Those adjectives were applied to Sir Ronald Dearing by the right hon. Member for Manchester, Gorton (Mr. Kaufman) in his book, talking about the Civil Service. I am surprised that the hon. Member for Blyth Valley (Mr. Ryman) is critical.

As for provocation, the Post Office management and the UCW have been in negotiation for many months on many of these issues concerning productivity and working methods. Although a good deal of progress has been made, the hands of the UCW negotiators were tied by conference decisions about the extension of productivity agreements corporation-wide and the recruitment of part-time staff. The Post Office had hoped that the special delegate conference in early March would untie the union negotiators' hands, but the knots were firmly retied by very large majorities. In those circumstances, there seemed little point in waiting for the normal conference in May and every reason to press ahead with the introduction of arrangements which will benefit the staff and, above all, those who use the Post Office service. The Post Office is there for the public to use, not for people to play silly games in.

Mr. Neil Hamilton (Tatton): I welcome the news that there has been a return to work, but should not those who went on strike yesterday to preserve inefficient and high-cost services realise that no one is indispensable, as the United States air traffic controllers discovered when President Reagan sacked them? Although we welcome my right hon. Friend's cautious words about the Post Office monopoly and industrial action, as the Government are bent on deregulation is it not time to consider the matter on a long-term basis to see whether there is any justification for the monopoly?

Mr. Tebbit: I think that it is fairly clearly established that the Post Office monopoly of the letter post has benefits as well as disbenefits. If my hon. Friend feels that there are arguments about this as yet unrehearsed I am sure that he will give them a fair airing. Of course, if there are bouts of industrial action in the Post Office the balance will change, perhaps decisively.

Mr. Paddy Ashdown (Yeovil): We accept the case for introducing new technology and reducing overtime to achieve flexibility and to spread jobs, but does the right hon. Gentleman agree that a prolonged industrial dispute would lose all the benefits of those reforms? Does he accept that the key to solving the dispute may lie in assuring Post Office workers that productivity bonuses will go some way to reducing the loss of overtime earnings on a regular basis? Does he also agree that it would be foolish for the Government to convert the dispute into a battleground over the introduction of further privatisation?

Mr. Tebbit: The hon. Gentleman is absolutely right. No one who is sensible about these matters would want a dispute in the Post Office. That would damage the Post Office and the prospects for jobs in it. We all expect excessive overtime to be cut back so that more workers can be taken on. That is common sense. There is, of course,

the problem that some workers have become very reliant on long hours of overtime. I emphasise, however, Sir Ronald Dearing made it plain in a letter distributed to all Members of the House that 55 per cent. of the gains from these changes would fall into the hands of the Post Office workers. That is a fairly generous split.

Mr. Tim Smith (Beaconsfield): Bearing in the mind the success of private operators in providing a highly efficient letter service at very short notice in the last major Post Office dispute, will my right hon. Friend confirm that if there is a major dispute the monopoly will be lifted immediately, at the beginning of the dispute?

Mr. Tebbit: I think that it is much better not to jump to the conclusion that there will be a major dispute. We should work for a sensible solution. I have made it plain that I entirely stand by the words of my right hon. Friend the former Secretary of State which I quoted in my statement. Should there be a dispute which suspends or gravely damages the mail service, I shall make early and quick decisions about the suspension of the monopoly.

Mr. Harry Ewing (Falkirk, East): Is the Secretary of State not aware that all that prevented the UCW and the Post Office reaching agreement on Saturday night on the operation of the OCR machine was the fact that in recent days the Post Office has thrown into the discussion the need to employ part-time labour? Will the Secretary of State accept that there is a suspicion now that the Post Office—today, unfortunately, joined by the right hon. Gentleman—is trying to pre-empt the presentation by the executive of my union, the UCW, to the annual conference in Bournemouth in May, of a much more flexible approach?

The relaxation of the monopoly did not operate in the way suggested by the hon. Member for Beaconsfield (Mr. Smith). The cost of delivering a letter by using a private company was 10 times greater than the cost of a postage stamp. After the 1971 dispute ended, hundreds of thousands of letters were found in the possession of private companies and subsequently had to be delivered by the Post Office. I hope that the Secretary of State will not turn a grievance into a full-scale industrial dispute.

Mr. Tebbit: I am astonished that the hon. Gentleman, who has some connection with the union, should say that the issue of part-time workers was thrown in over the weekend. It has been under negotiation for months and months. Neither the Post Office nor I can stop the executive of the hon. Gentleman's union putting constructive proposals to the conference in May. Indeed, we were overjoyed at the thought that some constructive proposals might result from the conference in March. Some progress was made, but unfortunately not on the important issues of a corporation-wide productivity agreement and part-time staff.

Mr. Andrew MacKay (Berkshire, East): Is my right hon. Friend aware that customers—especially companies that took part in the recently published CBI forecast showing great economic recovery—will be delighted to learn that in the event of serious industrial action this essential national service will be maintained?

