

PO-CH/NL/0317
PART B

Part B.

SECRET

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2/3/89
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PO -CH /NL/0317



PART B

Chancellor's (Lawson) Papers:

THE NATIONAL DOCK LABOUR
SCHEME

DD's: 25 Years

Phillips

27/10/95

NL/0317

PO -CH

PART B

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

2 March 1989

Dear Clive,

DOCK LABOUR SCHEME

The Prime Minister held a meeting on 1 March to discuss your Secretary of State's minute of 26 February, the Cabinet Office report of 24 February and a minute from the Secretary of State for Transport's office of 27 February. Those present were the Chancellor of the Exchequer, the Home Secretary, the Secretaries of State for Employment, Trade and Industry and Transport, the Lord President, the Lord Privy Seal, the Chief Whip, Sir Robin Butler, Richard Wilson, George Monger and John Neilson (Cabinet Office) and Greg Bourne (Policy Unit).

I should be grateful if you and copy recipients would ensure that no further copies are taken of this letter, that it is handled strictly in accordance with CMO arrangements and that it is seen only by named individuals with a need to know, authorised by their Minister to do so.

Summing up the discussion, the Prime Minister said that the proposals at the end of your Secretary of State's minute of 24 February were agreed, subject to the following points.

- (a) If a decision to make an announcement was taken, this should take place two days after the date proposed in your Secretary of State's minute. Cabinet would need to meet early on that morning.
- (b) The provisional timetable for legislation should remain as set out in Annex C to the Cabinet Office report. Consideration would however need to be given to speeding up this timetable, if substantial industrial action occurred.
- (c) There was a compelling case against compensation for loss of rights. But there was agreed to be a strong case for increasing the compensation paid to those made redundant to up to £35,000 for the first year, tapering down in the subsequent three years. This would be pursued by your Secretary of State, in consultation with the Chancellor of the Exchequer and the Secretary of State for Transport. The eligibility for unemployment benefit of those who had received substantial redundancy compensation should be investigated.

*This is with
what it was in
fact, agreed in
1991, for full
work
Compensation to 1991
+ should probably
be in 1990-1991
as agreed
+ should be
agreed.
I should be grateful
to CST for
date with X*

*Ch, I am not attaching the back pp, in
the interests of brevity, but this
seems to correspond accurately to
your debrief. 2/3*

X

- (d) There should be a further meeting of this group of Ministers, on the timescale suggested in your Secretary of State's minute. In addition to those present, the Secretaries of State for Wales, Scotland and Northern Ireland, the Minister of Agriculture, Fisheries and Food, the Secretaries of State for Defence and Energy and the Attorney General should also be invited.
- (e) If an announcement was made, a group of Ministers would need to meet under the Prime Minister's chairmanship to take strategic decisions. In addition, your Secretary of State would need to hold a daily monitoring meeting to assess developments. He would take the lead in the dispute since he would be responsible for taking the necessary legislation through the House of Commons.

The further work identified in paragraphs 4 (i)-(iii) of the covering note to the Cabinet Office report should be put in hand by your Secretary of State. No action should be taken on the points listed in paragraph 4 (iv) at present; these should be considered again at this group's next meeting. Notice could be given to senior officers in the police forces concerned a day or so in advance of any announcement.

I am copying this letter to the Private Secretaries of the Ministers present and to Sir Robin Butler.

Yan,
P

(PAUL GRAY)

Clive Norris, Esq.,
Department of Employment.

Pap.FROM: J M G TAYLOR
DATE: 6 March 1989

PS/CHIEF SECRETARY

cc Mr A R Williams

DOCK LABOUR SCHEME

The Chancellor has seen Mr Gray's (No.10) letter of 2 March.

2. He does not think Mr Gray's summary of the conclusions is quite right. He thinks it was, in fact, agreed that the period for full compensation should not be extended to 1991, and should probably end in mid-1990, as originally envisaged.

3. He would be most grateful if the Chief Secretary could take forward the remit to discuss this further with the Employment Secretary and the Transport Secretary.

A handwritten signature in black ink, appearing to be 'JMG'.

J M G TAYLOR



Department of Employment
Caxton House, Tothill Street, London SW1H 9NF
Telephone 01-273 5803
Telex 915564 Fax 01-273 5821

000193

Secretary of State

The Rt Hon John Major MP
Chief Secretary
Treasury Chambers
Parliament Street
LONDON
SW1

9 March 1989

DOCK LABOUR SCHEME: COMPENSATION FOR REDUNDANCY

In earlier correspondence with Paul Channon you agreed to his detailed proposals for compensation for former registered dock workers made redundant in the event of our abolishing the Scheme. Compensation payments would start at £30,000 for one year and then taper down over three subsequent years, the Government contributing 50% of all payments. You agreed to consider a claim on the Reserve in respect of any payments in 1989/90.

At a further meeting held by the Prime Minister on 1 March, at which Nigel Lawson was present, it was agreed that there was a strong case for a more generous compensation scheme, providing for £35,000 payments in the first year, followed by the three year taper. It was left that I would take this further in consultation with Nigel and Paul.



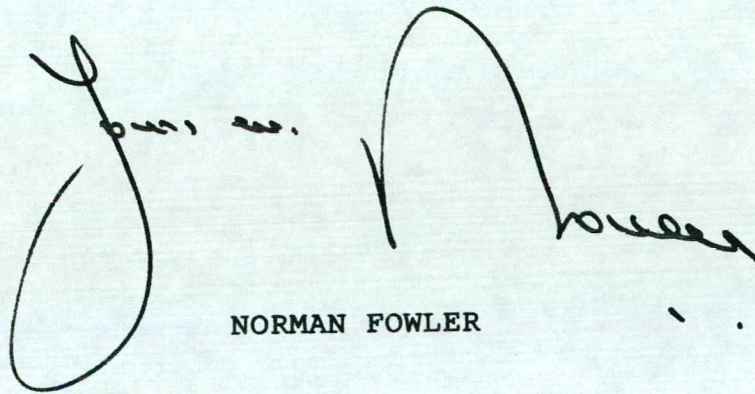


Secretary of State
for Employment

I propose that we should provide for such an enhanced scheme, on the basis of £35,000 payments over the first year and £26,000, £18,000 and £10,000 in the three subsequent years. I see no reason to change the overall estimate of redundancy numbers contained in Paul's letter of 31 January and, similarly, I would expect the majority to occur in the earlier years. It might be that some port employers would delay making any redundancies for a while, given their own higher compensation costs, but that effect would probably be small in the context of their overall business requirements. I would not therefore expect the profile of redundancies to be significantly different from that already assumed.

On that basis the cost to the Government would be £28 million over 4 years, with £17.5 million arising in year 1, as compared with the £23.8 million and £15 million costs of the earlier proposals. I should be grateful for your agreement on the same terms as before.

I am copying this letter to the Prime Minister, Paul Channon and to Sir Robin Butler.



NORMAN FOWLER

SECRET

FROM: A R WILLIAMS
DATE: 10 MARCH 1989

CHIEF SECRETARY

cc: → Chancellor
Financial Secretary
Sir P Middleton
Mr Anson
Mr Monck
Mrs Case
Mr Mortimer
Mr Burr
Mr Call**DOCK LABOUR SCHEME: COMPENSATION FOR REDUNDANCIES**

The Secretary of State for Employment wrote to you on 9 March with revised proposals for a scheme to compensate ex-registered dockworkers (RDWs) made redundant in the event of the abolition of the Dock Labour Scheme. We recommend that you agree to these proposals.

In earlier correspondence with Mr Channon you agreed to a compensation scheme involving payments of £30,000 a head to ex-RDWs made redundant in the first year following abolition of the Scheme, this figure tapering off over the following three years. At the Prime Minister's meeting on 1 March, it was agreed that the maximum payment should be increased to £35,000. The Chancellor was concerned that the period for the full compensation should not be extended to 1991, as Mr Fowler had proposed in a paper considered at the 1 March meeting.

The proposals in Mr Fowler's latest letter meets the Chancellor's concern. They involve payment of £35,000 a head for only one year after abolition, which implies (if abolition follows the possible timetable considered by Ministers) that it will not be on offer after mid-1990. In the three subsequent years the amount available will taper off to £26,000, £18,000 and £10,000 successively. This is a steeper taper than previously considered and is therefore satisfactory from our point of view. As before, 50 per cent of the compensation would be payable by the Government, and 50 per cent by the employers. Making some broad assumptions about the number of ex-RDWs likely to be made redundant, the cost of the scheme to the Government will be some £28 million over four years (against just under £24 million for the scheme you agreed earlier with Mr Channon). You said in the earlier correspondence that you would consider in the light of circumstances a claim on the Reserve to meet any costs of the compensation scheme in 1989-90.

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last previous
sec*

SECRET

I attach a draft reply to Mr Fowler.

A. R. Williams

A R WILLIAMS

DRAFT LETTER FROM THE CHIEF SECRETARY TO THE SECRETARY OF STATE
FOR EMPLOYMENT

DOCK LABOUR SCHEME: COMPENSATION FOR REDUNDANCIES

Thank you for your letter of 9 March. I am content with the compensation scheme which you propose.

I am copying this letter to the Prime Minister, Paul Channon and to Sir Robin Butler.



000208

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

15th March 1989

Dear Norman,

DOCK LABOUR SCHEME: COMPENSATION FOR REDUNDANCIES

Thank you for your letter of 9 March. I am content with the compensation scheme which you propose.

I am copying this letter to the Prime Minister, Paul Channon and to Sir Robin Butler.

*Yours truly,
John*

JOHN MAJOR



Secretary of State
for Employment

2 of 17

CH/EXCHEQUER	
REC.	17 MAR 1989
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PRIME MINISTER

DOCK LABOUR SCHEME : PUBLIC RELATIONS

Should we decide to ask Parliament to abolish the Dock Labour Scheme we would be faced with controversy in the House and strike action in ports.

In those circumstances it would be essential to take the initiative from the first day and retain it throughout the campaign. This note sets out for your information what I have in mind. Once we make our decision and announce it we would need to be:

- (a) sure that the reasons for it are properly understood in port areas and in the country at large; and
- (b) ready to respond swiftly and appropriately to events in Parliament, in the media, in the Courts and on the ground.

The positive message to be put over and sustained would be that this reform is right, certain to succeed and quite essential to the future success of the ports industry on which Britain as a trading nation depends. It will enable the Scheme ports to compete on equal terms and take the major opportunities for growth now opening up with the approach of the Single European Market.

Secretary of State
for Employment

The Scheme is an anachronism, a barrier to modernisation in and around Scheme ports, bad for working practices and relationships and quite unnecessary to secure reasonable terms and conditions for dock workers. The present registered dock workers will be given exactly the same employment rights as all other workers, together with generous compensation terms for those made redundant. We should also be able to stress that the continuation of the National Dock Labour Board for a transitional period enables the trade unions to play a constructive role in making new arrangements for such things as welfare, medical facilities and training.

A wide-ranging publicity effort, sensitively targeted and maintained, would be needed. Audiences would include opinion formers particularly in the media, employers and workers in all sectors, and of course the public at large. There would need to be close liaison with the port employers, who would be running their own campaign.

I have already circulated a draft of a White Paper fully explaining the background and our proposals. I would envisage publishing this immediately after telling the House of our decision. I would accompany this with a Press Conference, private briefings and media interviews.

I think this should be supplemented with a more popular, free, version of the White Paper in booklet form. I attach a draft of what I have in mind.

The White Paper and booklet would go to all MPs, the main employer bodies and selected individuals. My Regional Offices and Overseas posts would be sent the key documents and some back-up briefing.

In all this we would take care to cover the particular interests of ports locally around the country and look for supportive statements in return from all influential quarters.

Secretary of State
for Employment

In the days and weeks following the launch we should keep up the pressure by making the case solidly and repeatedly. I envisage articles for regional, local and free press especially in port areas as well as for the national press of all types. I shall provide notes for Ministerial colleagues to use in speeches around the country and in responding to the opposition.

On the political net all our supporters in the Commons and key members of the Lords will be provided with briefing material, and I am asking John Cope to convene a small group of our port MPs to ensure that they make full use of local media opportunities to put over our case and to provide another source of feedback on local developments.

To ensure that we respond swiftly and appropriately to events after any announcement I would convene a monitoring group - largely of officials - which would meet daily and report to you and colleagues. I am setting out proposals for this in a separate note for our meeting on 21 March.

I am copying this to the Chancellor of the Exchequer, the Lord President, the Lord Privy Seal, the Home Secretary, the Secretaries of State for Defence, Trade and Industry, Energy, Scotland, Wales, Northern Ireland, and Agriculture, the Attorney General, the Chief Whip and Sir Robin Butler.

N F

7. March 1989

SECRET AND CMO UNTIL 31 DECEMBER 1989

THE DOCK LABOUR SCHEME

SUMMARY

THE DOCK LABOUR SCHEME:

- * prevents ports handling 70% of our trade from competing as they should, by sustaining notorious restrictive practices, overmanning and poor industrial relations ;
- * raises costs, discourages investment, and destroys jobs, in ports and areas nearby;
- * penalises business to such an extent that the taxpayer has paid £770m in subsidies;
- * undermines effective management, by stopping employers from deciding how many people and who they employ;
- * produces a poorly motivated workforce, without incentive to become more productive;
- * is unnecessary to prevent widespread casual working and provide reasonable employment conditions.

THE GOVERNMENT PROPOSES TO:

- * abolish the Scheme and so end this statutory monopoly;
- * give dockers made redundant after abolition of the scheme the right to receive up to £35,000 each;
- * give the dockers the same employment rights and obligations as all other workers;
- * enable the National Dock Labour Board to transfer welfare and training facilities which meet the industry's needs, while it winds itself up;
- * contribute financially to these restructuring arrangements.

THE RESULT:

- competition between ports on equal terms, producing an efficient ports industry:

- * serving Britain's economy;
- * ready to face the challenges of the Europe's Single Market of the 1990s;
- * providing a fair deal for dockers.

Britain is a trading nation.

Our economy, its industries and the jobs they sustain depend on an efficient ports industry.

Inefficient ports, which charge more than necessary and offer a poor service, put up prices and are a barrier to jobs.

The challenge

Britain needs ports which ensure that our businesses are supplied and our goods are delivered on time all the time.

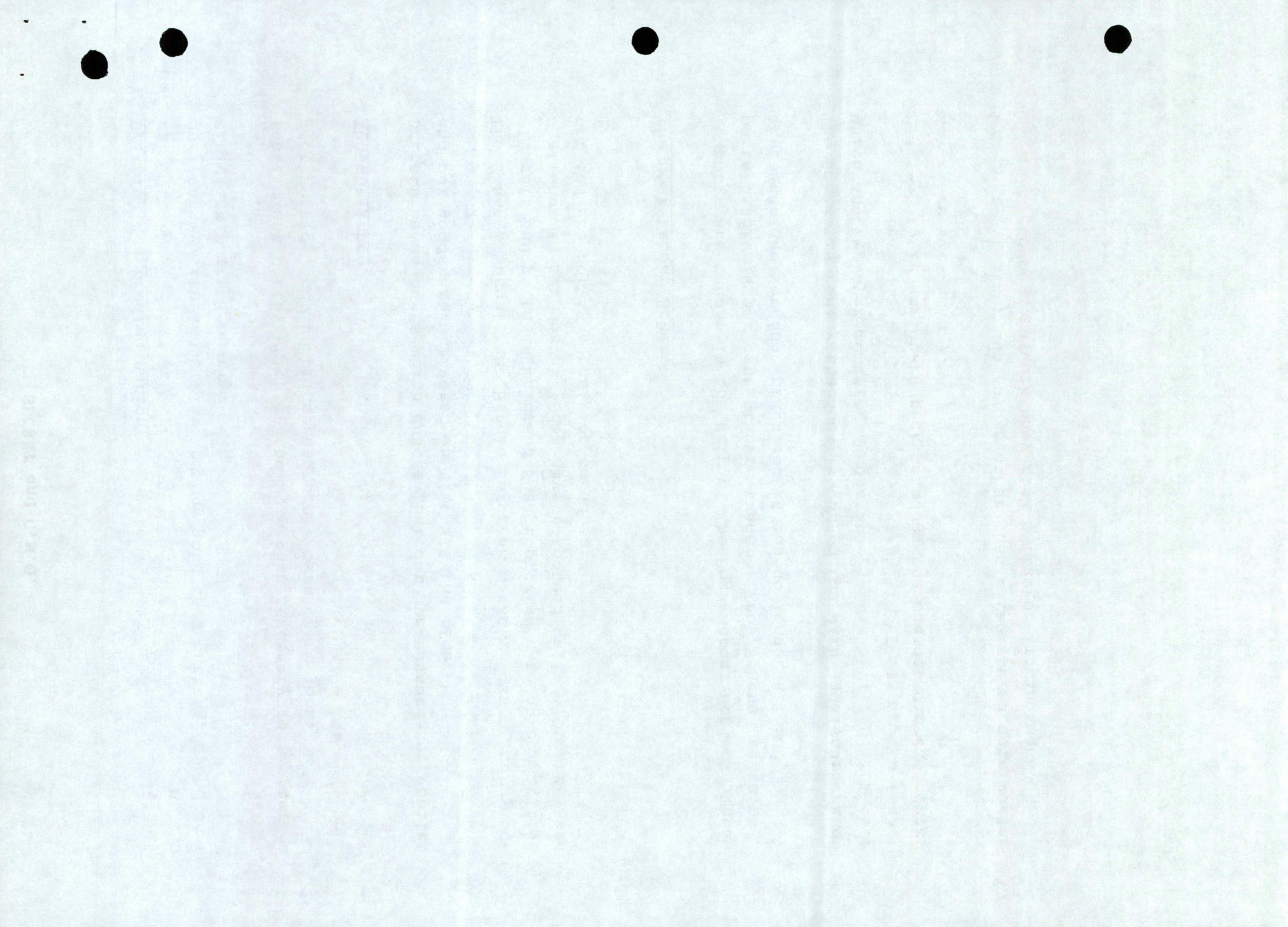
The Channel Tunnel, the Single European Market, cargo carrying aircraft and ports in mainland Europe provide a tough competitive challenge to our ports. Some have responded well. Others have not and are not in a position to do so.

