



Copied to
Next Ind Pt 6
Gen Elec Admin Div

cc JV
Prime Minister (1)

Ref. A08301

PRIME MINISTER

Yes

Content for these (at X) studies to be commissioned?

MUS 4/5

Withstanding Strikes

At your meeting on 17th December 1981 to discuss withstanding a miners' strike Ministers instructed the Cabinet Office, in consultation with the Departments concerned, to prepare a report in due course on the priorities for further work into withstanding strikes in other key sectors of the economy.

2. This report is now attached. It recommends that studies of this nature should be carried out into the electricity and gas industries, oil distribution, the ports and industrial gas production, in that order of priority; and that Ministers should review the need and scope for further studies of this sort once that work programme has been completed.

3. Last autumn officials in MISC 61 prepared a report on withstanding a strike in the water industry. This was submitted to you under cover of the Home Secretary's minute of 22nd October 1981. The attached report does not recommend that further work by MISC 61 is necessary, but suggests that the Secretary of State for the Environment might arrange for the longer-term implications of MISC 61's report to be followed up.

4. If you and your colleagues to whom I am sending copies of this minute and the report are content with the recommendations, I will put in hand the necessary arrangements for carrying out the studies proposed.

5. I am sending a copy of this minute and of the attached report to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Defence, the Environment, Scotland, Industry, Transport, Energy and Employment; and to Mr. Sparrow in the CPRS.

REA

ROBERT ARMSTRONG

4th May, 1982

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WITHSTANDING STRIKES IN KEY SECTORS OF THE ECONOMY:
PRIORITIES FOR FURTHER WORK

Note by Officials

INTRODUCTION

1. At the Prime Minister's meeting on 17 December 1981 officials were instructed to report on the priorities for further work on withstanding strikes in key sectors of the economy. This report has been prepared by officials from the Prime Minister's Office, the Treasury, the Departments of Energy, Transport, Industry and Employment, the Home Office, the Ministry of Defence, the Central Policy Review Staff and the Cabinet Office.

WORK ALREADY COMPLETED OR UNDERWAY

2. The following work has already been completed or is underway:-
- i. MISC 57 has reported to Ministers on withstanding a miners' strike and has in hand further work on this issue. It is also monitoring the progress of the measures approved so far by Ministers.
 - ii. In October 1981 MISC 61 reported to Ministers on withstanding a strike in the water industry. In the event major industrial action in the water industry was avoided that year. Officials do not think that further work on this topic by MISC 61 is necessary at this stage, but the report indicated a number of areas where the water authorities could take steps to make it easier for major industrial action to be withstood, if necessary with military assistance. The Secretary of State for the Environment might be invited to arrange for these to be followed up well in advance of this year's water industry pay negotiations.
 - iii. MISC 65 has reported to Ministers on the lessons from the 1981 Civil Service dispute. Ministers agreed that the Treasury should take the lead in following up the report's recommendations. Detailed planning

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to counteract industrial action in the Civil Service is also undertaken by a standing group of officials - the Steering Group on Industrial Action - under Treasury chairmanship.

- iv. MISC 69 is currently preparing a report for Ministers on withstanding a telecommunications strike and this will be submitted shortly.

- v. Much of the work of MISC 57 is relevant to the question of withstanding a rail strike. Separate work has also been put in hand on other aspects. MISC 72 has reported once to Ministers on the decisions which may arise following the forthcoming report from the Railways Staffs National Tribunal on the issue of flexible rostering, and will report further when the RSNT award has been received. And the Civil Contingencies Unit arranged for a report to be prepared on the likely impact on industry of an all-out rail strike, which was circulated by the Home Secretary with his minute of 30 March to the Prime Minister; and

- vi. The Treasury has work in hand on serious industrial action in the banking industry, in consultation with the Bank of England and other Departments.

CRITERIA FOR FURTHER WORK

3. Officials recommend that the immediate objective should be the completion of a relatively small number of studies into key industries where an all-out strike or industrial action short of this could be expected to have an immediate and serious impact on the economy and life generally; and where there seems some prospect of industrial action in the foreseeable future. To put in hand immediately an extensive programme of studies would both significantly increase the chances of a leak, which, so far, has not occurred, and strain Departmental resources, since studies of this nature are inevitably time-consuming if radical approaches to withstanding strikes are to be fully explored. But Ministers will no doubt wish to review the need and scope for further studies of this nature once the immediate programme of work which we recommend below has been completed.