Mr. Tebbit: Certainly. If the Post Office will not, or is unable to, deliver the mail, it would be unpardonable for us to permit the service to cease when there are options available to us.

Gregor MacKenzie (Glasgow, Rutherglen): Will the Secretary of State accept that the sensible way of reaching a settlement of the dispute is to permit the chairman of the Post Office and the general secretary of the UCW to get on with the discussions by themselves? Will the right hon. Gentleman also accept that veiled threats of breaking the monopoly do nothing to calm the atmosphere so that the dispute may be settled?

Mr. Tebbit: I absolutely agree with the right hon. Gentleman. The best thing that we can do is to let the parties negotiate together. However, the hon. Gentleman describes as a veiled threat about the monopoly what he should regard as an assurance given to the consumer.

Mr. Peter Bruinvels (Leicester, East): Would my right hon. Friend accept that the action taken by workers at the Mount Pleasant office was nothing short of industrial sabotage? Will he warn the UCW that unless it co-operates properly and ensures that the post is delivered on time the Post Office's monopoly will be very much in question, and that the Post Office is a natural candidate for privatisation?

Mr. Tebbit: My hon. Friend expresses himself somewhat robustly. I am a moderate and quiet chap. I say only that if the Post Office cannot or will not operate the mail service there will be an increasingly strong case for allowing others, who can and will, to do so.

Mr. Ian Wrigglesworth (Stockton, South): Will the Secretary of State agree that industrial action is in no one's interests, particularly when we remember the damage done by the previous industrial dispute both to the Post Office and to its workers? Can the right hon. Gentleman tell the House what the position of Post Office workers will be if the productivity agreement is adopted? Will they be worse off? Will there be any redundancies?

Mr. Tebbit: I understand that Sir Ronald Dearing has assured the union that there is no question of redundancies arising from the agreement. Part-time workers will be taken on at normal rates of pay. They will in this sense be permanent members of staff, not casuals.

It is difficult to say what will happen to each individual's pay. Some Post Office employees currently work very long hours of overtime. I do not know whether in future they will have the opportunity to work quite such long hours of overtime, or whether the extra productivity payments would make up the difference. Those are matters for negotiation, and the parties should be allowed to get on with the negotiations and sort them out.

Mr. Tony Favell (Stockport): Is my right hon. Friend aware that about half the mail of the firm of solicitors of which I am a partner is delivered through the private enterprise system? We use the private system because it is much cheaper than the public system, and only when mail is delivered by private enterprise can we guarantee that it will reach its destination on the following day.

Mr. Tebbit: I note what my hon. Friend says, as I hope will those concerned in the Post Office. It must have been quite a shock to the Post Office to read the recent report of the Monopolies and Mergers Commission, which could not confidently say that the Post Office letter mail was being operated in the public interest.

Mr. Jeremy Corbyn (Islington, North): This morning I received, unsolicited and unenveloped, a seven-page letter from the chairman of the Post Office explaining his

side of the argument over Mount Pleasant. Did the Secretary of State authorise the distribution of that letter? If so, why did the Post Office not bother to put it in an envelope like every other item of correspondence that hon. Members receive? Will the right hon. Gentleman ensure that equal facilities are made available to the UCW to write to all hon. Members to explain the union's fears about the method of introduction of new technology, the threat to jobs, and the threat of post office closures implicit in the Government's strategy for the Post Office?

Mr. Tebbit: The ability of the UCW to write to hon. Members could only be threatened if industrial action prevented the mail from being delivered. I am therefore very glad that the industrial action has ended. I am sure that if the UCW wishes to write to hon. Members, the union knows the address and the form. Of course Sir Ronald Dearing did not have to ask my permission to write to hon. Members.

Several Hon. Members rose—

Mr. Speaker: Order. I thought that three hon. Members had risen. I will call those who have consistently been trying to catch my eye.

Mr. David Winnick (Walsall, North): Is the Secretary of State aware that so long as he heads the Ministry there is bound to be added anxiety and concern that the Post Office is being encouraged to pursue a policy of confrontation? When will the right hon. Gentleman understand that there is no effective substitute for negotiation between employers and trade unions without coercion?

Mr. Tebbit: For once, there is not much difference between the hon. Gentleman's view and my own. The right way to proceed is to get the parties together and to encourage them to negotiate and reach a constructive agreement that would be to the benefit, above all, of those who use the Post Office.

Mr. Kevin Barron (Rother Valley): If the Secretary of State implements his threat of breaking up the Post Office monopoly, can he guarantee to those who use the Post Office that there will be no increase in charges?

Mr. Tebbit: I have made no such threat. I have undertaken to the House that if mail deliveries are suspended I will give careful and early consideration to the means of maintaining the service to the public. That is an assurance to the public. It is a matter between the public and those who would offer the service. I do not think that the hon. Gentleman understands the real world; he has been in the Labour party for too long.