The Dock Labour Scheme

46 ports are caught in the grip of **The Dock Labour Scheme**. These ports handle 70 per cent of our trade. The Scheme sustains attitudes and working practices we can no longer afford.

The Scheme is run by the dock labour boards with equal numbers of union and employer members. Under it

- only employers registered by the boards can do dock work.
- if they use anyone other than a registered dock worker to do such work they risk a fine or imprisonment.



- dock work and the areas where the Scheme's constraints operate are defined in regulations made nearly half a century ago.
- an employer who wants to recruit, or make a worker redundant, must have the agreement of the local board.
- any disciplining of dock workers, whatever the offence, has to be agreed by local boards.
- in practice employers, whatever the state of their finances, must pay a registered dock worker until he volunteers for redundancy, even when the worker's own employer has gone out of business
- employers have to pay the board for its activities and administration - in 1988 it cost them £4.7m.

The decline of Scheme Ports and Growth of non-Scheme Ports

These constraints undermine effective management and encourage dockers to believe that the Scheme, rather than the ability of their business to compete, protects their jobs.

The Scheme has not protected jobs. In the past 20 years the share of trade going through Scheme ports has declined from over 90 per cent to 70 per cent. Employment in those ports has declined; at the peak there were 82,000 registered dock workers now there are under 9,500.

Non-Scheme ports have thrived. Felixstowe - now Britain's 4th ranking port - has achieved a 14 fold increase in trade in 20 years. More business has meant more jobs. While employment in Scheme ports fell by 30 per cent between 1983 and 1987 in non-Scheme ports it grew by 10 per cent.

The Scheme will not disappear with time

While it exists, only registered workers, recruited and deployed by dock labour boards will be able to do dock work in our major ports. These ports still account for 70 per cent of our trade. Our economy, the taxpayer and the areas around Scheme ports cannot continue to foot the bill for the inefficiency which the Scheme produces:

- the areas of Scheme ports are creating fewer jobs than they should because the Scheme's restrictions discourage investment;
- the tax payer has paid, at today's prices, over £770 million to finance voluntary redundancy payments for registered dock workers and to subsidise employment in the ports of London and Liverpool;
- British business and jobs continue to pay the costs of inefficient, unreliable and strike prone ports.

The case for reform now is overwhelming. Our employment laws now give employers the responsibility for managing their businesses effectively. They also give employees individual rights and a real say in how unions are run. That framework is providing the right platform for the regeneration of British industry. It can do the same for all our ports. That is why the Government is acting now to abolish the damaging restrictions of the Dock Labour Scheme, and lift the barriers which prevent the majority of our ports from competing on equal terms to meet the challenges of the 1990s.

Irrelevant to today's needs

The Scheme originated as a means of controlling casual employment and of ensuring that there were enough people to do dock work during and after the war.

Various Acts of Parliament and industrial agreements have tightened its grip on the ports it covers and an Act in 1976 threatened to extend its provisions to all ports.

The growth of ports outside the Scheme, and experience in these ports, demonstrates clearly that the Scheme is not now needed for its original purposes.

Over a quarter of all dock workers are employed in ports to which the Scheme does not apply:

- their pay and conditions are competitive and are generally negotiated locally with the same trade unions who represent registered dock workers: ports outside the Scheme have no difficulty in attracting recruits;
- casual work is a thing of the past: in non Scheme ports in 1987 only 6.3% of dock workers were casual workers, a level of casual work comparable to that found in many other industries. Modern handling techniques require the employment of properly trained permanent staff.
- health and safety standards apply throughout the ports industry: new Docks Regulations issued by the Health and Safety Commission in 1988 provide an up to date framework for all dock workers, clear obligations for all port employers and wide powers for the Health and Safety Executive in all ports.

THE SCHEME DAMAGES OUR PORTS AND OUR ECONOMY

The Scheme is unnecessary. It is also harmful to the ports it affects and to the country's economy.

Overmanning is rife. The National Dock Labour Board estimated that 9.3% of registered dock workers were surplus to requirement in 1987. Unrecorded surpluses were probably higher.

...and destroys jobs

The costs of paying workers with nothing to do undermines the finances of port employers and costs more jobs in the long run. In Liverpool in 1980 10 local employers were forced to take on 800 dockers - 18% of the port's labour force - whose employers had gone out of business: most have now understandably gone out of business themselves.

Work practices are indefensible.

- dockers 'bob off' (go home) because there is not enough work to employ all those allocated by boards to an employer;
- dockers 'ghost' (are paid for a job they do not do) because many cargoes are best handled by other workers, yet because of the definitions of dock work under the Scheme the permission of the board is required, and dockers have to be paid, before unregistered workers can be used.

These practices have a real impact: the gates for the Thames Barrier were held up for several months in 1982 while registered dock workers on the Tees - who would not have actually loaded them

for transport to the Thames, but had to be paid for 'ghosting' - were on strike.

Discipline cannot be enforced. The unions' blocking vote on boards can prevent the dismissal of workers, however clear cut the case against them. Between 1980 and 1986 of 122 workers whose dismissal was sought by employers 100 were reinstated on appeal to a board. Employers can be stopped from pursuing their business if they refuse to take back such workers.

The industry can't meet its own redundancy costs. Redundancy can in practice only be achieved by voluntary means the standard payment needed to secure volunteers is £25,000 a person. Employers have simply been unable to fund the level of severance payments needed to achieve the large cuts in manpower vital to make the industry competitive. Since 1972 the taxpayer has helped with, over £420 million of support for these severance payments, at today's prices.

Recruitment is low and discriminatory. Persistent surpluses, mean employers have no incentive to offer jobs to young people. The average age of the workforce is over 47 years, well above the norm. When the board sanctions recruitment from the labour market the Scheme encourages discriminatory practices to flourish which in any other context the unions would condemn: nearly half of all recruits to the industry between 1970 and 1986 were dockers' sons.

Industrial relations in Scheme ports are poor.

- the Scheme encourages the unions to raise the stakes in local disputes by threatening national strike action.
- the 'job for life' provided by the Scheme means that registered dock workers tend not to consider the effects of strikes on their employers and their jobs;

- strikers cannot be disciplined by their employers whatever the breach of their contract of employment.

The Scheme rewards extremism and produces poorly motivated employees and demoralised management. It is clearly out of step with the needs of an industry which relies on its reputation for reliability for businesses and jobs.

The Scheme's restrictions damage the economy, the job prospects of Scheme ports and the surrounding areas:

- The Scheme adds unnecessarily to labour costs. The port employers estimate that overmanning, wasteful labour practices, and administration costs added over 20% to their wage bill in 1986. The ports and all their employees pay with their business and jobs, the nation pays through higher port charges and the price of goods it imports and exports;
- the Scheme discourages investment in port related jobs in the areas it covers, many in our Inner Cities. Within those areas dock workers can claim as theirs any work related to handling of goods which pass through the ports. The prospect of the Scheme's restrictions discourages investment especially by job creating small businesses. An independent study has estimated that 50,000 jobs might be created without those restrictions.

A framework for industrial relations for a vital industry which produces these damaging features has no place in the Britain of the 1990s.

Need for change

Real progress in Scheme ports depends on giving;

- employers and potential investors the certainty that the Scheme's restrictions cannot be used against the interests of their business;
- dock workers in Scheme ports the same individual rights as other employees and the sense of responsibility borne of an awareness that their jobs depend on their performance.

Courses of action

Scheme ports cannot be left to wither away and be replaced by ports outside the Scheme. Scheme ports account for 70% of our trade. Many, like London, Liverpool, Southampton, Hull, Grimsby, Immingham, Bristol, are in the right place, have the right facilities and have good road and rail links. The need now is to allow those ports to be managed in a way which makes the most effective use of the resources invested in them.

Negotiated change is not an option while the Scheme continues. The Transport and General Workers Union has made it clear that is not prepared to negotiate changes to a Scheme which gives the union immense power in our ports' industry.

The Future

The Dock Labour Scheme will be abolished. Relations between dock workers, their representatives and their employers will be subject to exactly the same arrangements as in all other areas of employment.

Not all of these changes can be made overnight. Institutions and expectations have been built up. The Governments' Dock Work Bill recognises this:

- It ends statutory controls on dock work.
- It gives all dock workers the same employment protection rights as other workers.
- It provides a generous compensation scheme for any former registered dock worker made redundant in the four years following the end of the Scheme. In the first year payment will be up to £35,000; in subsequent years up to 1993 the maximum statutory payment will fall in stages to £10,000.
- It gives the National Dock Labour Board, still with equal numbers of employer and union representatives, the chance to make sensible arrangements for the disposal of its assets and its responsibilities for welfare, medical and training facilities.
- It requires the Government to pay the Dock Labour Board's debts and wind up costs and half of the special compensation scheme.

The arguments and proposals outlined here are set out more fully in the White Paper "Employment in the Ports: the Dock Labour Scheme"

They provide a fair deal for dockers and the basis for an efficient ports industry, serving the needs of Britain's growing economy and ready to face the challenges of Europe's Single Market of the 1990s and beyond.



Secretary of State
for Employment

PRIME MINISTER

DOCK LABOUR SCHEME

1510 2 of 17

CH/EXCHEQUER	
REC.	17 MAR 1989
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✓ 17/3

We are to meet on 21 March to consider progress towards a possible decision on the abolition of the Dock Labour Scheme.

You will recall that we have a draft Bill, which could be introduced immediately we decided to do so, and a draft White Paper which could be published following the announcement of such a decision. We also have an assessment, by Officials led by the Cabinet Office, of the likely extent and impact of the industrial action that would follow any announcement. Copies of the White Paper and of the Cabinet Office assessment have been made available to one official in each of the departments who will be at our meeting on 21 March 1989.

At our last meeting I was asked to follow up a number of points:

1. Subject to any detailed comments from the Law Officers (including for Scotland) the Bill is cleared for introduction;
2. My officials have consulted the Law Officers on whether any strike against the ending of the Scheme would be 'political' and hence not attract immunity for those organising it. Their opinion is that the unions may well be able to procure immunity, but might fail to do so if their opposition is overtly political. The Law Officers confirm my view that we cannot rely on immunity being unavailable. Nor in my view should we base a decision on the view that there will be virtually no action in non-Scheme ports;

Secretary of State
for Employment

3. The Chief Secretary, the Secretary of State for Transport and I are all agreed that the compensation scheme for those former registered dock workers made redundant after Royal Assent should be on the following lines. It would give up to £35,000 lump sum payments to those made redundant in the year following Royal Assent; £26,000 to those made redundant in the second year; £18,000 in the third, and £10,000 in the fourth. Thereafter the ordinary redundancy scheme applied to all other workers would apply to all dockers. The Government and the port employer directly concerned would each contribute half the cost of payments under the special scheme. The port employer would decide both the number and the particular individuals to be made redundant. Volunteers would only qualify if their employer did not wish to retain them;
4. Former registered dock workers who are made redundant would be entitled to unemployment benefit on exactly the same terms (including being available for work) as other redundant workers, immediately they left their jobs. The special compensation scheme would not affect this entitlement;
5. I have circulated a separate note setting out a proposed public relations strategy and a draft of the White Paper in popular booklet form.

There are a number of procedural decisions we now need to take.

Surprise should be a key element. While the port employers' campaign has raised expectations, including their own, the media are not expecting a move at the moment. It is essential to keep it that way and avoid 'nods and winks' to anyone.



Secretary of State
for Employment

There are though two groups who have a clear operational need to know before we make any announcement. The police must be ready to respond to any strikes, picketing and demonstrations following any announcement, and the port employers must also be prepared to make supportive statements and to put their contingency plans into operation. I suggest that two or three key senior police officers, who will need to plan mutual assistance in England and Wales and in Scotland, are told in utmost confidence now how things might develop but the Chief Constables with responsibility for key ports - Scheme and non-Scheme - should not be told until the beginning of the week in which we take any decision and announce it. We should also consider whether my officials and those from the Department of Transport should tell the Director, Chairman and one deputy Chairman of the National Association of Port Employers in utmost confidence at the same time. — *re 3 April?*

Should we decide to go ahead I would propose starting daily monitoring meetings the day after the announcement. I would envisage a Transport Department Minister being involved in the sessions - which would be important to ensure that we were ready to respond swiftly and appropriately to events in Parliament, the Courts and on the ground. Other Departments which should be involved - though possibly through a senior official - are the Home Office, Trade and Industry, Agriculture, Scotland and Wales. You may wish No 10 to be represented. I shall seek nominations for this group on the day of any announcement.

I should also have the discretion to involve the Director of the Port Employers in those monitoring meetings. This would serve to ensure that our information was good and our responses co-ordinated with those of the employers but, above all, it might help dissuade employers from negotiating embarrassing agreements if the going got very difficult.



Secretary of State
for Employment

Should there be a leak before we are ready to take a decision, I suggest that we stress that no decision has been taken. I am, however, arranging the printing of the White Paper and the booklet to keep open the option of making any announcement immediately the House returns, if necessary.

At this stage I ask colleagues, noting the progress since we last met to agree that:

- (i) I should put this issue to Cabinet for decision after Easter;
- (ii) the matter should be treated with utmost secrecy and at this stage only two or three senior police officers should be told of the course we are considering;
- (iii) we should consider whether a wider range of police officers and the three key officials of the port employers should be told at the beginning of the week in which any decision is made;
- (iv) a monitoring group should be set up on the lines outlined above including No 10's Press Office or policy unit and the Director of the Port Employers;
- (v) we should keep open the option of bringing forward a decision if necessary.

I am copying this to the Chancellor of the Exchequer, the Lord President, the Lord Privy Seal, the Home Secretary, the Secretaries of State for Defence, Trade and Industry, Energy, Scotland, Wales, Northern Ireland, and Agriculture, the Attorney General, the Chief Whip and Sir Robin Butler.


N F

March 1989

SECRET AND PERSONAL

*PROP - BF 20/3
For Meeting Folder*

FROM: J E MORTIMER
DATE: 17 March 1989

CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Sir P Middleton
Sir T Burns
Mr Anson
Mr Monck
Mrs Case

DOCK LABOUR SCHEME (DLS)

You will be attending a further meeting on this subject at No 10 on Tuesday 21 March, lasting from 11.30am to 1.00pm.

2. The purpose of the meeting is:-

i. to alert a wider group of Ministers to what is going on. In addition to those attending on 1 March, the Minister of Agriculture, the Solicitor General and the Secretaries of State for Wales, Scotland, Northern Ireland, Defence and Energy will attend;

ii. to take a final look at the issues with a view to making a firm recommendation to Cabinet to end the scheme. The provisional plan is that Cabinet should meet at 8.30am on 6 April; if there is a decision to go ahead, an announcement would be made later that day.

3. All those present at Tuesday's meeting will have a copy of the draft White Paper prepared by Mr Fowler and the Cabinet Office assessment of the implications of a dock strike. Both of these papers were circulated prior to the Ministerial meeting on 1 March and should be in your folder. Those attending will also have a copy of a note to be circulated this evening by Mr Fowler.

