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PRIME MINISTERRAIL STRIKEBackground

1. You are meeting with the Secretary of State for Transport and Ministers from the Departments of Employment, Energy and Industry on Thursday to consider the threatened rail strike, about which the Secretary of State for Transport minuted you on 11 August. The CCU assessment of the consequences of a strike and of the steps the Government could take to alleviate them was circulated by the Home Secretary's Office on 7 August.

2. The prospects for an early settlement do not look good. The Railways Board wrote last week individually to each member of its workforce explaining the likely consequences for the industry of a strike and setting out in some detail the changes in working practices that they are seeking. There has also been considerable press coverage of BR's estimates of the consequences of even a two-week strike - the permanent loss of perhaps £150 m p.a. in revenue and of 20,000 jobs. But the trades unions regard the implementation of Railway Staffs National Tribunal (RSNT) recommendations as a matter of principle and, so far, show no signs of being prepared to back down. The Railways Board is being equally firm in demanding binding assurances on fundamental changes in present working practices as the price for implementing the second stage of the RSNT award. ACAS is informally in touch with both sides, but there is insufficient common ground for them to play a useful role yet.

3. The trade unions are publicly committed to an all-out strike from 31 August, and this still seems the most likely tactic for them to adopt, although the Scottish section of ASLEF have been reported in the press as pressing for a period of work to rule first. There were also press reports last week that the ASLEF branch in London Transport (LT) might be persuaded to come out on strike in sympathy with their BR colleagues, which, at best, would seriously affect services and, at worst, might

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bring the Underground to a halt. There is, however, little incentive for them to do so, since LT employees are already receiving the RSNT award in full; and LT management have already made it clear to their unions that they would take firm action to counter a sympathy strike.

4. Against that background you will want to consider what stance the Government should adopt and what the main consequences of a strike are likely to be. The effects of a rail strike would be widespread, but the most important areas are likely to be London commuters and power station coal stocks.

5. The Railways Board has been successful in establishing in the public mind that the dispute is not about the amount of money on offer but about the need for fundamental changes in working practices, and that the dispute is entirely between the Board and its trade unions. The Secretary of State for Transport is firmly of the view that since the Government is not seen as a party to the dispute, it should not seek to intervene and that, in any case, it has few useful cards to play; threats, for example to look again at the case for railway electrification would simply harden trade union attitudes. I can see no grounds for questioning this approach.

6. The main action for the Government therefore seems to be to prepare to cope with the consequences of a rail strike and to be seen by the public to be doing so. The Secretary of State for Transport will report at the meeting on the steps he intends to take to ease traffic congestion in London and to facilitate the provision of new bus services, and on how these are to be publicised, starting next week. He has also agreed with the Home Secretary that servicemen should be brought in during the course of next week to provide extra car parking in London, although the precise timing of doing so is for further consideration. The Secretary of State for Transport does not, however, favour an early proclamation of a State of Emergency. There are some doubts as to whether the legal tests for proclaiming a State of Emergency could be fulfilled right at the start of a strike and, in any case, there seems to be no operational need early in a strike for any of the emergency powers which can be taken following the proclamation of a State of Emergency. I do not think you need consider these arrangements in any detail, provided you are broadly content. It can be left to CCU or the Ministers directly concerned to sort out any points of difficulty which may arise.



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7. Coal stocks at the power stations currently offer 7-8 weeks endurance in the absence of restrictions on electricity consumption. Therefore, if a rail strike were to last that long (which is by no means impossible) power station coal stocks would be beginning to be exhausted by the time of the miners' pay settlement date of 1 November. But, as the MISC 57 report, which the Home Secretary submitted to you on 22 July, demonstrated, there is very little that can be done in the short term, other than to burn extra oil as a means of conserving power station coal stocks. A decision to do so would be required soon, since it is necessary to burn the maximum possible extra oil for 8 weeks to extend by 2 weeks the endurance offered by power station coal stocks. The cost of purchasing this extra oil would be about £200 m. If a rail strike seemed set to last for a long time it might become necessary to consider statutory restrictions on electricity consumption, but that is clearly not a step which you would want to consider at this stage.

8. If power station coal stocks are low by the autumn the chances of securing a relatively low pay settlement for the miners must be very slim, with implications for pay expectations generally and for the level of settlements in the other monopoly utilities in particular. It might also prove difficult to achieve the 18-20 weeks endurance by November 1982 for which Ministers have already decided to aim, although it might be possible in the immediate aftermath of a rail strike and once the miners had settled this year to get back on target for this through extra overtime working without provoking further difficulties with the trades unions.

9. Consideration of the impact of a rail strike on power station coal stocks raises the question of whether there might now be an opportunity to explore with BR management whether servicemen could be used to drive trains between the pits and the power stations in the event of a miners' (or rail) strike. You will recall that the MISC 57 report identified access to NCB coal stocks as by far the main way by which endurance could be extended in the event of a miners' strike, but concluded that the co-operation of BR management over the training of servicemen would be essential. This is clearly not an issue which could have been raised with BR management in the abstract, but you will want to consider whether the threat of a rail strike offers sufficient "cover" to do so now. There are risks involved in doing so. If it were to become known that the Government had raised this with BR not only might the attitude of the railwaymen harden but there might also be trouble from the miners.

