

cc Mr. Scholar
Mr. Mount

MR. INGHAM

IMMEDIATE RESPONSE TO AN END TO THE WATER STRIKE

This note suggests points to make in the immediate aftermath of an end to the water strike this weekend. It assumes a tidy conclusion, ie a unanimous finding by the Inquiry, endorsement by the NJIC and a return to work on Monday. Events are likely to be more confused, and at this stage we can only guess at the terms of the final settlement. But it should not be difficult to adapt these points to circumstances: our main concern should be to respond quickly and not let unions get away with a "we've won" unchallenged.

This note should be read in conjunction with the general note on pay, inflation and unemployment which will be circulated by the Chancellor on ~~Friday~~ evening. Alan Bailey will be convening a group, in which I shall participate, early next week to see how other pay settlements can be insulated from this one.

Points to Make

1. This was an unnecessary strike.

The dispute could always have been avoided by a binding award of a third party, for which the agreement between the NWC and the unions makes provision. What a pity the unions leaders didn't accept that in the first place instead of jumping into industrial action.

2. The water workers were misled by their leaders.

We think most water workers know quite well that they are well paid and lucky to have secure jobs. In this strike they became victims of union leaders who were pursuing their own ends and their own rivalries among themselves.

3. The water workers are glad to get back to work.

There have been plenty of signs that support for the strike was weakening - and would have weakened faster if union members weren't afraid of the consequences from within their own unions.

/4. Everybody loses.

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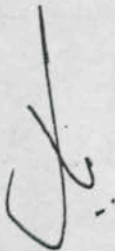
As in all strikes, no one wins and everybody loses. The NWC loses because valuable equipment and machinery hasn't been properly maintained. The consumers lose because of lost services - and they'll go on losing through increased water rates. And the water workers lose because they've lost four weeks' pay.

5. It'll take them 3-4 years to recoup their losses.

They could have got a £10 a week rise without the strike. Now they're going to get a little more. But it will take between 3 and 4 years for that little more to add up to four weeks lost pay. It wasn't worth it.

6. It certainly isn't the end of pay restraint.

Yes, the water workers are going to get a bigger rise than the Government wanted. But that's not because we don't want people to be better off. It's because in the country as a whole, the more expensive labour is, the less of it will be used. Higher wages mean fewer jobs. Pay rises should certainly be no higher than the rate of inflation - and that's now well below 5%.



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17 February 1983