Mr Fowler's note

4. The first part of Mr Fowler's note is likely to report developments since the meeting on 1 March. He will mention in particular that:-

i. agreement has been reached on the terms of a draft Bill to end the scheme. The Bill is with the Lord President, who has confirmed that L Committees approval for it can be taken as given. We have seen a copy of the Bill in draft and are content with it;

ii. agreement has also been reached on the compensation arrangements for registered dock workers (RDWs) made redundant during the 4 years following the ending of the scheme. He points out that ex-RDWs made redundant would be entitled to unemployment benefit in the usual way;

iii. he is consulting the Law Officers about whether the Bill can enter into effect as soon as it receives Royal Assent (without the normal 2 months delay). (Hopefully, the Solicitor General will provide advice on this at the meeting);

iv. the Law Officers have now confirmed that it would be unwise to rely on the assumption that a strike by RDWs would be regarded by the courts as political and hence illegal.

5. The paper goes on to suggest:-

i. that two or three senior police officers should be told, at the beginning of the week in which the announcement is planned, of the Government's intentions;

ii. that consideration should be given to notifying two or three of the key employers on the same date;

iii. that a monitoring group of Ministers and officials should be set up;

iv. that, if there were a leak, it might be sensible to bring forward a decision.

6. The paper has an annex, not for discussion, which is mainly concerned with publicity arrangements.

Objectives

7. In discussion, you will want to help convince those Ministers who are new to the subject of the importance of bringing the DLS to an end, and of making an early announcement of the Government's intention to legislate. The key argument is that the DLS confers unwarranted privileges on a small group of workers - registered dock workers - which increases costs and protects inefficiency in scheme ports. The sooner the scheme is ended, the better.

8. There are no other particular points we think you need to make, but you may be asked to comment on some of the suggestions in Mr Fowler's paper and on one or two other issues that have arisen in recent correspondence.

The economic implications of a dock strike

9. It is possible that one or more of the new Ministers may question whether ending the DLS is worth the economic disruption that a dock strike would cause. In reply, you could point to the analysis of the economic implications of a strike contained at Annex J of the Cabinet Office Paper (prepared in the Treasury). The conclusions are summarised in paragraph 52 of the main paper. This makes clear that the impact of a strike on sterling and interest rates would be small so long as the markets were convinced of the Government's determination to win. Short term disruption, even if it went on for many months, should have only a temporary effect on economic activity. Allowing for a surge in output after the strike ended, the medium to long run negative effect would be marginal (witness the miners strike). And small permanent gains in efficiency would be enough to offset very large temporary costs.

The arrangements for redundancy payments

10. Mr Channon wrote to the Chief Secretary on 9 March suggesting a redundancy scheme involving payments of £35,000 per head to ex-RDWs made redundant in the first year following abolition of the scheme, with the figure tapering off in the following 3 years (£26,000, £18,000 and £10,000 respectively). 50 per cent of the compensation would be payable by the Government, and 50 per cent by the employers. This proposal met your concern that the full payment of £35,000 should be available for 1 year only - ie until mid-1990. Making some broad assumptions about the number of RDWs likely to be made redundant, the cost of the scheme to the Government would be some £28 million over 4 years. The Chief Secretary replied to Mr Channon on 13 March agreeing to this proposal. He had said in earlier correspondence that he would consider in the light of the circumstances at the time a claim on the Reserve to meet any costs arising in 1989-90. Costs in later years could be looked at during the Survey discussions.

11. Clearly, in discussion, you will not want to imply that the agreement reached between the Chief Secretary and Mr Fowler might be reopened. What has been agreed is extremely generous, and it is by no means clear that making the proposals more generous would be of any help at all in terms of defeating a strike.

12. In his paper, Mr Fowler points out that ex-RDWs who benefit from redundancy payments would be eligible for unemployment benefit in the usual way. He does not suggest that they should be banned from receiving benefit. We think this is right. At a time when the Government is introducing controversial legislation to remove special privileges, it would be unwise to introduce special limitations on the ability of the dock workers concerned to benefit from unemployment benefit like any other group of workers.

British Rail and the CAA

13. Mr Channon wrote to the Chief Secretary suggesting that the Government should be prepared to agree to a 7½ per cent wage

settlement for the railwaymen. The Chief Secretary replied on 13 March saying that he would be most reluctant to see a settlement above 7 per cent. Mr Channon wrote again on 15 March saying he would be meeting Mr Reid, and would seek his views on the acceptability to the unions of a 7 per cent increase. We do not yet know the outcome of this meeting.

14. The critical question is whether the Government can achieve a settlement at 7 per cent without provoking industrial action, thus risking the possibility that the railwaymen would make common cause with the dockers. The answer is obviously a matter of judgement. In the view of Pay Division, however, a settlement at 7 per cent can be achieved. A 7 per cent increase would compare well with a number of recent settlements in other parts of the public sector, and would represent a fair reflection of British Rail's staff recruiting problems in the country as a whole and its ability to pay for the deal, as reflected in its financial position.

15. You yourself have made the point that any uncertainty created by the British Rail negotiations should not be used as an excuse for delaying announcing the ending of the DLS. If it were, there is a risk that no announcement would ever be made.

16. The Chief Secretary wrote to Mr Channon on 2 March saying that he was content for the chairman of the CAA (Mr Tugendhat) to try to reach agreement with his workers at 7½ per cent plus 1 per cent for flexibility. The unions want 8½ per cent plus 1 per cent. There has so far been no shift in negotiating positions. The settlement date is 1 April. CAA are likely to stand firm and, if necessary, implement their offer on 10 April. Our assessment is that industrial action is unlikely.

17. Various other important pay negotiations will be taking place over the next couple of months (eg involving electricity and water manual workers). We do not think there is any danger of the workers concerned joining forces with the dockers, but there could be difficulties arising from having to deal with a number of

disputes at the same time (at worst creating a "summer of discontent").

Informing the police and the employers

18. We see no objection to Mr Fowler's proposal that two or three senior policemen and perhaps two or three employers should be told about the Government's intentions on, say, 3 April. Clearly, the more people who are told, the greater the risk of a leak, so we would not want the information to be spread any wider than absolutely necessary.

Monitoring arrangements

19. Mr Fowler suggests that, in the event of a strike, a small group ought to be set up including himself, a Transport Minister (probably Lord Brabazon or Mr Portillo) and officials from a number of other departments (Home Office, DTI, MAFF, Wales and Scotland) along with a No 10 press officer. This seems sensible to us.

20. It would also be sensible to set up a group of Ministers with responsibility for taking any important decisions that may be necessary. It has been suggested that this should be a MISC group under the Prime Minister's chairmanship, including Ministers from Employment, Transport, Treasury, Home Office, MAFF and DTI. There is also a case for involving Ministers from the Scottish Office, the Welsh Office and the Department of Energy, though the group should not be too large.

21. Given the existence of these two groups, there would probably be no need to call a meeting of the Civil Contingencies Unit (though it could meet if necessary). This would follow the precedent set during the miners strike, when the CCU met on only one occasion.

Arrangements in the event of a leak

22. Mr Fowler suggests that, if there were a leak before 6 April, Ministers should react by saying that no decisions had been taken. It might, however, be necessary to bring forward the final decision date to 4 April (when Parliament returns after Easter). This seems sensible to us. A relevant consideration is that, in the view of the Department of Employment, the TGWU would not actually call for a strike before a decision was formally announced by Ministers - ie they would not act on rumour alone.

The publicity arrangements

23. Mr Fowler intends to:-

- i. publish a White Paper (the draft of which was attached to his minute of 24 February to the Prime Minister). We believe it contains a persuasive case, and there are no points we think you need to make on it;
- ii. circulate a shorter, popular version of the White Paper. (We have not yet seen a draft);
- iii. write to Government backbenchers explaining the Government's strategy, and brief Tory MPs with scheme ports in their constituencies.

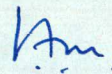
24. These arrangements all seem sensible. It is, of course, necessary for the Cabinet Office to vet publicity campaigns on grounds of propriety, while the Chief Secretary has a general interest in ensuring they give value for money. The Chief Secretary will therefore need to be consulted about the details of what is planned.

Legislative timetable

25. At the meeting on 1 March, the Lord President said, in response to a point you made, that he would consider further the scope for compressing the timetable for the Bill abolishing the

SECRET AND PERSONAL

DLS. You might wish to ask him whether he has anything further to report. Our understanding is that it should indeed be possible to accelerate the timetable, if acceleration was necessary, but a decision on this would need to be taken in the light of the circumstances of the time, and is not required now. The Government has, of course, a number of other important pieces of legislation that have to be progressed quickly (including the Social Security Bill and the Water and Electricity Privatisations Bills). Currently, so far as pushing through Government legislation is concerned, the House of Lords is proving more difficult than the Commons.



J E MORTIMER

mp



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB
01 276 3000

My ref :

Your ref :

pp

The Rt Hon John Major MP
Chief Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

CHIEF SECRETARY	
REC.	2 MAR 1989
CT	Mr Mortimer
CCPS TO	Mr. S. P. Middleton, Mr. Anson, Mr. Phillips, Mr. Monek, Mrs. Case Mr. Burgess, Mrs. Lomax, 20 MAR 1989 Mr. Williams, Mr. Richardson, Mr. Bradley, Mr. Call

Dear John,

MERSEY DOCKS & HARBOUR COMPANY (MDHC)

Your letter of 10 October 1988 agreed the terms on which I could accept, in respect of my shareholding in the MDHC, an offer for the Company by Mr John Whittaker. In the event Mr Whittaker did not proceed to make a bid. The MDHC, however, have been pursuing with me and my Department their own longstanding wish for a capital reconstruction of the Company which would involve severing all the special links, financial and otherwise, between the Government and the Company. The Chairman's preliminary announcement last month of the Company's 1988 results said - with my Department's agreement - that negotiations with the Government on a financial and corporate reconstruction were now at an advanced stage, and he expected to be able to make an announcement to shareholders when the Reports and Accounts are published in April.

After a good deal of discussion with my officials, the Company has now put to me detailed proposals which, subject to one or two small modifications, I feel able to agree. I should be glad to know whether you also accept them. My officials have kept you informed of the main features of the proposals.

I enclose a document produced by Robert Fleming & Co Limited, who are MDHC's financial advisers, which explains what is proposed. In summary, as far as the Government is concerned, I propose:

- to waive the repayment of the £110 million of repayable grant that we have made to the MDHC for severances and other purposes. We have checked that the European Commission see no state aid issue in this;
- to write off up to £1.5 million of the Company's outstanding £4.6 million loans to the Government (you will recall that we agreed to this a few weeks ago

COMMERCIAL IN CONFIDENCE

- as a means of enabling the MDHC to offer severance payments of £35,000 rather than £25,000 to registered dock workers made surplus when a large independent stevedoring company in Liverpool went out of business. The Fleming document does not mention this write off, because the Company has not yet told them about our agreement);
- to rescind the memorandum of understanding under which, since 1981, in return for the various forms of Government aid the MDHC has been obliged to consult us about various matters such as its budget, capital investment plans, disposals of assets, severance of surplus employees and so on;
- once the reconstruction proposals have been approved by the shareholders at an Extraordinary General Meeting scheduled for 8 May (I would vote my 20.67% of the shares in favour of them), to dispose of my shares as soon as practicable, subject to market conditions and any other relevant circumstances;
- when the shares have been disposed of, to relinquish to the Company the Special Share which empowers me to appoint up to three Directors. At that moment the two Directors whom I have appointed to the Board would resign, though I understand that one of them is willing, at the Company's request, to be invited to continue on the Board.

Unless, when the time comes, there is some powerful reason to do otherwise, I intend to dispose of my shares by inviting tenders for all or part of them. We can decide the details later, but my present disposition is not to name a minimum price or to have the offer underwritten, and to reserve the right to reject any offer, in case we have serious misgivings about any of the bidders. I am being advised on this aspect of the proposals by CL-Alexanders Laing and Cruickshank, and have been advised on the overall package, as on the earlier discussions with Mr Whittaker, by Price Waterhouse. MDHC have been keen that I should place my shares with a number of institutions which they would regard as friendly to the Company, but I have maintained firmly that it is for the Government, with the help of its own advisers, to decide how to dispose of its own shares, and in my view inviting tenders in the way in which we will secure the best interest of taxpayers and avoid any risk of being accused of unfairness or of failing to obtain as good a price as we could have.

The MDHC are, of course, worried that the Government's shares might be snapped up by a potential predator. In fact we know, though they do not, that Mr Whittaker will be likely to make a bid for them. I do not think we need feel any disquiet

COMMERCIAL IN CONFIDENCE

about such a possibility, or indeed about anyone else of comparable standing acquiring a major stake in the MDHC. After all, we were prepared to agree on very similar terms to a bid by Mr Whittaker for a complete takeover of the Company. If the Company believes it is now strong enough to be cut loose from the Government's apron strings, it must be prepared to face up to the possibility that it could be attractive to a takeover bid.

I have considered whether the recent rapid rise in the share price (the shares are now just under £7, having been around £4.00 when we were in serious discussion with Mr Whittaker last autumn) mean that we are being unduly generous to the MDHC. As far as we can discover, the share price has been driven up by speculation in a small market about the MDHC's property development prospects. But their plans are very dependent on the Merseyside Development Corporation helping with infrastructure costs as well as giving planning approvals, and if things do not work out for MDHC in the coming months, the share price could as easily fall sharply. Moreover, it would be very awkward to try to backtrack now on features of the proposals that we have hitherto been prepared to go along with. Of course, the higher the share price, the bigger the potential proceeds for the taxpayer anyway. It is difficult to guess what we might obtain in two or three months for so large a block of shares in a small market, but at the present market price they are worth around £28 million. So the net return to the taxpayer should be advantageous compared with a year or six months ago.

You will see that the MDHC plan to announce details of their reconstruction proposals, if we agree them, on 14 April. I shall need to make a statement in the Commons at the same time, by written answer through an arranged Question. Our officials will be in touch about the terms of the agreement.

I should like to be able to let the MDHC and its advisers know by Easter if we can agree their proposals, so that they can complete the preparation of the necessary documentation. I know the next few days will be exceptionally busy for you, but I hope you will be able to give this your attention.

I am sending a copy of this letter for information to Nicholas Ridley.


PAUL CHANNON

THE MERSEY DOCKS AND HARBOUR COMPANY

Submission to the Secretary of State for Transport
by Robert Fleming & Co. Limited on behalf of
The Mersey Docks and Harbour Company ("MDHC" or "the Company")
in connection with the proposed capital re-organisation of MDHC

1. Objective

The Company's principal objective is to achieve the orderly dissolution of its current relationship with Government in such a way as to enable it to carry out its business on an independent commercial basis for the future, while recognising the status of MDHC as a Harbour Authority with statutory obligations.

The achievement of this objective will require a reorganisation of the Company's capital and corporate structure, which will be undertaken in two stages. The proposal set out in this paper relates only to the first stage of the reorganisation.

It is intended to bring forward the legislation required to complete the corporate restructuring in a private Bill to be deposited by November 1989, for consideration during the 1989/90 Parliamentary session. Such a Bill would place MDHC in the position of a commercial company incorporated under the Companies Act 1985 in terms of its corporate powers and in terms of the remedies available to its creditors.

The consent of the Secretary of State for Transport is sought, where relevant, to the matters included within the capital reorganisation, as described in this submission.

2. Summary of the proposal

The proposal contains five principal distinct but related elements, as follows:-

- (a) waiver of the repayable grants;
- (b) Harbour Act loans;
- (c) capitalisation of the existing unsecured loan stock;
- (d) elimination of the Special Share; and
- (e) placing on behalf of small shareholders.

- Notes:
- i) (c) will require the sanction of shareholders (by Special Resolution) and of loan stock holders (by Extraordinary Resolution) at the relevant Extraordinary General Meetings; (d) will require the sanction of shareholders by Special Resolution and a class consent of the holder of the Special Share.
 - ii) It is understood that the Secretary of State for Transport will arrange for the disposal of the 4,137,265 MDHC Combined Units (or the equivalent number of ordinary shares following the capitalisation of the Loan Stock) held by him (the "Government shares"), at a time and in a manner to be determined, subject to the completion of the matters set out in (a) to (e) above and to market conditions.
 - iii) The Company accepts that it will not be raising new money in conjunction with the capital reorganisation and that no Harbour Revision Order will be sought in connection with the capital reorganisation.

The separate elements of the proposed transaction are discussed in more detail below.

3. Details of the proposal

(a) Waiver of repayable grants

The elimination of the contingent liability represented by the repayable grants is a necessary first step towards any financial reconstruction. Such waiver will be conditional upon the necessary shareholder and loan stock holder consent to the principal elements of the capital reorganisation. It is assumed that a public announcement will be made at the time of the reorganisation to the effect that no further loans or grants will be forthcoming under the Ports (Financial Assistance) Act 1981.