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4. The Civil Contingencies Unit has already undertaken considerable work on coping with the effects of industrial action in the public services, particularly the National Health Service and the Fire Service (where there has been serious industrial action in the recent past) and public transport in London (in the context of the British Rail dispute earlier this year). We do not think that it would be profitable to repeat these studies. Nor do we think it would be worth studying other major industries where recent experience has shown that industrial action can be endured and this is now evident to the employees concerned, for example the British Steel Corporation.

5. The studies undertaken so far have all been concerned with the public sector. But there is no reason in principle why studies of this nature into key private sector operations should be ruled out, and two such studies are recommended below. However, we have been unable to identify any key private sector industries where employers are likely ^{on their own account} to prefer sustaining serious industrial action to making pay settlements at the level necessary to avert it.

RECOMMENDATIONS FOR FURTHER STUDIES

6. We recommend that the initial work programme should consist of five studies in the following order of priority.

7. The first priority should be a study of withstanding a strike in the electricity industry. An all-out strike in this industry, or industrial action approximating to an all-out strike, would quickly have a devastating impact on the economy and on life generally. There seems a good chance that a settlement will be reached in this year's pay negotiations without industrial action. But the negotiations in this industry over the last few years have been protracted and difficult and industrial action in the future cannot be ruled out.

8. Second, the gas industry. Much the same considerations apply as in the case of the electricity industry, but major industrial action in the gas industry would also give rise to safety risks on domestic and industrial premises. Moreover, there are a number of issues other than pay (for example the sale of gas showrooms) over which serious industrial action could arise in the foreseeable future; and the chances of unofficial industrial action in the gas industry seem to us to be greater than in the electricity industry.

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9. Third, the oil distribution industry including industrial action directed against the delivery by pipeline of oil from the North Sea. In the past pay settlements in this industry have generally been sufficiently high to prevent serious industrial action. But the negotiations are often extremely protracted and difficult and unofficial industrial action has occurred on a number of occasions. Last autumn when there seemed a real possibility of widespread industrial action in this industry the Civil Contingencies Unit examined what might be done by way of military assistance and in other ways to mitigate the effects of industrial action. Although the continued delivery of a proportion of oil supplies sufficient for absolutely vital operations could probably be assured, the impact of widespread industrial action seemed likely to be very serious. A detailed study of withstanding a strike in this industry could well suggest means by which the consequences could be significantly mitigated.

10. Fourth, the ports. There are a number of issues which could give rise to serious industrial action in the ports although we do not think this is likely in the immediate future. These relate principally to the need to achieve a continuing high rate of severances in the industry and to the fact that the National Dock Labour Scheme requires this to be achieved by negotiation, through the payment of enhanced severance terms. Any move towards compulsory redundancies, for example, would precipitate a national dock strike. Since virtually all trade passes through the ports the impact of a strike could be serious. Plans already exist for the use of Servicemen in the event of a national dock strike, but we think that a more detailed investigation of the possibilities than has hitherto been undertaken would be profitable.

11. Fifth, industrial gases. Two companies (British Oxygen and Air Products) have a monopoly of the production and distribution of industrial gases in the UK. Industrial gases are vital to a large range of industrial processes, for power stations and for the National Health Service. Generally speaking companies do not hold large stocks of gases and the impact of a strike would therefore be felt quickly and would be serious. A study of the steps that might be taken to withstand industrial action in this industry, which may prove to be limited, would therefore seem to be worthwhile, although the scope of such a study may be circumscribed by the need for consultations with the industry on some aspects.

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12. We also considered but do not recommend studies of the road haulage and oil refining industries. Road haulage is highly disaggregated and far from completely unionised. Moreover, roughly half the UK's road haulage is on "own account" and in this sector pay arrangements differ from firm to firm. The experience in the 1979 road haulage dispute was that a large proportion of traffic, including virtually all the most important loads, continued to be delivered without the need for special measures. As for oil refining, there is at present no indication that serious industrial action is a possibility in the foreseeable future.

CONCLUSIONS

13. Our recommendations may be summarised as follows:-

(i) the immediate programme of work should be short and should concentrate on key industries (in both the private and public sectors) where an all-out strike could be expected to have an immediate and serious impact on the economy and life generally and where there seems some prospect of industrial action in the foreseeable future;

(ii) on that basis studies should be carried out on the following industries:

electricity
gas
oil distribution
ports
industrial gases

in that order of priority;

(iii) Ministers should review the need and scope for further studies of this sort once the above work programme has been completed; and

(iv) the Secretary of State for the Environment should arrange for the longer-term implications of the study of the water industry carried out by MISC 61 to be followed up.

Cabinet Office
23 April 1982

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