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10 DOWNING STREET

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Prime Minister

PLA : strike

At Mr Tebbit's meeting ^{this afternoon} with Mr Howell and the Chief Secretary they decided:

1. It was right to have told the PLA to handle the strike within their current financial limit.
2. That if a national strike became inevitable the government wouldn't withdraw their backing for the PLA and run away from the issue.

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NOTE OF MEETING TO DISCUSS PLA STRIKE HELD ON 29 MARCH 1983

Those present

Secretary of State for Transport

Mr Palmer

Mr Hopkinson

Mr A P Brown

Mr Bird (PS/Secretary of State)

Secretary of State for Employment

Mr Wake

Chief Secretary

Mr Broadbent

1. The Secretary of State for Transport said that the background to the current PLA strike, which had now spread to the rest of London river, was set out in his minute of 24 March to the Prime Minister. He had taken the line with the PLA Chairman that he should seek to settle the dispute in a purely London context. The PLA should also deal with the dispute within their existing financial framework. The PLA were envisaging selling land to cope with the cash flow problems caused by the strike (he would welcome the Chief Secretary's views on this). If attempts to settle the dispute failed and the strike became prolonged, the PLA might have to take action which would result in RDWs being placed on a Temporary Unattached Register which could well provoke a national dock strike. This process could well have some attractions from the Government's point of view since it would precipitate long desired changes in the PLA structure, notably their getting out of cargo handling.

But he needed to be sure that he could give the PLA Chairman an assurance that the Government would not step in to avoid a national dock strike if events went this way.

2. The Secretary of State for Employment said the crucial issue was whether the Government was prepared to contemplate a national docks strike. He noted that the PLA Board could provoke this at any stage by declaring an end to cargo handling. In discussion it was noted that an official group, MISC 78, had reviewed the consequences of a national dock strike last year and had reached fairly sanguine conclusions about the country's ability to withstand this. There was a further meeting of MISC 78 on 30 March which would update this exercise. The other ports most likely to have serious financial problems as a result of a strike were Glasgow, Manchester, Bristol and Liverpool. A strike was not likely to be confined to Dock Labour Scheme ports but would extend to major non-scheme ports as well. The effects on sterling were unpredictable. The Secretary of State for Employment said the implication was that the Government would be prepared to countenance a national dock strike in the last resort but would not wish to actively provoke it. But it was not necessary to reach firm decisions at this stage.

3. The Chief Secretary said he was concerned that the PLA might be making wrong assumptions about retaining the proceeds from land sales. Any land sales could not be considered just in terms of PLA selling land but also of the LDDC acquiring it. LDDC's development costs would be substantial. Allowing the PLA to keep the proceeds would be just another way of giving them Government support. This could only be considered if PLA agreed to give the Government satisfaction on certain points. One condition must be a thorough reconstruction of the PLA Board in the direction the Government wished and another was a firm plan for eventual withdrawal from cargo handling. There was no question of any

such Government support unless these conditions were met. The Secretary of State for Transport agreed that these were legitimate Government objectives. But the practicalities of the situation had to be considered. Reconstituting the Board could not be achieved overnight. The structure of the Board, with union and GLC representatives, was such that the effects of Government pressure on it were unpredictable. In discussion it was noted that certain members of the Board were already concerned that the PLA would not be able to live within its existing overdraft limit from the end of May and that the legality of continued trading was questionable. But as the PLA was a public trust port and not a Companies Act company, the legal position was far from clear.

4. Neither the Chief Secretary nor the Secretary of State for Employment supported the idea of an increase in the voluntary severance payments to RDWs, as a possible way of avoiding the creation of a TUR at London.

5. Summing up the discussion the Secretary of State for Transport said that there was agreement that the PLA should continue to be told that they had to deal with the dispute within their existing financial structure, and as a purely London matter. They should not seek to escalate it. But he would also be able to make it clear that the Government would not step in to prevent a national dock strike should events lead to this.

R. Bird

R. BIRD
PS/Secretary of State
29 March 1983

cc: Those present
PS/Mr Eyre
PS/Mrs Chalker
Mr Lazarus
Mr Holmes
Mr Yass
Mr Devereau
Mr Grimsey