(b) Harbour Act loans

Harbour Act loans outstanding in the amount of £4.6 million are the subject of current discussions between the Company and the Secretary of State for Transport. In view of the proposed capital reorganisation, and in particular the waiver under (a) above, the Company regards it as appropriate that this issue be resolved prior to the announcement of the reorganisation.

(c) Capitalisation

The Company has in issue 20,017,099 Combined Units comprising 1 ordinary share and £1 nominal of unsecured loan stock, the latter repaid as to 32p per unit. It is proposed that the residual loan stock (including any rights to the cash pool of £142,922 held by the Custodian) be capitalised into 40,034,198 new ordinary shares in MDHC, on the basis of one new share for each 34p nominal of loan stock outstanding. The existing ordinary shares comprised in the Combined Units will remain in issue and the Special Share will be converted into an ordinary share (see (d) below), resulting in an issued ordinary share capital of 60,051,298 shares.

Issue of the new ordinary shares will be subject to the consent of both shareholders and loan stock holders and to listing. It is assumed that the shares and loan stock held by the Secretary of State will be voted in favour of these proposals at the relevant Extraordinary General Meetings.

Based on the closing price on 3rd March, 1989 of 695p per MDHC Combined Unit, such capitalisation would give a theoretical "ex-scrip" price of 232p per share.

(d) Elimination of the Special Share

As a consequence of the capital reorganisation and the waiver of the repayable grants, the Special Share held by the Secretary of State will be converted into an ordinary share. The effect of this will be that the right attaching to the Special Share, entitling the Secretary of State to appoint up to three "A" directors, will also be cancelled. It is envisaged that the "A" directors will resign upon completion of the capital reorganisation and that one or more non-executive directors will be invited to join the Board of MDHC following the capital reorganisation.

(e) Placing on behalf of small shareholders

It is intended that holders of up to 100 Combined Units in MDHC should be offered the opportunity to dispose of their interest, as an alternative to participation in the capital reorganisation, by way of a placing with institutions at the market price following completion of the transaction, the costs of such disposal to be borne by the Company. If taken up in full, this offer would have the effect of reducing the share register of MDHC by approximately 6000 members, currently accounting for some 40% of total holders by number and 1.5% by value of holding.

(f) Disposal of the Government shares

The Secretary of State for Transport has informed the Company that it is the Government's intention to dispose of its shareholding in MDHC as soon as practicable after completion of the capital reorganisation, subject to market conditions at the time. Such disposal will take place in full consultation with the Company and its advisers.

A clear statement of the Secretary of State's intentions, together with the views of the Board of MDHC and its advisers on the proposed method and timing of such disposal will be set out in the circular sent to the Company's shareholders at the time of the reorganisation.

4. Timetable

It is proposed that an announcement of the reorganisation be made on 14th April, 1989 and a circular be posted to the Company's shareholders and loan stockholders on that day, containing Notices of Extraordinary General Meetings to be held on 8th May, 1989. The Company would welcome an indication of the Secretary of State's views before the Easter recess, and would seek formal consent by no later than Friday 7th April, 1989.



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

22 March 1989

CH/EXCHEQUER	
REC.	23 MAR 1989
ACTION	NO COPIES
COPIES TO	

Dear Aline,

DOCK LABOUR SCHEME

The Prime Minister held a meeting yesterday morning to discuss your Secretary of State's two minutes of 17 March. Those present were the Chancellor of the Exchequer, the Home Secretary, the Secretaries of State for Employment, Northern Ireland, Trade and Industry, Scotland, and Energy, the Minister of Agriculture, Fisheries and Food, the Lord President, the Lord Privy Seal, the Solicitor General, the Chief Whip, the Minister of State for the Armed Forces, the Minister for Aviation and Shipping, Sir Robin Butler, Richard Wilson, George Monger and John Neilson (Cabinet Office) and Greg Bourne (Policy Unit).

I should be grateful if you and copy recipients would ensure that no further copies are taken of this letter, that it is handled strictly in accordance with CMO arrangements and that it is seen only by named individuals with a need to know, authorised by their Minister to do so.

Summing up the discussion, the Prime Minister said that the proposals at the end of your Secretary of State's minute of 17 March reporting on progress were agreed, subject to the following points:

- a. The compensation of up to £35,000, paid to those made redundant should be available for a period of eighteen months after Royal Assent, lasting into 1991. The procedure for selecting those to be made redundant should be clarified in the light of practice in the industry. It was essential that it should be operated fairly. Your Secretary of State, in consultation with the Chancellor of the Exchequer and the Secretary of State for Transport, should consider further how the payment of redundancy compensation should be tapered after the first eighteen months. It might only be necessary to have one step-change downwards, with the arrangements lasting for less than a total of four years.
- b. Your Secretary of State should consult the Business Managers about the intended Parliamentary timetable for any regulations to be made under the draft legislation following Royal Assent, and whether the need to make

such regulations affected the date on which the Act could come into effect.

- c. The proposals for informing two or three senior police officers, and key Chief Constables, were agreed. Senior officers of the National Association of Port Employers should not be given any indication until a day or two in advance. Your Secretary of State would consult the Secretary of State for Transport on the precise timing.

The Prime Minister said that the Solicitor General had confirmed that the draft legislation could be brought into force immediately after Royal Assent, and that he was satisfied there were no legal difficulties raised by the current draft of the Bill. It was agreed that the White Paper, and its shortened form, should be measured and statesmanlike in tone and content; any emotive drafting should be removed. It would be most important that abuses and anomalies under the Scheme gained widespread publicity immediately after any announcement.

In conclusion the Prime Minister said that no final decision had been taken. This was a matter which could only be decided in Cabinet. It was vital that further work remained confined to as small a group as possible.

I am copying this letter to the Private Secretaries of the Ministers present, to Stephen Williams (Welsh Office) and to Sir Robin Butler and Richard Wilson (Cabinet Office).

Yem,
P.G.

(PAUL GRAY)

Clive Norris, Esq.,
Department of Employment.

000223



Department of Employment
Caxton House, Tothill Street, London SW1H 9NF
5803
Telephone 01-273
Telex 915564 Fax 01-273 5821

Secretary of State

The Rt Hon John Major MP
Chief Secretary
Treasury Chambers
Parliament Street
LONDON
SW1

23. March 1989

Dear John.

DOCK LABOUR SCHEME : COMPENSATION FOR REDUNDANCY

At a meeting held by the Prime Minister on 21 March it was agreed that we should modify the terms of compensation for former registered dock workers (rdws) made redundant in the event of our abolishing the Dock Labour Scheme.

The new proposal is that payments of £35,000 would be available to each rdw made redundant during an 18 months period after Royal Assent, reducing to £20,000 payments in the following 18 months period, after which the compensation scheme would end. The Government's contribution would remain at 50% of all payments.

The profile of redundancies would be altered somewhat from that which we have previously assumed, but not so as to affect our existing estimate of the overall costs of £28 million, of which £12 million would arise in the financial year 1989/90. I hope you will be able to agree this change on the same basis as before.

I am sending copies of this letter to the Prime Minister, Paul Channon and Sir Robin Butler

Norman Fowler
NORMAN FOWLER



Employment Department · Training Agency
Health and Safety Executive · ACAS

SECRET



Department of Employment
Caxton House, Tothill Street, London SW1H 9NF
5803
Telephone 01-273
Telex 915564 Fax 01-273 5821

Secretary of State

The Rt Hon John Wakeham MP
Lord President of the Council
and Leader of the House of Commons
Privy Council Office
Whitehall
LONDON
SW1A 2AT

23 March 1989

Dear Lord President,

DOCKS

At our meeting on 21 March the question was raised of whether there would be any difficulty in making regulations to establish a special redundancy compensation scheme immediately after Royal Assent. I agreed to look into this.

I am advised that it should be possible for the regulations to come into effect as from Royal Assent. The regulations are subject to the negative resolution procedure. While on present plans that would take us beyond the recess even a successful prayer would not invalidate payments between the regulations being made and the prayer.

I know it is usual to allow 21 days to elapse between the regulations being laid and their coming into force. This 21 days is to allow the Joint Committee on Statutory Instruments to carry out a technical scrutiny of the regulations. However the procedures do allow for the instruments to have immediate effect where this is essential. The grounds for this have to be set out when the regulations are sent to the Joint Committee.





Secretary of State
for Employment

In this particular case the absence of enabling legislation prevents the regulations being laid earlier than Royal Assent. For policy reasons we do not wish to prolong the period of registration nor do we wish there to be a gap during which employers could escape their obligations by dismissing their former registered workers. I think these constitute grounds for not allowing 21 days in this case.

Introducing the new compensation scheme by regulation simplifies the basic legislation, and reduces the case for prolonged debate in Committee. There is a possibility that we may be forced to find time for a debate on a prayer, but I don't think that can be avoided without complicating the Bill. Incidentally, I understand the draft regulations would be published in time for the Commons Committee stage of any docks bill.

I am copying this letter to Paul Channon, Patrick Mayhew, Lord Belstead and Sir Robin Butler.

Yours sincerely,

Clive Norris

[approved by the Secretary of State
and signed in his absence]

NORMAN FOWLER

SECRET

1. Jonathan
2. JWP.FROM: R T FLYNN
DATE: 28 MARCH 1989

1. MR MORTIMER
2. FINANCIAL SECRETARY
- Am. 28/3*

cc Chancellor
Chief Secretary (o/r)
Sir Peter Middleton
Mr Anson
Mr Monck
Mrs Case

DOCK LABOUR SCHEME: COMPENSATION FOR REDUNDANCY

1. There have been discussions between a small group of Ministers about proposals for ending the Dock Labour Scheme. The Cabinet is likely to reach a decision on this matter on 6th April, with an announcement expected on the same day.

2. The terms of compensation for former registered dock workers (RDW) made redundant over the next few years have been a part of the discussions. The Chief Secretary has received a letter from Norman Fowler dated 23 March 1989 requesting his agreement to a modification of the terms agreed in earlier correspondence. Mr Fowler now suggests compensation at £35,000 for 18 months for each RDW made redundant followed by £20,000 for a further 18 months.

3. Mr Fowler says the modification was agreed at the Prime Minister's meeting of 21 March. The report we had of the meeting indicated that the agreement was for £35,000 for 18 months followed by £18,000 for 18 months. The difference, however, is small and we do not think it worth quibbling with Mr Fowler over the terms for the second 18 month period. The overall public expenditure cost of the redundancy package as now proposed by Mr Fowler is the same - £28 million - as the package agreed by the Chief Secretary on 13th March, though the costs would be incurred a little earlier.

4. We recommend that you agree, on the Chief Secretary's behalf, to Mr Fowler's proposal. A draft letter is attached.

R T Flynn.

R T FLYNN

*SECRET

DRAFT LETTER FROM THE FINANCIAL SECRETARY TO THE SECRETARY OF
STATE FOR EMPLOYMENT

DOCK LABOUR SCHEME: COMPENSATION FOR REDUNDANCY

Thank you for your letter to the Chief Secretary of 23 March. I am replying on his behalf. I am content with the modification of the terms of compensation which you propose.

I am copying this letter to the Prime Minister, Paul Channon and Sir Robin Butler.



COPY NO: 5^A OF: 5

cc: Chancellor, CST,
Sir P. Middleton,
Mr Anson, Mr Mouch,
Mrs Case, Mr Flynn,
Mr Mortimer.

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London SW1H 9NF

30 March 1989

pl.
(We probably didn't get this -> please get copy from CST's)

Dear Secretary of State,

DOCK LABOUR SCHEME: COMPENSATION FOR REDUNDANCY

Thank you for your letter to the Chief Secretary of 23 March. I am replying on his behalf. I am content with the modification of the terms of compensation which you propose.

I am copying this letter to the Prime Minister, Paul Channon and Sir Robin Butler.

Yours sincerely,

PP **NORMAN LAMONT**

(approved by the Financial Secretary and signed in his absence)



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

3 April 1989

CH/EXCHEQUER	
REC.	03 APR 1989
OFFICE	
DATE	
TO	

Dear Mr Fowler,

DOCKS

Thank you for your letter of 23 March about making Regulations immediately after Royal Assent. I accept entirely your point about the 21 day rule which poses no special procedural problem but of course will be part of the generally contentious nature of the legislation.

I also see the advantages of bringing in the new compensation scheme by Regulation rather than in the primary legislation. However I thought that in particular Nigel Lawson thought there were considerable advantages in having the arrangements in the legislation itself but I am content whichever way you seek to deal with it. I think it is very important to have the draft Regulations available for the Commons Committee Stage as this will help the passage of the legislation.

I am sure we must plan for there to be a debate on the Regulations very soon after they are laid even if the Joint Committee on Statutory Instruments has not had time to report on them but obviously the more time we have for that process the better.

I am copying this letter to Nigel Lawson, Paul Channon, Patrick Mayhew, John Belstead and Sir Robin Butler.

Yours sincerely

John Wakeham

PP JOHN WAKEHAM

Approved by the Lord President in draft & signed in his absence.

Rt Hon Norman Fowler MP
Secretary of State for Employment

M

FROM: J E MORTIMER
DATE: 3 APRIL 1989

CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Sir P Middleton
Mr Anson
Mr Monck
Mrs Case
Mrs Flynn

DOCK LABOUR SCHEME (DLS)

There will be a further meeting on this subject tomorrow at 11.30 am. It has been called by the Prime Minister. Other Ministers attending include Mr Fowler, Mr Channon, Mr Hurd and Lord Young.

2. I have been told there are no specific questions to be resolved. The Prime Minister just wants to make sure that all the necessary arrangements are in hand for an announcement on Thursday of the Government's intention to abolish the DLS. The meeting is likely to be short - perhaps half an hour.

3. Your objective will be ensure that no minor last minute hitches are allowed to hold up Thursday's announcement. There are no particular points we think you need to raise.

The plan

4. You will recall that the plan is for Cabinet to meet at 8.30 am on Thursday, 6 April to take a final decision on whether to end the DLS. Assuming the decision is to go ahead, an announcement to Parliament would be made that afternoon. The Bill to end the DLS would be laid before Parliament and published on Friday, 7 April. The aim would be to achieve Royal Assent for the Bill, and to lay the Regulations required to introduce the new redundancy arrangements, before the Summer recess.

5. It is assumed that the announcement to end the DLS will precipitate a national dock strike. As Mr Fowler suggests in one of the two minutes he circulated on 17 April, he would set up a

MARCH

small group with representatives from the Departments of Employment, Transport, DTI, the Welsh and Scottish Offices, MAFF and No.10 to monitor developments. Publicity arrangements would include:

- the publication of a White Paper - along with a shorter "popular" version - on 6 April;
- articles in local and regional newspapers;
- the circulation of briefing material for use by backbenchers and Government supporters in the Lords, and notes for use in ministerial speeches.

The meeting on 21 March

6. The letter from Mr Gray (at No.10) to Mr Norris (Department of Employment) of 22 March records what was agreed at the ministerial meeting on 21 March. The main points were:

- (i) it would be desirable to modify the arrangements for compensating Registered Dock Workers (RDW) made redundant after the scheme was ended. Compensation should be at a rate of £35,000 for the first 18 months with a taper thereafter. Further consideration should be given to the procedures for selecting those to be made redundant;
- (ii) Mr Fowler would consult the business managers about the Parliamentary timetable for introducing Regulations under the Bill once it had obtained Royal Assent;
- (iii) it was agreed that two or three senior police officers should be told at an early opportunity about what was planned. Mr Fowler would consult Mr Channon about informing the Chief Constables responsible for the key ports.

7. The Solicitor General confirmed that the Bill could enter into force as soon as Royal Assent was signified.

Follow up

8. Follow up on the points referred to above has been as follows:

(i) Mr Fowler wrote to the Chief Secretary on 23 March with a proposal for redundancy payments at £35,000 for 18 months after the ending of the scheme followed by £20,000 for a further 18 months. The Financial Secretary replied on 30 March agreeing to this proposal. The public expenditure cost of the modified proposal - some £28 million - is the same as the earlier arrangements agreed in correspondence between the Chief Secretary and Mr Fowler;

(ii) Mr Fowler has written to the Lord President and the Attorney General (not copied to the Treasury) saying that Regulations under the Bill would be subject to negative procedure. This means that they could take effect as soon as they were laid (a day or two after Royal Assent) even though Parliament had 40 days to reject them. Mr Fowler has also suggested that, in the special circumstances of this legislation, it would be right to deny to the Scrutiny Committee the usual 21 days to scrutinise the Regulations before they came into effect;

(iii) three senior police officers (at Scotland Yard) have already been informed about the Government's intentions. Some 15 Chief Constables with responsibility for scheme ports are being told today. Mr Fowler has told his officials that the Chairman of the Port Employers Association should not be told until after tomorrow morning's meeting at the earliest; his present inclination is not to tell him at all until after Thursday's announcement to Parliament (since he does not want to be accused of acting in cahoots with the employers).

but copies are behind.