Mr. Nigel Spearing (Newham, South): Does the Secretary of State agree that the provocative manner in which the board and chairman of the Post Office have closed Crown and sub post offices, particularly in East and West Ham, bodes ill for the negotiations now in train? Will he have a look at the statement that he made concerning the optical machine now operating normally? Is the right hon. Gentleman aware that according to the information that I have received, there was an agreement to operate that machine experimentally, which has expired? If that is so, will he make a correction, or let me know if I am wrong?

Mr. Tebbit: The answer to the hon. Gentleman's first question is no. The answer to his second question is that

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the machine is operating normally. It operates today in the way that it usually does. The letters go in, are read optically, and come out the other end. As I understand it, that is the normal way of operation.

Mr. Dave Nellist (Coventry, South-East): Is it not hypocritical for the Secretary of State to talk about the reliability of the service and its quality when the Post Office is closing Crown post offices and destroying local services, abrogating local and national agreements, and putting profit before public service? Should not the right hon. Gentleman have announced today that it was the responsibility of the management of the Post office to return to full consultation and negotiation with the UCW, before — if the angry mood of the Coventry postal workers is any guide — the dispute inevitably spreads?

Mr. Tebbit: I am sure that the hon. Gentleman will do his best to spread the dispute. But he should consider whether a refusal to operate the machinery effectively represents an ambition to put profit before service to the community. Many people would think so.

Mr. Bob McTaggart (Glasgow, Central): If the Secretary of State is concerned about giving a service to the community and preventing the hardship that is caused to many people through post office closures, will he use his good offices to instruct the Postmaster-General to cease the policy of sub post office closures? That policy is causing great hardship throughout the country.

Mr. Tebbit: The office of Postmaster-General was abolished even before the hon. Gentleman became a Member of Parliament. But the substantive point is that the proposed closures are subject to an extensive process of consultation. Not all the proposed closures are carried through, and I believe that the Post Office adopts an extremely responsible attitude towards its obligations in that respect.

Mr. Paddy Ashdown (Yeovil): On a point of order, Mr. Speaker. I apologise for delaying the House, but many Opposition Members were unable to hear the precise answer that the Secretary of State gave in response to the hon. Member for Islington, North (Mr. Corbyn). You will recall, Mr. Speaker, that the hon. Member for Islington, North asked whether the Secretary of State had given his permission for the chairman of the Post Office to circulate a letter. The Secretary of State either said he did, or he did not. We were unable to hear his reply. Could the Secretary of State clarify that point?

Mr. Tebbit: It may be for the convenience of the House if I make that point clear. I said that the chairman had no need or requirement to ask me for permission to circulate a letter. I did not give him permission to circulate. He did it entirely off his own bat.

English Channel (Fixed Link)

3.33 pm

The Secretary of State for Transport (Mr. Nicholas Ridley): I should like to make a statement about the Channel fixed link.

The House will know that in November 1984, I met the French Ministers responsible for transport to discuss the possibility of a fixed link across the English Channel. At that meeting we reaffirmed the willingness of the British and French Governments to take whatever steps might be necessary to facilitate the construction of a fixed link between the United Kingdom and France within the framework of the European transport network. We agreed that this project, for which essential political guarantees would be provided, should be financed without support from public funds or Government guarantees against commercial or technical risks and on the basis of conditions prevailing on the international financial markets.

We also agreed to establish a working group of officials of both Governments to draw up guidelines to potential promoters in order to give them a clear understanding of the requirements of the two Governments on, for example, safety and the environment, the undertakings that the two Governments would be prepared to give, and on any constraints affecting commercial exploitation. At the meeting on 29 November between my right hon. Friend the Prime Minister and the French President, these decisions were confirmed, and it was decided that officials would be instructed to report to Ministers by the end of February.

Officials delivered their report on 28 February, and on 20 March we held a further meeting with the French Ministers to agree the final texts of the guidelines and to decide certain further points. In particular, we agreed that the closing date for proposals would be 31 October 1985, and that the two Governments would aim to reach a decision around the end of the year, on which proposal, if any, they consider should be enabled to go ahead. We also agreed that we should begin contingency work now on those elements of the treaty which would be common to any form of link chosen.

I have placed copies of the guidelines—or, to give them their proper name, the "Invitation to Promoters"—in the Vote Office.

In saying this, I do not want hon. Members to think that we have prejudged the issues. When they have had time to study the guidelines, they will recognise my concern to ensure that there is adequate public consultation, that environmental, social and employment impacts are fully appreciated and that the financial conditions are fully met. All these matters will be carefully considered before the two Governments arrive at a decision.

I cannot yet tell whether a fixed link will be built across the Channel or not. What I can say is that the private sector now has a unique opportunity. We have reached full agreement with the French on the conditions which the promoters must meet. I wish the promoters well in this great endeavour.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich): We welcome any suggestion of considerable investment in the infrastructure. Indeed, we have been asking the