

old

Covent Govt



Caroline  
Pindyam  
arrange  
1/2 hr?

Prime Minister

Agree to a talk with

Mr Tebbit?

PRIME MINISTER

CF  
arranged for  
11.30 on  
Tuesday 29<sup>th</sup>  
Nov.  
c. 23/3

(I wonder if Mr Lowry is

aggrieved by or dissatisfaction  
with his performance?)

NATIONAL WATER STRIKE

MUS 23/3

I have discussed with Mr Pat Lowry the course of this dispute and the role played in it by ACAS.

Mr Lowry was not inclined to offer an opinion as to whether the decision of the employers to make an offer of 4% rather than 6% was decisive in bringing about a strike. He well understood the interaction between the teachers pay arbitration and the NHS dispute which in turn affected the level of offer made to the water workers.

He felt that the employers had perhaps been unwise to opt for arbitration as early as they did though he accepted that to do otherwise ran the risk of elevating the floor from which arbitration would take place. However on balance he did not take the view that having wrung all they could from negotiation the unions would inevitably have sought to put more icing on the cake by arbitration.

Mr Lowry claims that ACAS did not put pressure on the employers to agree to the terms of the Buchanan initiative. He does however feel strongly that the employers made a serious error of judgement by accepting the Buchanan findings immediately they were published without either rejecting the implications of para 8 of the report (which pointed to increased earning opportunities) or being very much clearer what the acceptance of this paragraph would entail.



Mr Lowry accepts that the statement which he made on 9 February and which was read as favouring the unions against the employers was a mistake.

(find  
this  
hard to  
swallow  
ML)

He does however firmly rebut the suggestion that Dr Johnston allowed negotiations to take place within the forum of the Committee of Inquiry which eventually led to resolution of the dispute. Certainly he agrees that Mr Keys (SOGAT) as one of the side members sought to give that impression. However he has explained to me that Dr Johnston felt strongly that there had to be consultation especially with the employers in order to assess the cost and practicality of proposals which he was considering. Having heard all that Mr Lowry had to say on that point I conclude that he is right.

Mr Lowry's general view was that the employers conducted their negotiations with a considerable lack of competence and he accepted my observation that the dispute was characterised by an excess of activity, initiatives and proposals. He saw the employers talk of £5-£10 being available from productivity as a particularly damaging example. As I have mentioned he accepted that his own statement of 9 February was open to criticism though he saw it as being intended to stifle initiatives until the time was ripe to achieve a settlement, and to put firmly on record that the dispute could only be resolved by a reference to arbitration or to some other third party for a final decision (ie arbitration by other means).

I put to Mr Lowry the issue of the "secret letter" to the employers. He told me he had never before written such a letter and would never do so again. He said that he had written at the request of Mr Hill to guard the latter against any criticism if the unions reneged on their commitment.



Although he did not put it in these words I formed the impression that Mr Lowry felt that ACAS should not be expected to reinforce weak and incompetent negotiations on either side, and that ACAS had done as much as it could or should to save the employers from themselves. He also mentioned that the settlement had been drawn up so as to minimise the likelihood of knock on effects elsewhere. That seems to have been borne out by events.

I asked Mr Lowry if he had any criticism of the role of Government. He said that as he was not privy to what Government had said to employers it was difficult for him to make criticisms except in one particular respect. That was that he wished he had been given a clear indication in advance that it would not be acceptable to appoint a Judge to head the enquiry.

I would welcome a word with you about my conversation with Mr Lowry.

I am copying this to Tom King and to Sir Robert Armstrong. The minutes of Cabinet on 24 February invited me to report on the working methods of ACAS. I see this as my report, which I would not like to have circulated more widely.

NT

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22-1. March 1983

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