Recent developments on pay

9. British Rail are having a further meeting with the railway unions today. They intend to offer a 7 per cent increase (the maximum allowed by the Chief Secretary in his letter of 13 March to Mr Channon). The view of Pay Division remains that a settlement can be secured at around this level.

10. The CAA unions are consulting their members about a pay offer of 7½ per cent plus 1 per cent for flexibility. Although the unions are recommending that the offer should be rejected, they are not seeking a mandate for industrial action. CAA are confident that the work force will in fact vote to accept the offer.

JEM

J E MORTIMER



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

4 April 1989

Dear Clive,

DOCK LABOUR SCHEME

The Prime Minister held a meeting this morning to discuss the Dock Labour Scheme. Those present were the Chancellor of the Exchequer, the Secretaries of State for Employment, Trade and Industry and Transport, the Lord President, Sir Robin Butler, Richard Wilson, George Monger and John Neilson (Cabinet Office) and Greg Bourne (Policy Unit).

I should be grateful if you and copy recipients would ensure that no further copies are taken of this letter, that it is handled strictly in accordance with CMO arrangements and that it is seen only by named individuals with a need to know, authorised by their Minister to do so.

Summing up the discussion, the Prime Minister said that the following additional points had been agreed:

- a. Your Secretary of State should circulate a short paper the evening before it was discussed in Cabinet. This should be accompanied by the proposed White Paper. Any statement which it was agreed should be made in the House by your Secretary of State should precede the Lord President's business statement. It should be repeated in the House of Lords by Lord Brabazon.
- b. The Director, Chairman and Vice-Chairman of the National Association of Port Employers could be warned in strict confidence that a statement was to be made, if this was what Cabinet decided. The Chairman of the General Council of British Shipping could also be warned an hour or two before the announcement. The police should be asked not to contact local port employers in advance of any announcement.

I am copying this letter to the Private Secretaries of the Ministers present, to Philip Mawer (Home Office) and to Sir Robin Butler.

Paul
(PAUL GRAY)

Clive Norris, Esq.,
Department of Employment.

SECRET AND PERSONAL

FROM: J E MORTIMER
 DATE: 5 APRIL 1989

CHANCELLOR

cc Chief Secretary
 Sir P Middleton
 Mr Anson
 Mr Monck
 Mrs Case
 Mrs Flynn

CABINET, 6 APRIL: DOCK LABOUR SCHEME (DLS): SPEAKING NOTE

Cabinet is due to meet at 8.30 am tomorrow to confirm, amongst other things, the decision to end the DLS. Out of the whole of the Cabinet, only Sir Geoffrey Howe, Lord Mackay and Messrs Ridley, Baker, Clarke and Moore do not know what is planned. If called upon to speak, you might say:

- the DLS confers quite unwarranted privileges on a small group of workers. It pushes up costs, protects inefficiency and worsens competitiveness. We need to end the scheme as soon as possible;
- as far as the economic consequences of a dock strike are concerned, the key point is that the effects on interest rates and the exchange rate are likely to be small so long as the public is confident of the Government's determination to win. The long run consequences should, of course, be beneficial insofar as the ending of the scheme will improve dockland efficiency;
- the redundancy arrangements - £35,000 for registered dockers made redundant in the first 18 months after the scheme is ended, and £20,000 for the next 18 months, with half provided by Government - are extremely generous. No case for more generous provision;
- failure so far to reach agreement with the rail unions on pay should not be allowed to hold up the Government's announcement. If it were, the risk is that no announcement would ever be made. Always bound to be some other important negotiations in progress.

J.E.M.

J E MORTIMER



SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 . . . 5802
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

5 April 1989

Dear Paul,

I attach a copy of the Statement which, subject to the discussion scheduled for Cabinet tomorrow morning, my Secretary of State intends to make in the House tomorrow afternoon.

I am copying this letter and enclosure to Alex Allan (HM Treasury), and to Roy Griffins (Department of Transport).

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary



SECRET AND CMO UNTIL 31 DECEMBER 1989
Employment Department · Training Agency
Health and Safety Executive · ACAS

STATEMENT

With permission I should like to make a statement about the future of the Dock Labour Scheme.

This Scheme was first introduced just after the end of the second world war under the Dock Workers (Regulation of Employment) Act of 1946. An amended Scheme was brought into being in 1967 and remains in operation today. It now covers 40 main British ports responsible for handling some 70 per cent of our national trade. A further 35 ports are outside the Scheme because they were not significant for cargo handling in the immediate post war years.

The Scheme is administered by the National Dock Labour Board and its 20 local boards which are made up of equal numbers of trade union and employer members. The boards have very wide powers to control employment in Scheme ports, including the numbers employed and ultimate decisions on discipline.

Boards keep registers of those who alone are permitted to do dock work in Scheme ports. An employer who, without approval of the board, uses non-registered dock workers commits a criminal offence. The nature of dock work itself and the exact areas where the Scheme applies are subject to statutory definitions which have remained unchanged since the war.

The original purpose of the Scheme was to ensure greater regularity of employment for dock workers. Since then however there have been radical changes in cargo-handling technology, and dock work today by its very nature itself requires a permanent and skilled workforce. In ports where none of the Scheme's restrictions apply, casual working, which was such a feature of dock work before the war, is very small. In big non-Scheme ports like Felixstowe and Dover, it is effectively non existent.

Over the last 10 years the number of dockers employed in non-Scheme ports has risen by a third to around 4,000. During the same period the numbers of registered dock workers has dropped by nearly two-thirds from 27,000 to 9,400 today.

As the House will know it is a major objective of the Government to remove barriers to employment and in the last year we have published two White Papers in this area. As part of this continuing process the Government has now reviewed the Dock Labour Scheme and I am publishing today a White Paper which sets out our conclusions. In summary, we believe that the Scheme suffers from a range of fundamental defects and that the time has now come to put the position right.

The Scheme provides a statutory monopoly in dock work. No one other than employers and workers registered by the dock labour boards can engage in dock work, and the employers face prosecution if they do not observe this requirement. Given the changes in the nature of dock work this is not only unnecessary but also totally at variance with the practice in any other industry. It has created two classes of employees in the ports - registered dock workers, and the majority of other workers. And it has certainly not secured good industrial relations in Scheme ports.

Management is unable to manage its own workforce effectively and restrictive practices add to the costs of the ports. The public have to pay for the costs of the Scheme, both as customers for goods that come through the ports and also as taxpayers. We estimate that since the early 1970s the taxpayer has contributed over £420 million in today's prices in payments for voluntary severances, the only means of reducing any surpluses of registered dock workers. A further £350 million of public money has gone to help inefficient Scheme ports survive.

Just as important is the effect that the existence of the Scheme has on prospective investment in Scheme port areas. Companies are deterred from investing for fear that they will be caught by the Scheme. The Government believes that without this constraint

there would be more investment and more jobs in our ports and their surrounding areas.

In short, the dock labour scheme today is a total anachronism.

We rely on our ports for the bulk of our trade. We must ensure that they can prepare for the intensified competition that free movement of goods in the European Community after 1992 will bring.

The Scheme will not simply wither away of its own accord. For that to happen, our great historic ports as well as smaller ports all around the country would have to close permanently. That would involve abandoning major facilities with all their natural advantages of location and tidal waters, fixed assets and infrastructure, much of it provided at public expense over many years. Local business activity in port areas would suffer equivalent damage.

The Government has concluded, therefore, that positive action is needed to free the Scheme ports from their present artificial constraints. Our intention is to bring all port employers and dock workers into exactly the same position as other employers and workers.

The only way in which this can be effectively achieved is through the abolition of the Dock Labour Scheme. Its amendment or restriction would not remedy present defects and would merely create new problems. The Government therefore proposes to introduce a Bill to repeal all the existing legislation connected with the Scheme.

The Bill will provide for the National Dock Labour Board to remain in being temporarily to transfer medical and training facilities as the industry requires, and then to wind up its affairs. The Government will assist financially, for example by meeting redundancy payments due to Board staff.

The legislation will also make special provision for registered dock workers. As soon as it is enacted, they will acquire all the normal employment protection rights which are available to other workers, but from which they are currently excluded by virtue of the Scheme. In addition, the Government is introducing a new statutory compensation scheme for anyone made redundant during a transitional period after the Scheme is abolished. This will provide for individual payments of up to £35,000 for 18 months until early 1991 and up to £20,000 in the following 18 months. The costs of these payments will be shared equally between the Government and the individual employer concerned.

Mr Speaker, a Bill to provide for this will be presented to the House tomorrow, ~~with a view to a second reading in the week after next.~~ For as long as the Scheme continues to operate, it will remain the biggest obstacle to a modern and efficient ports industry in this country. That is why the Government has decided that the time has now come to abolish the Scheme.

FROM: J E MORTIMER
DATE: 7 APRIL 1989
x4810

MR MONCK

cc PS/Chancellor
Sir P Middleton
Mr Anson
Mrs Case
Mr C Kelly
Mrs Flynn
Mr Burr

*The FT story is
my alleged views
on the 100% action
will show. He knows
that I can argue
how to do it
before the dockers
have been
Note behind
This is
New Law
1 E*

ENDING OF THE DOCK LABOUR SCHEME (DLS)

I have just had a report of the first meeting of the monitoring group set up to keep an eye on developments in the ports following the Government's statement yesterday to end the Dock Labour Scheme. The group is chaired by the Secretary of State for Employment and includes representatives from various other departments.

2. The group was told that there had been stoppages by dockers in Glasgow, Southampton, Fleetwood, Liverpool and London. It was thought that this unofficial action was temporary and would only last a day or two.

3. The Executive Committee of the TGWU would be meeting today to discuss what action the union should now take. There was likely to be a delegate conference next week, and it was likely that the conference would recommend a strike ballot.

4. The monitoring group thought that statements made by Mr Ron Todd following the Secretary of State's announcement were reasonably restrained. He implied that he was leaving it to his docks people to suggest how matters should be taken forward. He did, however, argue that a return to casual working in the docks would be unacceptable. This of course begs the question of whether casual working is the necessary result of ending the scheme.

*These
figures
are
all
FT.*

5. The Secretary of State for Employment would be carrying forward his media campaign over the weekend. He commented at this morning's meeting on the fact that one of the arguments put forward by the Opposition yesterday was that a dispute in the docks would cloud the balance of payments position. He also referred to a newspaper report (which neither I nor Employment officials can track down) which said that a Treasury Minister had expressed some concern about the possible impact of a dock strike on the trade figures. The Secretary of State pointed out that he did not think this was the Treasury line. I confirmed over the telephone that the Chancellor's view was that any disruption as a result of a strike would be small, and that in any case the long run benefits of having more competitive ports would far outweigh any short run dislocation.

see attached.

JEM
J E MORTIMER



SECRET AND CMO UNTIL 31.12.89

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5802**
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

CH/EXCHEQUER	
REC.	7 APR 1989
ACTION	
COPIES TO	

7 April 1989

Dear Paul,

DOCKS : MONITORING MEETING, FRIDAY 7 APRIL 1989

My Secretary of State chaired the first meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) all had gone smoothly in Parliament. Both the White Paper and the Bill had now been published. The Opposition had been taken completely by surprise;
- (b) trade union reaction had been less than expected so far. Again, they had been taken completely by surprise, so that the key TGWU spokesman was in fact abroad. We understand that the TGWU are planning a national ports delegate conference early next week, possibly on Tuesday, at which a decision could be taken to ballot on a national strike. In other words it seems likely that the Union will follow the proper procedures;





Secretary of State
for Employment

SECRET AND CMO UNTIL 31.12.89

- (c) as at 9:30 am, there was disruption at 5 ports: Tilbury, Southampton, Liverpool, Fleetwood, Glasgow. We have since heard that Bristol, Sharpness and Garston (near Liverpool) are on strike. Most strikes appear to be for a day or the weekend at most. All Sealink passenger ferries were working as were all non-Scheme ports. Department of Transport will be issuing a full situation report today;
- (d) Press reaction had, on the whole, been very positive, both in the London based press, in the Scottish press (where there is interest in the current dispute at Aberdeen) and also at the local level. That said, it was obviously essential that the Government maintained a high profile over the weekend and in particular that the positive message - that the abolition of the Scheme would mean more, and more secure, jobs in our ports industry - got across;
- (e) the port employers had been surprised and delighted. The largest port employer, Associated British Ports, had already issued a supportive press notice and more such statements will follow from other employers. My Secretary of State has since met the National Association of Port Employers, who have confirmed that they are solidly behind the Government's plan to abolish the Scheme and ready to face any industrial action. My Secretary of State stressed the importance he attached to employers making positive statements about the future of the port industry and its employees, both to the general public and specifically to their employees themselves;
- (f) it was agreed that the situation would be kept under close scrutiny over the weekend. The next meeting of the monitoring group will be at 9:30 am on Monday 10 April.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31.12.89

CONFIDENTIAL

FROM: GUS O'DONNELL (EA2)
DATE: 7 APRIL 1989
Ext : 4599

PS/CHANCELLOR

*Box.
Grim 'X', I don't
think Ch. needs to see this.*

py

ECONOMIC CONSEQUENCES OF A DOCK STRIKE

X | 1. I attach a note outlining possible economic consequences of a dock strike. I prepared a lengthier note on this subject some time ago which had a very limited circulation (including the Chancellor of course). You may therefore feel that he does not need to be bothered with this note.

2. We are doing more work on the precise impact of a strike on various assumptions about when it starts, how severe it is, etc. One factor that complicates this work is that the export figures for, say, April cover the period from mid-March to mid-April, while the April import figure measures imports in calendar April.

3. Despite this complication, I am reasonably confident that the pattern of the effects on the trade deficit (relative to what it would otherwise have been) will be as follows:

- (i) initially forestalling will raise import and export demand by similar percentages causing the deficit to rise;
- (ii) the strike itself will reduce the deficit because there are more imports than exports;
- (iii) as the strike is unwound, the deficit will rise.

Gus O'Donnell

A O'DONNELL

CONFIDENTIAL

FROM: GUS O'DONNELL
DATE: 7 APRIL 1989
Ext : 4599

MR SEDGWICK

cc: Sir P Middleton
Sir T Burns
Mr Scholar
Mr Hibberd
Mr Owen
Ms Owen
Ms Turk

CONSEQUENCES OF POSSIBLE DOCK STRIKE

The announcement of the abolition of the National Dock Labour Scheme may well be followed by a dock strike. The main economic consequences of this have been considered and are fairly obvious. But for convenience I have listed below a number of points that need to be considered when assessing economic conditions over the next few weeks or months.

- (i) The threat of a strike will lead to anticipatory behaviour aimed at reducing the cost of a prolonged stoppage. Companies may well choose to increase their stocks of essential imported raw materials. Retailers may increase their orders of final consumer goods. Hence there may well be a surge of imports.
- (ii) Exporters may similarly experience a rise in demand as overseas dealers attempt to build up stocks; but since non-oil imports are around a third larger than non-oil exports the net effect of this 'forestalling' will be to increase the measured deficit.
- (iii) Any build up in stocks will not show up for a long time in official statistics. The CBI quarterly survey was probably completed before the announcement. It may be worth looking at the FT distributive trade monthly survey.
- (iv) The impact of an actual strike will depend upon whether the non-scheme ports support the scheme ports. When faced in 1984 with industrial action at scheme ports, shippers were quite successful in switching output to ports outside the scheme. The share of the volume of non-oil trade handled by non-scheme ports

rose from 30 percent to 50 percent. However the initial impact of the strike will be to reduce the visible trade deficit because imports are larger than exports.

- (v) There appears to have been little discernible effect on the exchange rate as a result of the announcement of the abolition of the NDLS. No significant effect is likely unless the strike is widespread and prolonged. There may be an indirect effect through the strike's effect on the trade statistics. These will become fairly meaningless so market analysts will need to look elsewhere for indicators of what is happening to domestic demand. The same is true for us, of course.
- (vi) It follows from the above that the monthly trade statistics will be extremely hard to interpret. I have written to Mitch Pratt at Customs & Excise to sort out how they intend to handle any disruption. The rules that Sir P Middleton specified after the problems arising from the postal dispute will be helpful. The main requirement is for Customs to put to us their proposals for handling this problem and for these to be discussed fairly widely and in good time to ensure that the statistics are as meaningful as possible.

