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10 DOWNING STREET

From the Private Secretary

31 January 1983

✓ CC MASTER

Dear David,

Water Workers' Dispute

The Prime Minister took a meeting this evening about the water workers' dispute. Apart from your Secretary of State, the Home Secretary, the Secretaries of State for Scotland, Wales, Employment and Defence, Sir Robert Armstrong, Mr. Goodall and Bernard Ingham were present.

Your Secretary of State said that the situation in the country continued slowly to worsen. 18,500 homes were now without piped water supplies, and some 5½ million people were being advised to boil their drinking water. So far there had been no sudden deterioration in the position, and it seemed likely that the system at large would continue gradually to deteriorate, without any identifiable moment at which its condition would be expected suddenly to worsen sharply. His consultations with the CBI indicated that there was no concern that a major reduction in industrial activity was imminent. This was, however, unpredictable territory, and major difficulty ahead could not be ruled out. Sewage was being discharged into rivers. This was deplorable, but had not so far created serious pollution problems. He had not given general instructions to water authorities either to employ, or not to employ, private contractors. It was better to proceed on a case by case basis, locally. On the negotiations between the employers and the employees, it would be essential to continue to build up public support for the very reasonable position which the employers had taken. It would be important to identify a limited number of key facts - the average earnings of water workers in May 1979, as compared with today; the percentage increase; the same figures for water rates; and the comparison between the increases water workers had enjoyed in recent years, and those of the electricity and gas workers. These facts should spearhead the publicity effort.

Summing up the discussion, the Prime Minister said that she would take a daily meeting of this group of Ministers at 0830 or so each morning. It would be helpful if the official CCU had met each preceding evening, to prepare a report on the situation. It was beginning to look as if the strike might be a protracted affair. Each day it would be necessary to develop a publicity plan. There might be a role for Government backbenchers in each region to help

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get across the employers' case; and there could be a case for an appeal for good neighbourliness where the old and the infirm were without water supplies. She wished to reach a judgement about whether a strike lasting six weeks or so could be lived with, using, if necessary, private contractors and the armed forces. If only 30,000 employees were involved should not a plan for recruitment for an alternative workforce, in whole or in part, be drawn up? A strategy should be developed for bringing the strike, in a variety of circumstances, to an end. Efforts should be made to engage a wide range of lobbies; for example, farmers, anglers and those who use canals and rivers for other recreational purposes. The first meeting of the group, whose existence should not be disclosed, will be on Wednesday morning, 2 February.

I am sending copies of this letter to John Halliday (Home Office), John Kerr (HM Treasury), Muir Russell (Scottish Office), Adam Peat (Welsh Office), Barnaby Shaw (Department of Employment), Richard Mottram (Ministry of Defence), Richard Hatfield (Cabinet Office) and Mr. Goodall (Cabinet Office). I would be grateful if you and they would give this a very limited circulation.

Yours sincerely,

Michael Schuster

David Edmonds, Esq.,
Department of the Environment.

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