

MR INGHAM

cc Mr Butler
Mr Scholar
 Mr Mount

WATER STRIKE: PRESENTATION

As I understand it, last night's shambles resulted from ineptitude rather than malice on the part of the NWC. Dickens, the employers' side Secretary, sent a circular to the RWAs explaining the earnings effect of the mediator's proposals on those entitled to long service increments. That does bring the offer up to 8.5% for 64% of the work force, but that is not inconsistent with the figures I have already circulated. The press got wind of the circular, enquired of the NWC what it meant, and a junior spokesman put out the statement we all saw last night. This morning the NWC are apparently surprised at all the fuss. The fact that they have drawn a red herring of huge dimensions across the path of what should have been our main opportunity to put the unions on the defensive for breaking their agreements has escaped them.

We shall have to consider at the next of the Prime Minister's morning meetings what can be done to get the NWC to take presentation seriously. Meanwhile I suggest that there are three lines of attack you can use with the Lobby:

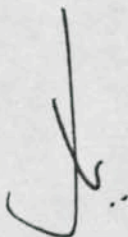
(i) The unions are breaking their agreements. The press should be constantly asking the union leaders to explain why they are not honouring agreements, and whether their word can ever be trusted. Specifically, the unions were in breach of their NJIC procedure agreement in taking industrial action before the negotiating process, culminating in arbitration, had concluded; and they are now in breach of the 23 January ACAS agreement by refusing to accept arbitration. You may want to remind the Lobby of the terms of Pat Lowry's letter of 21 January to Dickens:

* I can't lay my hands on the text so you'd better not quote this in case it's not categorical.

"In the circumstances of such a disagreement [ie over the mediator's report] either party would have the right to seek arbitration and the other would have the obligation to respond";

(ii) It is simply not true that there has been a "refusal to hold real negotiations" on the part of the employers, as claimed by Mr Newall last night and this morning. It is an appalling reflection on the NWC's handling of the dispute that they have allowed this statement to go unchallenged. The facts show that it is the unions who have on each occasion jumped into industrial action before negotiations are concluded. The 4% offer on 11 November was accompanied by an offer of arbitration, and the unions responded by seeking authority for a strike, and by starting an overtime ban on 19 January. At the ACAS negotiations which concluded on 23 January, the 4% offer was raised to 7.3% over 16 months, and a long service supplement was added. The unions responded by starting an all-out strike. Last weekend at ACAS, the employers made further additions to the offer in the shape of rewards for improved productivity, over and above what was recommended by the mediator: the unions have now responded by intensifying the strike and refusing arbitration;

(iii) The offer is already high. There are many pitfalls in trying to describe the average earnings effect, but across the board the average for all manual water workers is probably around 8%. That compares very favourably with the earnings effect of the miners' settlement (6.5%), the amount recommended by the unions representing local authority manuals (4.5%) or our own estimate of the cumulative average level of settlements for the whole economy this pay round (about 5.5%).



9 February 1983