Aus O'Donnell

A O'DONNELL



SECRET AND CMO UNTIL 31/12/89

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5802**
Telex 915564 Fax 01-273 5821

Secretary of State

2 of 15
[Handwritten signature]

CH/EXCHEQUER	
REC.	10 APR 1989 ✓ 10/4
ACTION	
COPIES TO	

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

10 April 1989



Dear Paul,

DOCKS : MONITORING MEETING, MONDAY 10 APRIL 1989

My Secretary of State chaired the second meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland offices.

The key points which emerged were these:

- (a) the docks and waterways group of the TGWU were due to meet at 10:00 am, and were expected to hold a press conference afterwards. It was reported that a national ports delegate conference would be called for later this week, but probably not tomorrow. There were also reports that a number of dockers would be demonstrating outside Transport House. All this confirmed that the Union remained uncertain of their strategy, except that they seemed to determine to remain within the law. Mr John Connolly, their national ports officer, had been quoted on breakfast time television as saying that the strike ballot would be confined to Scheme ports;



SECRET AND CMO UNTIL 31/12/89

Employment Department · Training Agency
Health and Safety Executive · ACAS



Secretary of State
for Employment

SECRET AND CMO UNTIL 31/12/89

- (b) all ports were now working normally, except for Lowestoft where there was now a 24-hour stoppage. The TGWU had instructed those caught up in the previous unofficial action to return to work;
- (c) the employers remained very positive. Associated British Ports, in particular, had stated publicly that there would be no return to casualism, and other employers were being encouraged to follow suit. There was some concern that the TGWU would try to draw employers into a trade dispute which might then attract legal immunity, and Sir Jeffrey Sterling was amongst those who were trying to ensure that the employers did not make statements which helped the TGWU in this respect. There had been press reports about contingency planning undertaken by the National Association of Port Employers some 18 months' ago, which had suggested that employers had "colluded" with the Government. Ministers had acted quickly to point out the untruth of this;
- (d) there was no immediate concern about supplies of essential commodities. However, the Animal Feedstuffs Trade Association had reported that difficulties would arise quickly because in some localities there was only 1-week's supply of certain feedstuffs. Both Northern Ireland and the Scottish Islands were in this position. An urgent report is being prepared ;
- (e) press coverage remained helpful, on the whole. It suggested that public opinion was solidly behind the Government. No case of any substance for retaining the Scheme had been made;
- (f) finally, the meeting noted that the executive of the National Association of Port Employers was due to meet on Wednesday; that the next, long-planned, meeting of the National Dock Labour Board was on Thursday; and that the Scottish TUC assembled next Monday.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,
Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET CMO UNTIL 31/12/89



FROM: J M G TAYLOR
DATE: 10 April 1989

A handwritten signature in black ink, appearing to be 'JMG'.

MR MONCK

cc Sir P Middleton
Mr Anson
Mrs Case
Mr C Kelly
Mr Mortimer
Mrs Flynn
Mr Burr

ENDING OF THE DOCK LABOUR SCHEME (DLS)

The Chancellor has seen Mr Mortimer's note of 7 April.

2. He has commented that the FT story (Mr Mortimer's paragraph 3) about his alleged views is 100 per cent fiction, as the Employment Secretary is well aware. The Employment Secretary knows that the Chancellor was urging him to abolish the DLS well before he decided to do so, and that he has been his strongest supporter throughout. Nor has the Chancellor at any time expressed the concern about prolonged action provoking speculation against sterling, as alleged in the FT.

... 3. A copy of the FT story is attached.

A handwritten signature in black ink, appearing to be 'JMG'.

J M G TAYLOR

Dock labour scheme faces abolition

By Charles Leadbeater and Philip Stephens

DOCKERS' leaders are expected to meet today to consider calling a national strike ballot after a government announcement yesterday of plans to abolish the National Dock Labour Scheme.

The scheme regulates employment conditions at 40 British ports which handle 70 per cent of the country's overseas trade. It ensures that manning levels in the ports covered can be reduced only through voluntary redundancy. Dockers laid off have to be found alternative employment.

The Transport and General Worker's Union, the main dockers' union, decided in December it would ballot the 9,400 scheme dockers on strike action if the scheme was threatened, and ministers have not discounted the possibility of industrial action.

Mr Nigel Lawson, the Chancellor, was said by a ministe-

rial colleague yesterday to be concerned that any prolonged action could provoke speculation against sterling, threatening a further rise in inflation and interest rates.

However, ministers believe it is unlikely the TGWU would be able to mount a strike to compare with the national stoppages of 1972 and 1975 which affected large parts of the economy.

The TGWU said Mr John Connolly, its national docks official, would consult the union's National Docks Committee today.

Mr Ron Todd, the union's general secretary, said the union had a long-standing policy to protect the scheme and prevent a return to unregulated, casual employment in the docks.

The Government revealed its intentions in a White Paper published yesterday which will

be followed by the publication of a bill today. This is expected to become law in July, when the abolition will take effect.

The White Paper blames the scheme for restrictive practices which it says have raised prices, cut output and reduced employment at the ports covered.

The bill seeks to abolish the joint employer/union National Dock Labour Board and its 20 local boards, which administer the scheme.

The announcement, made by Mr Norman Fowler, Employment Secretary, follows the threat by Conservative backbenchers to force the issue in the next session of parliament.

The move was described as an act of "wilful sabotage" by Mr Michael Meacher, Labour's employment spokesman. However it is thought the Mr Neil Kinnock, the Labour leader, would be unhappy at the pros-

pect of the TGWU, the party's largest and most controversial affiliate, launching a national strike during a crucial phase in the party's review of policy for the next general election. Ministers believe a strike would have little public support.

To ease the abolition, the Government will fund 50 per cent of redundancy payments worth up to £35,000 until early 1991, and up to £20,000 for the following 18 months. The redundancy package is aimed at older workers. The average age of dockers in the scheme ports is 47.

The Government has also planned a number of contingency measures in the event of a strike - involving the transfer of shipments to non-scheme ports and the strict enforcement of strike and picketing laws.

'Abolition consensus', Page 14;
Question of profit, Page 15



2 of 16

SECRET AND CMO UNTIL 31.12.89

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5802
Telex 915564 Fax 01-273 5821

Secretary of State

[Handwritten signature]
✓

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

CH/EXCHEQUER	
REC.	11 APR 1989
ACTION	
COPIES	10

11/4
11 April 1989

Dear Paul,

DOCKS : MONITORING MEETING, TUESDAY 11 APRIL 1989

My Secretary of State chaired the third meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) the docks and waterways group of the TGWU met yesterday between about 10:00 am and 4:00 pm, and then adjourned until this morning. It was reported, somewhat confusingly, that they "agreed in principle" to hold a national strike ballot, but did not reach a "firm decision". There seemed to be three uncertainties in their minds: Legal - they were understood to be seeking legal advice on how to frame the wording of the ballot question so as to remain within the law; Political - the Labour Party's voice remained very uncertain, and it was clear that the dockers had little support amongst the general public or even within other trade unions; Practical - a number of TGWU officials had expressed pessimism about the outcome of any strike. There seemed to be a general view that the legislation would be enacted in the end. TGWU spokesmen had again said that the ballot would be confined to Scheme ports. We understand that the national ports delegate conference is likely to be this Saturday. This means that the result of the ballot may well not come until after the Bill is in Committee;





Secretary of State
for Employment

SECRET AND CMO UNTIL 31.12.89

- (b) all ports were now working. Dockers at Lowestoft were now back at work. There were however reports that dockers at the Tilbury container port were not allowing frozen New Zealand lamb to leave the port area, and this is being investigated;
- (c) the executive of the National Association of Port Employers were meeting tomorrow. They were expected to launch a new initiative in which companies made it clear to their employees that there will be no return to casualism. This would be extremely helpful;
- (d) there was no cause for concern over the supply of essential commodities. There were reports that some strategic stocks, for example of soya oil for animal feedstuffs, were being moved from port areas;
- (e) there were some specific concerns about the situation in Aberdeen. A number of Aberdeen fish porters had recently accepted redundancy, with payments of £25,000. They were reported to resent the fact that following the legislation, future redundancies would attract compensation of up to £35,000. My Secretary of State will be discussing this further with his colleagues in the Scottish Office and the Department of Transport, consulting the Treasury as necessary.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31.12.89



Today MP

Ends -
inty of THWU
you take to
increase share
holder a doc's.

Ch/

behind:

FRWU (prob. known)
by inty of THWU
Nah. looks (litte.)

1) Some thoughts for the main body of your Waltham Forest speech - if this is on right lines I can have it transferred onto speech cards #

2) a revise of the docs release which wd be one page in single space. AGT is happy with it, but I wd need to clear with DE tomorrow (Andrew has mentioned the idea to his opposite number already).

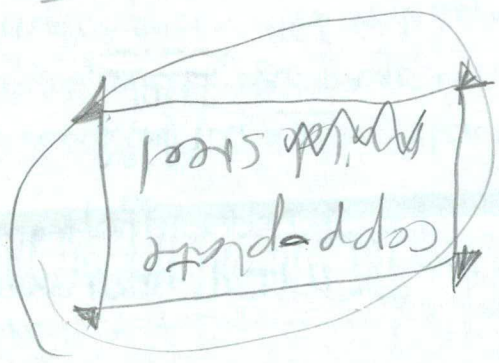
I gather there is little chance of any new "news" tomorrow so at the moment this rests on what we already know.

mpw.

brass weight related.
Steel not same density
Inches. Not lit on.

no-one else

only helps try.



cu }
brass zinc }
4.5

FROM: A G TYRIE

DATE: 12 April 1989

CHANCELLOR

cc: Mr A C S Allan
PS/Chief Secretary
Mr Gieve
Mr Pickford
Mr Mortimer
Mr Monck
Ms Wallace
Mrs Chaplin
Mr Call

PRESS RELEASE ON THE DOCK LABOUR SCHEME

I attach a draft press release for your Friday engagement set out in reasonably robust terms.

2. The news in it would be paragraph 10, particularly in view of the erroneous report in the FT that you might have had reservations about going ahead with abolition.

AG
AG TYRIE
ASAP

Ch/ If you are content with text - subject, of course, to last-minute developments - we could clear lines with Mr Fowler's office tomorrow.

mpw.

I'm afraid this is too long.
What's the point of a one-page headline?
What's the point of actually happening on Fri/Sat/Sun?
(There are some union mags. I think it's worth mentioning the news pty.)

DRAFT PRESS RELEASE FOR THE CHANCELLOR

DOCK LABOUR SCHEME

The British public
hundreds of millions
of pounds - both as
taxpayers and
consumers - and
put a real brake on
employment and investment
prospects in the ports covers

Last week the Government announced the abolition of the Dock Labour Scheme.

2. There could be no more striking example of the damage which restrictive practices can do to an industry and the economy [than this scheme]. This absurd piece of interventionist legislation has cost [thousands of jobs and damaged the competitiveness of the economy].

3. The restrictive practices which are endemic to the scheme have acquired a language of their own. "Bobbing off", for example, means [going home, having been] ^{getting} paid by one's employer, ^{for going home} because there is not enough work for you to do.

4. "Ghosting" means ^[getting paid for] standing around doing nothing while work is handled by other, non-Dock Labour Scheme workers, [and being paid for it].

5. No wonder the industry has suffered. The scheme adds 20% to labour costs. [It has deterred investment and] ^{It is little wonder that} employment in scheme ports has shrunk, from over 82,000 in 1951 to 9,400 today.

6. In fact all of us have lost: not only dockers and would-be dockers in the industry, but also the taxpayer, who has had to find over £770 million in subsidies (at today's prices), and the whole economy. The only gainers have been docks in Belgium, Holland, France and West Germany who have captured our trade.

7. It is therefore high time that we put a stop to this and prepared the docks for the competitive challenges of [an enterprise society in] the 1990s. By abolishing the scheme we will put dockers on the same footing, with the same rights and obligations, as all other workers in Britain. And we will put an end to the statutory monopoly in the manning of docks which still handles 70% of Britain's trade.

8. And to make the transition easier the Government will contribute financially to restructuring and will give dockers in scheme ports the right to receive up to £35,000 if they are made redundant in the first 18 months after the abolition of the scheme.

9. Maybe some short-sighted unionists and Labour politicians might try and provoke a strike. There's no reason for a strike. The "casualism" which the scheme was devised to stop [has no place in a modern port as the non-scheme ports are already proof of.] *is a thing of the past anyway, as experience in non-scheme ports demonstrates*

10. But if there is a strike the economy is in good shape to meet it. [The Government's finances are sound and strong.] We have record reserves, record overseas assets, and a massive budget surplus, as the world knows, they will stick to the policies we know to be right.

11. Over the past ten years we have put employment legislation on a sensible footing. That has played a key role in reviving Britain. Neither the country nor industry are in the grip of the unions any more.

12. As a result the country has undergone a renaissance. Management has been allowed to manage, and industry has been generating record levels of profits and investment. By abolishing this scheme we can bring those benefits to the docks.

Supply side reforms have been the key to the dramatic improvement in British business's performance over the last ten years. We have created a more competitive and less regulated environment, setting managers free to manage, and releasing industry from the outdated controls and ridiculous restrictive practices which had contributed to its decline.

We have just announced our intention to act on one of the most scandalous and counter productive restrictive practices ever - the Dock Labour Scheme. Quite apart from its cost to the taxpayer, the scheme has placed a stranglehold on all the ports it covers, condemning them to decline, while other non-scheme ports have flourished, creating new jobs, and generating new investment.

No-one could reasonably argue that the Dock Labour Scheme still has a place in a modern competitive economy like ours. The "casualism" the scheme was devised to stop is a thing of the past anyway, as experience in non-scheme ports demonstrates. The only gainers from the scheme have been docks in Belgium, Holland, France and West Germany, who have captured our trade.

But Tuesday's ^{meeting} ~~vote~~ of the Dock section of the T&GW showed just how blind the unions are to the real interests of their members. It seems that they would rather preserve the rights of the few to get paid for doing nothing, than co-operate in preparing the industry for the competitive challenges of the 1990s.

Ron Todd and Neil Kinnock did not support that vote because they recognise that the Dock Labour Scheme is indefensible. Indeed no-one has yet attempted to defend the detailed application of this scheme since the Government announcement. But the vested interests in the unions have not so far heeded the pleas for restraint: in doing so, they show just what a Labour government's 'partnership' with the unions really means.

There is no reason for a strike. But if short-sighted unionists try to provoke one, then the economy is in good shape to meet it. We have a massive budget surplus, record reserves, record overseas assets, and, as everyone knows, the will to stick to the policies we know to be right.

S., Pl. take all changes, put in doc
keep in double, + pass back to Moira.
A. 13. iv.

Supply side reforms have been the key to the dramatic improvement in British business's performance over the last ten years. We have created a more competitive and less regulated environment, setting managers free to manage, and releasing industry from the outdated controls and ridiculous restrictive practices which had ^{contributed to} ~~been responsible for~~ its decline.

We have just announced our intention to act on one of the most scandalous and counter productive restrictive practices ever - the Dock Labour Scheme ^{write apart from its cost to the taxpayer, the scheme} which ^{other} has placed a stranglehold on all the ports it covers, condemning them to decline, while ^{other} none-scheme ports have flourished, creating new jobs, and generating new investment. [~~Cost to taxpayer~~]

No-one could reasonably argue that the Dock Labour Scheme still has a place in a modern competitive economy like ours. The "casualism" ~~that~~ the scheme was devised to stop is a thing of the past anyway, as experience in non-scheme ports demonstrates. The only gainers from the scheme have been docks in Belgium, Holland, France and West Germany, who have captured our trade.

^{Tuesday's vote of the Dock section of the TUG & W}
But [~~today's vote~~] ^{ed} shows just how blind the unions are to the real interests of their members. It seems that they would rather preserve the rights of the few to get paid for doing nothing, than co-operate in preparing a ^{the} major industry for the competitive challenges of the 1990s. ^{Ron} True, Mr Todd and ^{Neil} Mr Kinnock ^{didn't support} have tried to restrain them, recognising that here, ~~at last,~~ is a policy too that ^{vote because they recognize that the dock labour scheme is} indispensable. Indeed no-one has yet attempted to defend the detailed application of the scheme since the Gov't announcement.

~~indefensible even for them.~~ But the vested interests in the unions have not ^{so far} heeded the ~~desperate~~ pleas for restraint: in doing so, they ~~have~~ shown just ^{what} ~~how~~ effective a Labour government's 'partnership' with the unions would be. ~~really mean.~~

There is no reason for a strike. But if short-sighted unionists try to provoke one, then the economy is in good shape to meet it. We have a massive budget surplus, record reserves, record overseas assets, and, as ^{everyone} ~~the~~ world knows, the will to stick to the policies we know to be right.



