

PRIME MINISTER

*Jr. Johnson* Prime Minister

*EGF. Holt. A.E.C.*

*Mrs 16/2*

*NTIC.*

*Keys.*

*Mandary.*

cc Mr Mount  
Mr Ingham

*72,000 households.*

CABINET, 17 FEBRUARY: WATER STRIKE

*Boil. 7m.  
Bunk.*

*Dugdale - catch up*

No doubt Mr King will report. I think there are two issues which Cabinet ought to cover:

*Kind of the water -  
Findings will resolve.*

*20,000 + 3 hospitals.*

1. How to Insulate Other Pay Negotiations from the Water Dispute

We can only guess at the outcome of the inquiry. But figures like 8% or more are going to be in all the papers. We will need to act immediately a settlement is reached (and that may be over the weekend) to neutralise the effect. In the public sector alone, gas workers, electricity workers, local authority manuals, teachers and civil servants are all negotiating actively. I suggest:

(a) Mr Lawson should try and convince the Gas and Electricity Chairmen that the settlement is really worth, over 12 months, not much more than 6% - even though we may suspect it's more;

(b) Presentationally, we take every opportunity to let it be known that striking doesn't pay: it may take several years for the water workers to recover lost earnings, because the increment they achieved through striking was small. (They were offered £10 a week before the strike: if the settlement gives them, say, another £2 a week - £100 a year - it will take them three years to recover four weeks' lost earnings of at least £75 a week. I have asked the Department of the Environment to get exact figures out quickly.)

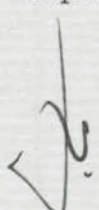
2. How to Ensure the Right Lessons are Learned from the Dispute

We have all learned a lot. There was no experience of a water strike before. We must draw the right conclusions - and not just for the handling of future water strikes. I suggest:

(a) MISC 61 (under Peter Gregson's Chairmanship) ought to prepare a report on lessons the dispute has for endurance against a water strike;

(b) You may want to ask Mr Tebbit to give some thought to, and perhaps circulate a paper on, the lessons the dispute has for industrial relations legislation - notably enforceable collective agreements and no strike arrangements.

(c) I think we should certainly ask Mr King to consider what lessons the dispute has for how water pay will be negotiated after the abolition of the NWC, and how the employers' negotiating capacity might be strengthened.

  
16 February 1983

MR SCHOLAR

cc Mr Mount

①  
Prime Minister

May John Vercher attend

the water discussion at Cabinet?

MLS 16/2

Yes mt

CABINET, 17 JANUARY: WATER STRIKE

I should be grateful if you would seek the Prime Minister's permission for me to attend the discussion of the water strike in Cabinet tomorrow, since she does not at present intend to hold one of her regular morning meetings on it. Later today I will offer a brief on the main issues which I think Cabinet should address, namely the need to insulate other pay negotiations as far as possible from the outcome of the Committee of Inquiry; and to set in hand the work necessary to ensure that the right lessons are drawn from the experience of the last four weeks.

J.

16 February 1983

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