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Treasury Chambers, Parliament Street, SW1P 3AG
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24 May 1982

Michael Scholar Esq
PS/PRIME MINISTER
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MCS

Dear Michael

THE RAILWAYS

At Thursday's meeting to discuss the latest position on the railways, Ministers gave general support to Option 4, the Board's preferred option, but felt that they needed to know more of the management's thinking about the probable course of events when industrial action had begun and about the tactics which might be adopted to bring it to a satisfactory conclusion. Your letter of 21 May to Anthony Mayer commissioned future work on this in preparation for a further meeting to consider how the Board would handle the issues, to what effect and at what cost.

2. The Chancellor thinks that it would be helpful if this work, which will presumably be handled in MISC 72, could cover the following points:-

- (i) a clear statement of the Board's objectives in handling these pay and industrial relations issues;
- (ii) under option 4 (assuming a piecemeal approach is no longer a practical option in view of the NUR's reported attitude) :-



- (a) what length and type of industrial action would be involved and how far it would meet the Government's requirements on timing;
 - (b) what the cost would be, both on BRB's finances in the short term in relation to the present constraints and on BRB's longer term revenue earning capacity;
 - (c) what action could management take during a strike to bring it to a successful conclusion;
 - (d) what action could management take to withstand industrial action and keep services running (eg in relation to the NUR threat to take out signalmen);
 - (e) how would the Board handle any reference to McCarthy during a strike;
 - (f) what is the most/least this course might achieve in relation to the objectives under (i) above including an assessment of its impact on the prospects of a more sensible financial and industrial relations regime in the future.
- (iii) the wider cost of option 4 including, as well as the impact on BRB, the potential cost to other industries eg BSC, NCB and ESI, bated in part on experience with ASLEF dispute earlier this year.

All these points, except those at (ii) (d) and (iii) are covered by the terms of your letter recording the 20 May discussion. The Chancellor believes officials in MISC 72 should be asked to report on these two additional points.

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3. I am copying this letter to the Private Secretaries to the Home Secretary, the Secretaries of State for Industry, Energy, Employment, Defence and Scotland, Sir Robert Armstrong and John Sparrow.

Yours ever,

Peter

P S JENKINS

CONQUEROR



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