SECRET AND CMO UNTIL 31/12/89

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5802**
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

CH/EXCHEQUER	
REC	12 APR 1989 ✓ 12/4

12 April 1989

Dear Paul,

DOCKS : MONITORING MEETING, WEDNESDAY 12 APRIL 1989

My Secretary of State chaired the fourth meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) the docks and waterways group of the TGWU met again yesterday, as planned. They called a press conference at 2:30 pm, which was addressed - significantly - only by Mr Ron Todd. He explained that the Group had decided to ballot Scheme ports on a national strike. He also made it clear that he did not agree with this approach, and thought that there should first be negotiations with the employers. The TGWU Executive meets on Friday, and a national ports delegate conference is being called for Saturday. The position was very confused. That said, it seemed clear that Mr Todd was worried that the Union's considerable assets would be at risk if their dockworker members went on strike when there was no dispute with their employers. Their strategy might well be first to seek negotiations with the employers in the expectation that these would be refused or would break down and thus create the grounds for a lawful strike; and second, perhaps in due course for the Union to disassociate itself from any action in the ports, which might again enable the TGWU to safeguard the bulk of its assets;





Secretary of State
for Employment

SECRET AND CMO UNTIL 31/12/89

- (b) all ports continued to work. There were press reports that the non-Scheme port of Portsmouth might support any strike, and these are being investigated. The meeting was also informed that the Shetland Islands Council was seeking alternative supply lines in the event of a strike. In previous disputes they had had to depend on the goodwill of the TGWU;
- (c) there had been a particularly helpful interview with Mr Finney of the National Association of Port Employers on 'Newsnight'. He had been very constructive. He had made it clear that the TGWU position was too confused to elicit a response from the employers, but that they would listen to whatever representations the Unions wished to make; they would not, though, be in a position to negotiate on the Scheme itself or be prepared to reintroduce the Scheme's restrictive practices;
- (d) Employment and Transport Department Ministers continued to be active in putting across the Government's message. It was striking that no arguments in favour of retaining the Scheme had yet emerged.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31/12/89



② of 16

Secretary of State
SECRET AND CMO UNTIL 31 DECEMBER 1989

5802

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

CH/EXCHÉQUER	
REC.	13 APR 1989
ACTION	
COPIES TO	

13 April 1989

Dear Paul,

DOCKS : MONITORING MEETING, THURSDAY 13 APRIL 1989

My Secretary of State chaired the fifth meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) the next key event would be the meeting of the TGWU Executive on Friday; a national ports delegate conference was still scheduled for Saturday. The Union's position remained unclear. There were reports that some local dockers' leaders, for example, the Scottish Docks Officer and leaders in Grimsby and Immingham, were urging the membership not to strike but to support Mr Todd's call for negotiations to precede a strike ballot. The outcome of these two meetings was therefore quite unpredictable;
- (b) all ports remained at work. (There have been reports that, should the TGWU decide against a strike ballot, unofficial action would follow rapidly, particularly in Southampton and Tilbury). Though the present relative lull would help industry prepare for any strike action, it also meant that supporters of the Scheme were being given the opportunity to make their case. As yet, they had failed to do so convincingly;

SECRET AND CMO UNTIL 31 DECEMBER 1989



Secretary of State
for Employment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (c) the Union's tactics presented the employers with considerable difficulties, both legally and presentationally. It was possible that if the National Association of Port Employers refused to negotiate, this might enable the TGWU to draw them into a trade dispute, in the course of which they could take lawful strike action. On the other hand, a refusal to negotiate could have the same result. The employers therefore needed to show themselves open to talk to their employees - which they would prefer to do at the port rather than at the national level, and later rather than sooner - about the future of the port industry, while not complicating the passage of the Bill abolishing the Scheme. A NAPE press notice offering dockworkers assurances that there would be no return to casualism was expected at 3:00 pm this afternoon, and this would be helpful (advance copy attached);
- (d) the meeting noted that the report of the Monopolies and Mergers Commission into restrictive practices in broadcasting would be published at 3:30 pm today. This might lead to calls that the Dock Labour Scheme should not be abolished without some sort of inquiry. However, an inquiry was quite unnecessary. The facts were not in doubt; employers and unions had made their views entirely clear; Parliament had had several opportunities to debate the issue in recent years; the time had come for decisive action, which was why the Government had put clear and firm proposals to Parliament;
- (e) finally, the meeting noted that the Scottish TUC would be debating an emergency resolution on docks on Wednesday 19 April. There were likely to be strident calls for industrial action in the course of the debate.

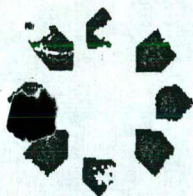
I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



THE NATIONAL ASSOCIATION OF PORT EMPLOYERS

Commonwealth House 1-19 New Oxford Street London WC1A 1DZ

Tel: 01-242 1200

Telex: 295741

Fax: 01-405 1069

P R E S S R E L E A S E

Date: 13th April 1989
Embargo: 3 p.m. 13th April 1989

DOCKERS PROMISED NO CASUAL EMPLOYMENT AFTER ABOLITION

In a major statement issued today, the National Association of Port Employers gave a public guarantee that they will not return to casual employment systems after the repeal of the Dock Labour Scheme in July. The guarantee was endorsed by employers representing over 8,700 (93%) of Britain's Registered Dock Workers. (See Editor's note).

Employers representing Britain's 60 registered Scheme ports said:

"This unprecedented promise deals with the major fear voiced by the dockers since the Government made its announcement a week ago. The historical justification of the scheme was to end casual employment. Today's promise carries forward that principle. As such, there is obviously no case for inventing a substitute or revised form of the Scheme or, equally calling a futile and unnecessary strike."

"We will not be returning to systems of casual employment, nor any variant of it."

Already employers in 93% of the industry have given such assurances and these have been or will be spelt out at every port over the next week. Norman Fowler, the Secretary of State for Employment, is being informed of the announcement.

Commenting on the announcement, NAPE Director, Nicholas Finney said:

"Hopefully, this will reassure dockers who have been wondering about what will happen after the Scheme has been abolished. We will not be returning to casual employment systems. Such systems are totally inappropriate and out of place in the modern ports industry. We need committed, highly trained, well motivated and energetic staff to take advantage of all the benefits flowing from the timely abolition of the Scheme."

"Over the coming weeks and months, I have no doubt that employers in each of the ports will be sitting down with their employees to discuss working arrangements which will enable them to realise the full potential of their port following removal of the Scheme and the extra competitiveness it will give the industry."

Editor's note: Attached are sample statements by four of Britain's major port employers. NAPE members are today endorsing this policy statement and will be issuing guarantees to their own workforce and local communities.

-END-



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

14 April 1989

Clive Norris Esq
PS/ Secretary of State for Employment
(by fax)

Dear Clive,

As promised, the Dock Labour Scheme press release
the Chancellor plans to issue this evening, via
CCO.

Sorry for the ridiculous deadline, but could I
have any comments by 3.00 pm, please.

Yours,

Muir Wallace
(270 5021)

MP

FROM: A G TYRIE
DATE: 14 April 1989
cc: Mr Gieve
Mrs Chaplin
Mr Call

CHANCELLOR

DOCK LABOUR SCHEME PRESS RELEASE

Norman Fowler is putting out the attached release on the Dock Labour Scheme today.

2. Warwick Lightfoot, his adviser, tells me that he is keen to avoid references to the TGWU meeting today. He thinks the Government shouldn't be drawn into commenting on it more than necessary and that, in the first instance, it is for the employers to respond. Apparently, he has been advised by his officials that there is always the risk that any Government statement could get enmeshed in the complex legal battle over whether TGWU action, without negotiations, would result in the union's loss of immunity.

3. Unless something else happens today to catch the headlines I think the combined effect of statement by Norman Fowler and yourself could be quite newsworthy. When we have finalised the text do you want me to sell it to a few friendly journalists?

Handwritten signature in black ink with "psk." written in red ink next to it.

Handwritten signature of A G TYRIE
A G TYRIE

Handwritten note: "passed on" above "mpw" which is underlined.



EMPLOYMENT DEPARTMENT

Department of Employment
Caxton House
Tothill Street
London SW1H 9NF

Press Office (24 hrs) 01-273 6950
Public enquiries 01-273 6969
Exchange 01-273 3000

PRESS NOTICE

93/89

14 April 1989

INDUSTRIAL ACTION OVER DOCK LABOUR SCHEME WOULD BE ENTIRELY UNJUSTIFIED SAYS NORMAN FOWLER

"Industrial action over the Dock Labour Scheme would be entirely unjustified" Mr Norman Fowler, Secretary of State for Employment said today in Bournemouth at the Conference of The Society of Chief Personnel Officers in Local Government.

Mr Fowler said:

"The Dock Labour Scheme was originally introduced to put an end to the system of casual labour. Modern port work requires skilled permanent employees, not the unskilled casual labour of forty years ago. This is demonstrated by ports outside the Scheme like Felixstowe. Employers responsible for the employment of over 90% of registered dock workers have given clear assurances that they will not return to a system of casual working. That crucial assurance removes any basis there ever was for the Dock Labour Scheme.

"The abolition of this Scheme will enable our ports to compete successfully and to take the opportunities that we will have in the 1990s. We are removing an obstacle that stands in the way of employment and prosperity in our ports.

"The Scheme's restrictions have blighted development and investment in inner city areas. Land has remained derelict because companies would not invest in areas where the restrictions of the Scheme apply. This has deprived inner cities of badly needed investment and job opportunities.

"We are removing an important barrier to jobs. The great majority of registered dock workers will continue to work in the ports. They will have good prospects of well-paid and secure work. The Government's proposal to end the Scheme opens the way for a more competitive and prosperous port industry".

*1 hour
must be done.
(1 Assn. the Law on
'claims' by N. Fisher)*

**EXTRACT FROM A SPEECH BY THE CHANCELLOR OF THE EXCHEQUER,
THE RT HON NIGEL LAWSON, TO WALTHAM FOREST PARLIAMENTARY AND
BUSINESS GROUP AT THE HOUSE OF COMMONS ON FRIDAY, 14 APRIL 1989**

"Whether or not there will be a dock strike remains in the balance. Whether or not the Labour Party would give its full support to such a strike, if there is one, remains unclear.

But what is already abundantly clear is that never in a hundred years would Mr Kinnock have had either the guts or the will to scrap the Dock Labour Scheme. So much for so-called supply-side Socialism - a contradiction in terms if ever there was one.

For the Dock Labour Scheme has done untold damage to the efficiency of the ports it covers, and thus to the British economy as a whole. The restrictive practices it embodies - the jobs for life, the payment of men for doing nothing, the veto on hiring men the ports do want to employ - have for far too long made most of Britain's ports inefficient and expensive, and driven profitable business that should have come here to continental ports instead. And all this despite massive subsidies from the taxpayer.

It is illuminating, to say the least, that ~~in the week and more that has elapsed~~ since the Government announced ^{last week} that the scheme would be abolished, ^{last week} not a single serious argument has been put forward for its retention. Yet we are told that there may be a strike. I hope there will not be one. But let no one be under any illusion. Dock strikes no longer pose any economic threat. The economic imperative is to get rid of the Dock Labour Scheme, once and for all. And that is precisely what we shall do."

Ch / Tiny comments only, all from AGT. If you are content, we will get to CCO for release, and have typed up on speech cards.

Andrew will be talking to friendly journalists as you ask. Their question will be: "is the Chancellor making this speech to put on record that the economy can take a strike?"
Answer Yes, I assume? *Y.M. MPW.*



SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

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Secretary of State

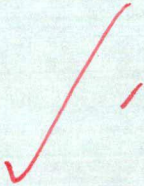
2 of 16

Paul

CH/EXCHEQUER	
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14 April 1989

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1



Dear Paul,

DOCKS : MONITORING MEETING, FRIDAY 14 APRIL 1989

My Secretary of State chaired the sixth meeting this morning. Employment Ministers and officials attended, as well as officials from the Department of Transport, Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) the National Association of Port Employers had, as expected, issued a press release yesterday afternoon promising their employees that there would be no return to casual employment after the abolition of the Dock Labour Scheme. A copy of the final text, together with copies of a number of press releases issued by individual ports, is attached. It was agreed that this initiative would make it very difficult for anyone to argue that the Scheme now had a purpose;
- (b) the TGWU Executive was meeting this morning. The docks and waterways group of the Union were expected to meet immediately afterwards, and a national ports delegate conference was still scheduled for 11:00 am on Saturday. The outcome of this series of meetings was impossible to predict. One possibility was that Mr Todd would contact the employers over the weekend seeking urgent talks. The employers would be wise to agree to meet the TGWU, though of course not to talk about the Scheme itself but about the future after abolition;



SECRET AND CMO UNTIL 31 DECEMBER 1989

Employment Department · Training Agency
Health and Safety Executive · ACAS



Secretary of State

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (c) all was normal in the ports, though there continued to be reports that unofficial action would quickly follow any decision not to hold a strike ballot. There had been a helpful development in Aberdeen, where it now appeared that the 17 fish porters due to be made redundant today would indeed accept the terms they had agreed (ie payments of up to £25,000) rather than try to hold out for the higher redundancy payments which would be available after Royal Assent. It was understood that at least some of them hoped to return to the industry in due course.

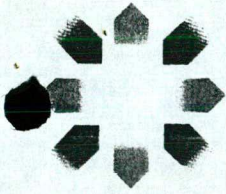
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Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



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Employers representing Britain's 60 registered Scheme ports said:

"This unprecedented promise deals with the major fear voiced by the dockers since the Government made its announcement a week ago. The historical justification of the scheme was to end casual employment. Today's promise carries forward that principle. As such, there is obviously no case for inventing a substitute or revised form of the Scheme or, equally calling a futile and unnecessary strike."

"We will not be returning to systems of casual employment, nor any variant of it."

Already employers in 93% of the industry have given such assurances and these have been or will be spelt out at every port

cc PS/Ministers
PS/Secretary
Mr. Marley
Mr. Whyte
Mr. Tucker
Mr. Johnson
Mr. Sutcliffe
Mr. Capella

cont.../2

cmw
14/4

over the next week. Norman Fowler, the Secretary of State for Employment, is being informed of the announcement.

Commenting on the announcement, NAPE Director, Nicholas Finney said:

"Hopefully, this will reassure dockers who have been wondering about what will happen after the Scheme has been abolished. We will not be returning to casual employment systems. Such systems are totally inappropriate and out of place in the modern ports industry. We need committed, highly trained, well motivated and energetic staff to take advantage of all the benefits flowing from the timely abolition of the Scheme."

"Over the coming weeks and months, I have no doubt that employers in each of the ports will be sitting down with their employees to discuss working arrangements which will enable them to realise the full potential of their port following removal of the Scheme and the extra competitiveness it will give the industry."

Editor's note: Attached are sample statements by four of Britain's major port employers. NAPE members are today endorsing this policy statement and will be issuing guarantees to their own workforce and local communities.

Contacts:	Iain Dale	Office	01 242 1200
	Public Affairs Manager	Home	01 521 9415
		Weekend	0799 84245
		Vodaphone	0836 368165
Nicholas Finney		Office	01 242 1200
	Home	01 435 8402	
	Weekend	0622 39276	
	Vodaphone	0836 368166	

- END -

NEWS

From the Port of Liverpool

THE MERSEY DOCKS & HARBOUR COMPANY, PIER HEAD, LIVERPOOL L3 1BZ.



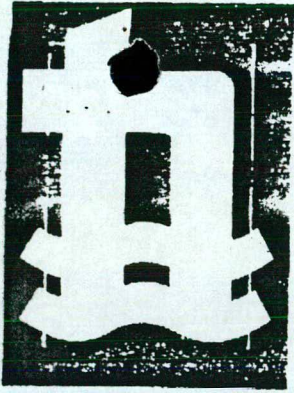
11th April, 1989.

The Mersey Docks and Harbour Company has stressed that there is no question of casual labour being employed to carry out dock work after the National Dock Labour Scheme has been abolished.

"Whatever challenges and tests may face the Port of Liverpool after abolition, there will be no return to the casual employment from which the Scheme originally sprang," said Managing Director and Chief Executive Trevor Furlong.

He said the Mersey Docks and Harbour Company would continue its stevedoring activities and would seek to maximise employment opportunities by satisfying the needs of customers and by meeting the challenges of the post-Scheme era.