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On the other hand a better opportunity for such consultations is unlikely to arise, and, moreover, if a rail strike lasts for a long time the Government might well wish to contemplate using servicemen this year to move coal to the power stations.

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10. You will want the Secretary of State for Transport to report on the latest developments and to give his assessment of the likelihood of a strike and of how long a strike might last. Lord Gowrie may also wish to contribute.

11. I suggest that you then consider first the question of the Government's stance. Again you will want to hear views from Mr Fowler and Lord Gowrie.

12. You might then invite Mr Fowler to report briefly on the steps he proposes to take to alleviate the impact of a strike.

13. You could then go on to consider in greater detail the implications for power station coal stocks, on which you will want to hear views from Mr Gray. The main decision at this stage is whether to ask the Electricity Boards to burn more oil to conserve power station coal stocks. This does not necessarily have to be decided on Thursday; you may wish to ask for more precise information on the costs involved, on the impact on endurance times and on the likely availability of oil supplies before reaching a final view. How long a rail strike might be expected to last is also of critical importance. But, clearly, the longer a decision is delayed the less the impact on power station coal stocks will be. You might also raise at this point the question of consulting the Railways Board about the use of servicemen. You will want to hear views on this from Mr Fowler, Mr Gray and Lord Gowrie.

14. Finally, you might ask the Minister from the Department of Industry to report briefly on the wider impact of a rail strike. In the public sector British Steel and British Leyland, and in the private sector glass, chemicals and vehicles seem likely to be worst hit. Much will depend on how far trades unions in other industries co-operate with the railway trades unions to prevent traffic which normally goes by rail being diverted to road. Lord Gowrie may have views to offer on this.



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Conclusions

15. You will want to record conclusions about, in particular, the stance the Government should adopt in relation to the strike, the use of extra oil in the power stations to conserve coal supplies and consultations with BR about the use of servicemen; and about any other points which might emerge in discussion.

R L FACER

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Cabinet Office

18 August 1981

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19 August 1981Policy UnitPRIME MINISTERBRITISH RAIL STRIKE THREAT

We have not had much time to prepare for tomorrow's meeting, but I have spoken to David and Norman, and also to Adam. A few thoughts for tomorrow's discussion.

1. We are concerned that the Department of Transport is seeking your permission to "chicken out" and relax the pressures on Peter Parker. You should not concede an inch to Norman Fowler at tomorrow's discussion, if he does in fact request it. If the Government maintains its present position vis a vis British Rail for the moment, it is always possible to make some concessions later if further thinking shows that avoidance of a strike is crucial, rather than simply desirable. In contrast, any concession made at this stage can not be clawed back later.
2. We believe that further analysis will show that, almost regardless of the apparent risk and regardless of dire warnings from CCU etc, we probably have no option but to face the strike. It would be very sad to come to that conclusion after we had made the first fateful concessions to Parker.
3. If the Government is seen to relax in any way its constraints on BR, in order to allow Parker to win peace, the NUM (its own militants frustrated at the opportunity denied, for a "triple alliance" attack on the Government) will know that we are a push-over for anything they want to demand when their negotiations start. No other nationalised industry chairman will take the EFLs for the coming year seriously. Having had to give on defence, almost certainly having to pay some more on Toxteth etc, a concession on BR would amount to abandoning the struggle.
4. In fact, we suspect that further work will show that there would not be a great deal of support for the strike and it will certainly be intensely unpopular (all helpful for the follow-up to the Green Paper, the public mood towards the NUM later). More important, the British Rail strike does not really hinge on our ability to move coal on this particular occasion. We already know that there is little scope for increasing power station coal stocks by rail

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movements before the winter, so a rail strike does not alter the balance of power with the NUM significantly.

5. Paradoxically, an early rail strike may even weaken the NUM position in the following way. Pithead stocks are already high and there may come a moment at which miners could be sent home without pay because it is not possible to store further coal at the pitheads. Sending miners home would be regarded as a "lock-out" and virtually produce a miners' strike. But that strike might start much earlier (from the coal consumption point of view) than the miners would like; after all, they would not willingly choose to confront the Government during the late summer.

6. The possible advantage suggested in paragraph 5 above may not in fact exist - we simply don't have the figures and have not had time to look into it. But our real point is that, even if that is not the case, in facing NUR/ASLEF, with the NUM and the nationalised industry EFLs close behind and an extra bill for Toxteth etc looming, we have our backs to the wall, with an enemy who don't take prisoners. So, for the time being at least, we should behave as if we are prepared to slug it out. If we do that, we have nothing to lose in the short term (and probably not in the long). If we don't, then the miners will simply sort us out later, when the weather is cold.



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