"The proposed legislation gives Liverpool the chance to compete more aggressively and effectively against other ports in both the UK and Europe," said Mr. Furlong. "We have been successful within the Scheme. We are confident that Liverpool will be able to enhance its position still further without the Scheme."



NEWS from

THE PORTS OF TEES AND HARTLEPOOL

Tees and Hartlepool Port Authority
Queen's Square
Middlesbrough
Cleveland
TS2 1AH

DOCKERS GET CASUAL LABOUR ASSURANCE

The Tees and Hartlepool Port Authority is aware of speculation that repeal of the National Dock Labour Scheme will lead to a return of casual working by dockers. On Monday, the Managers of its Tees and Hartlepool Docks therefore gave assurances to all registered dockworkers at each Dock, by letter sent to each of them, that the Authority has no intention of returning them to employment on a casual basis.

Dockworkers were also reassured that as to alignment of their employment rights and obligations with those of other employees, the Authority prided itself on being recognised as a model employer in relation to the terms applicable to its own 600 or so other staff.

The sending of this letter follows the commitment made last week by the Authority to consult with its workforce and their representatives on implementation of the repeal legislation.

The Authority's objective is to ensure that the impact of repeal is dealt with in a positive way, achieving a further strengthening of its Dock Businesses and securing the jobs of those who work within them.



ASSOCIATED
BRITISH PORTS
HEAD OFFICE

150 HOLBORN
LONDON EC1N 2LR
TELEPHONE (01) 430 1177

TELEX 23913
FACSIMILE (01) 430 1384

PRESSRELEASE PRESSRELEASE PRESSRELEASE

PR/17/89

13th April 1989
EMBARGO: 3pm

ABP SUPPORTS NAPE GUARANTEE: NO RETURN TO CASUAL EMPLOYMENT

The following statement has been made by Stuart Bradley, Managing Director of ABP, following today's public guarantee from NAPE that there will be no return to casual employment systems after the repeal of the National Dock Labour Scheme in July.

"Associated British Ports was the first port operator to announce that the abolition of the Scheme would not mean a return to casual labour systems at any of its ports.

"ABP is very pleased that other ports are adopting this policy and welcomes today's announcement by NAPE, which has ABP's full support."

NOTE TO EDITORS:

Associated British Ports is a wholly owned subsidiary of Associated British Ports Holdings PLC.

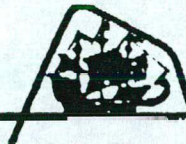
ABP owns and operates 19 ports, all of which are subject to the National Dock Labour Scheme. These ports are as follows: Immingham, Grimsby, Hull and Goole; Southampton; Cardiff, Swansea, Port Talbot, Barry and Newport; King's Lynn, Lowestoft, Plymouth, Garston, Fleetwood, Barrow, Silloth, Ayr and Troon.

ABP is the largest port authority in the United Kingdom. Only about one-third of ABP's employees are Registered Dock Workers.

- E N D S -

Press enquiries to: Stuart Bradley, Managing Director
Alastair Channing, Director, Resources
Veronica Giles, Press and Publicity Manager
Tel: (01) 430 1177

MEDWAY PORTS AUTHORITY



SHEERNESS DOCKS
SHEERNESS. ME12 1RX

TELEPHONE: 0795 580003
TELEX: 96233
FAX: 0795 660093 (Docks, Commercial
& Port Operations)
0795 668516 (Cargo Operations,
Forwarding & Customs)

Medway Ports Authority Chief Executive Peter Vincent has told his dockers that industrial action over plans to abolish the National Dock Labour Scheme is unnecessary and harmful.

He said if a dispute takes place there will be "no winners, only losers".

He said: "There is no point in dockers taking strike action because that is not going to change the Government's mind. They must face up to the fact that the Scheme is going and together with management they should work out a plan for the future of Sheerness".

Mr. Vincent has assured his 371 dockers that there is nothing to fear from the abolition of the Scheme. To allay their worries, he has issued this four-point guarantee that providing existing shipping levels can be maintained there will be:-

1. No return to the dock gate casual labour system.
2. No enforced redundancies.
3. No reduction in wages, and
4. All pension rights will be protected.

Under the terms laid out by the Government for scrapping the Scheme, any docker wishing to take agreed redundancy will be entitled to up to £35,000 in severance pay.

Mr. Vincent said: "I cannot see why they are even considering industrial action".

RESTRICTED



FROM: MOIRA WALLACE
DATE: 14 APRIL 1989

MR TYRIE

cc PS / LST
Mr Manck
Mr Gieve
Mr Morkimer
Mr Pichford
Mrs Chaplin
Mr Call
Mr Bush.

PRESS RELEASE ON THE DOCK LABOUR SCHEME

I attach the Chancellor's redraft of the press release for his Waltham Forest speech this evening. To meet the ECO deadline, could I have comments by 3.00 pm at the latest, please.

I am clearing this separately with Mr Fowler's office.

Mpw.

DRAFT

EXTRACT FROM A SPEECH BY THE CHANCELLOR OF THE EXCHEQUER,
THE RT HON NIGEL LAWSON TO WALTHAM FOREST PARLIAMENTARY AND
BUSINESS GROUP AT THE HOUSE OF COMMONS ON FRIDAY, 14 APRIL 1989

"Whether or not there will be a dock strike remains in the balance. Whether or not the Labour Party would give its full support to such a strike, if there is one, remains unclear. But what is already abundantly clear is that never in a hundred years would Mr Kinnock have had either the guts or the will to scrap the Dock Labour Scheme. So much for so-called supply-side Socialism - a contradiction in terms if ever there was one. For the Dock Labour Scheme has done untold damage to the efficiency of the ports it covers, and thus to the British economy as a whole. The restrictive practices it embodies - the jobs for life, the payment of men for doing nothing, the veto on hiring men the ports do want to employ - have for far too long made most of Britain's ports inefficient and expensive, and driven profitable business that should have come here to continental ports instead. And all this despite massive subsidies from the taxpayer.

It is illuminating, to say the least, that in the week and more that has elapsed since the Government announced that the scheme would be abolished, not a single serious argument has been put forward for its retention. Yet we are told that there may be a strike. I hope there will not be one. But let no one be under any illusion. Dock strikes no longer pose any economic threat. The economic imperative is to get rid of the Dock Labour Scheme, once and for all. And that is precisely what we shall do."



Ch; Burke

There is a meeting of the
more senior group of Ministers, in
the Cabinet office tomorrow at 9.45.

I assume you will not want to go.

HB No.

Copy 2 of 14
Mr F does do this, it is with our (a) the employers are told that they should a country of what substance, I spoke to Mr Foster's PS.



SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5802
Telex 915564 Fax 01-273 5821

Secretary of State

He agrees there can be no question of negotiating. The point is simply one of presentation: +, in particular, whether Mr F should agree to listen to Todd, if he wants to time + make representations.

EXCHEQUER
18 APR 1989

18/4
* I don't understand how this can be so no gov't negotiable with it
18 April 1989

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Paul,

DOCKS : MONITORING MEETINGS, MONDAY 17 & TUESDAY 18 APRIL 1989

My Secretary of State chaired the seventh and eighth meetings yesterday morning and this morning respectively. Employment and Transport Ministers and officials attended, as well as officials from Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices. I am sorry that, because of Second Reading yesterday, I have been unable to get a note of yesterday morning's meeting round before now.

The key points which emerged at yesterday's meeting were these:

- (a) the TGWU Executive had met on Friday. The Docks and Waterways Group had met separately and in parallel. On Friday afternoon, Mr Todd had written to the National Association of Port Employers seeking negotiations to establish non-statutory arrangements which would be "no less favourable" than the Dock Labour Scheme. The Employers had replied immediately, agreeing to "meet and listen" to the TGWU. The talks are due to start at 2:00 pm today. We will circulate information on the outcome as soon as we receive it;



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Secretary of State
for Employment

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- (b) on Saturday, a national ports delegate conference took place. It voted 75 to 10 to suspend moves to ballot on a national strike until the outcome of the talks with the Employers was known. The Employers have made it clear that they have no intention of negotiating a new, non-statutory, scheme. This means that there is little prospect of an agreement with the TGWU. It is possible that their approach to the Employers was simply a legal device to try to ensure that the planned national strike would be ruled by the Courts as being in furtherance of a trade dispute and therefore lawful. Future developments were uncertain but the most likely prospect was that the TGWU would announce their strike ballot this week, and begin balloting next week. On this timescale, the result of the ballot could be expected in early May;
- (c) all was normal in the ports, though mass meetings at Bristol and Glasgow had been called to hear reports of the weekend's events. The impression was of underlying tension, but for the present Union discipline remained in force. As expected, 17 Aberdeen fish porters had accepted redundancy on Friday, and had not tried to hold out for the more generous terms which might have been available to them after Royal Assent.

Today's meeting covered the following points:

- (a) the course of events over the next day or so was difficult to predict. Given the gulf between the two sides, it seemed likely that today's talks would break down. Mr Todd had suggested that if this happened, he had been authorised to organise a strike ballot. However, the TGWU might well decide to reconvene the Docks and Waterways Group before the final decision. This could be done very quickly;
- (b) all ports continued to work normally. Reports that dockers at Portsmouth, a non-Scheme port, would join any strike seemed to be unfounded;
- (c) the Scottish TUC had met on Monday and passed an emotional emergency motion portraying the Government as seeking a return to casualism and as colluding with Employers. It was though designed to avoid accusations of encouraging a political strike;

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Secretary of State
for Employment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (d) the Second Reading debate had gone well. No new arguments had emerged, and the Opposition had proved remarkably coy both about defending the Scheme and about clarifying their stance towards a strike and towards its restoration should they ever return to power. They had, however, succeeded in attracting some media interest in the possibility that the Government might enter into negotiations with the TGWU about the Scheme. It was important that Ministers gave further thought to this before making a considered response, and that meanwhile nothing be said which might influence the Employer-Union talks which were now in train. |X

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989

U.K. DOCKERS TO MEET THURSDAY ON STRIKE BALLOT
LONDON, APRIL 19, REUTER - BRITISH DOCKERS' LEADERS WILL
MEET ON THURSDAY TO DECIDE ON HOLDING A BALLOT OF MEMBERS FOR A
NATIONAL DOCKS STRIKE, A TRANSPORT AND GENERAL WORKERS UNION
(TGWU) SPOKESMAN SAID.

THE MEETING FOLLOWS THE BREAKDOWN ON TUESDAY OF TALKS
BETWEEN UNION LEADERS AND PORT EMPLOYERS OVER IMPLICATIONS OF
THE GOVERNMENT'S PLANNED ABOLITION OF THE DOCK LABOUR SCHEME,
WHICH GUARANTEES THE JOBS AND WORKING CONDITIONS OF SOME 9,400
OF BRITAIN'S 13,300 DOCKERS.

THE SPOKESMAN SAID A BALLOT WOULD TAKE ABOUT THREE WEEKS TO
COMPLETE.

19-APR-1501. MON985 MONN

CONTINUED ON - NREQ

P

REUTER MONITOR 1628

NREF Chancellor's
office

12/2

U.K. DOCKERS TO MEET THURSDAY ON STRIKE BALLOT -PART 2 NREQ
THE 9,400 DOCKERS REGISTERED UNDER THE SCHEME WORK AT SOME
45 OF BRITAIN'S 95 PORTS AND LAST YEAR HANDLED 60 PCT OF THE
TONNAGE OF THE COUNTRY'S SEABORNE TRADE.

U.K. CHANCELLOR NIGEL LAWSON HAS SAID THE SCHEME HAD DONE
"UNTOLD DAMAGE" TO THE PORTS IT COVERS.

THE GOVERNMENT ARGUES A DOCK STRIKE WOULD NOT POSE A THREAT
TO THE COUNTRY'S ECONOMY.

A TREASURY SPOKESMAN SAID ANY INTEREST RATE AND EXCHANGE
RATE EFFECTS OF A STRIKE WOULD BE SMALL SO LONG AS THE
GOVERNMENT WAS VIEWED AS BEING DETERMINED TO SEE IT THROUGH.

19-APR-1503. MON998 MONN
CONTINUED FROM - NREP

CONTINUED ON - NRER

P

REUTER MONITOR 1628

U.K. DOCKERS TO MEET THURSDAY ON STRIKE BALLOT -PART 3 NRER
HE SAID A STRIKE SHOULD HAVE NO LASTING IMPACT ON IMPORTS
AND EXPORTS. HE ADDED ANY IMMEDIATE EFFECT, ALTHOUGH UNCLEAR,
WAS LIKELY TO BE SMALLER ON EXPORTS THAN ON IMPORTS.

COMMODITY TRADERS AND ANALYSTS HAVE SAID A U.K. DOCK STRIKE
IS LIKELY TO HAVE ONLY MINIMAL IMPACT ON U.K. COMMODITY FUTURES
MARKETS, BUT WOULD INEVITABLY AFFECT PHYSICAL SUPPLIES TO U.K.
RAW MATERIAL PROCESSORS. OIL COMPANIES SAID A STRIKE BY
REGISTERED DOCKERS SHOULD NOT AFFECT THEIR INDUSTRY.

ANALYSTS SAY THE UNION CAN CLAIM A STRIKE WOULD BE LEGAL
AFTER BREAKDOWN OF TUESDAY'S TALKS BECAUSE IT WOULD BE A DISPUTE
WITH THE EMPLOYERS RATHER A POLITICAL FIGHT WITH THE GOVERNMENT.

19-APR-1504. MON004 MONN
CONTINUED FROM - NREQ

CONTINUED ON - NRES

P

REUTER MONITOR 1628

U.K. DOCKERS TO MEET THURSDAY ON STRIKE BALLOT -PART 4 NRES
LEGISLATION BANS POLITICAL STRIKES IN BRITAIN.
BUT NICHOLAS FINNEY, DIRECTOR OF THE NATIONAL ASSOCIATION OF
PORTS EMPLOYERS, ON TUESDAY ACCUSED THE TGWU OF FIGHTING A
POLITICAL CAMPAIGN AND SAID, "A STRIKE WOULD BE FUTILE AND
UNNECESSARY".

Copy 2 of 16
[Handwritten signature]



SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5802
Telex 915564 Fax 01-273 5821

Secretary of State

CH/EXCHEQUER	
REC.	19 APR 1989
ACTION	
COPIES TO	

19/4

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Ch. I spoke to Mr Ford's PS, + made the points you indicated on the letter behind. They were well taken. 19 April 1989

2. He said he would send over a form of words agreed with the Attorney General, for info if asked. (This is now attached, behind)

3. It now seems less likely that TBWU will ask for an early meeting, as they are trying to call in ACAS. (Employers are resisting this). 19/4

Dear Paul,

DOCKS : MONITORING MEETING, WEDNESDAY 19 APRIL 1989

My Secretary of State chaired the ninth meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) as expected, the talks between the TGWU and the National Association of Port Employers had broken down last night, after some 6 hours. The Union had tabled a detailed and professionally produced document which made it clear that they sought the restoration of the Dock Labour Scheme on a non-statutory basis. The Employers had made it clear that they could not negotiate a new Scheme, but that local port employers were ready to talk about the bright future which awaited dockworkers once the Bill had completed its passage through Parliament. Both parties had made available to the press the documents they had exchanged;



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Secretary of State
for Employment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (b) reports of the meeting suggested that Mr Todd did not want a strike, and that he was proceeding towards a strike ballot slowly and cautiously. It was conceivable that the aim was to ensure that the ballot results became known only after the forthcoming elections on 4 May;
- (c) all remained normal in the ports. Individual port employers would now be writing to individual dockworkers to repeat the assurances about no return to casualism;
- (d) the breakdown in the discussions had come too late to feature strongly in the national press, although it had received considerable coverage on television. It was clear that, sooner rather than later, Ministers would be asked whether they would agree to meet the TGWU. This was a difficult issue on which it was important to agree a public stance quickly.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5802
Telex 915564 Fax 01-273 5821

Secretary of State

CH/EXCHEQUER	
REC.	20 APR 1989 ✓
ACTION	
COPIES TO	

pmw

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

20 April 1989

✓

Dear Paul,

DOCKS : MONITORING MEETING: THURSDAY 20 APRIL 1989

My Secretary of State chaired the tenth meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) Mr Ron Todd had gone into hospital for an operation, and was expected to be out of action for 2 weeks. Mr Bill Morris, Deputy General Secretary, had taken over the leadership of the Union. He was a less powerful figure than Mr Todd, and did not command the same respect among dockers;
- (b) Mr Morris had written to ACAS yesterday afternoon. ACAS had contacted the National Association of Port Employers who had refused to become involved, on the grounds that this could only serve to suggest that they had an industrial dispute with the TGWU. The Employers' stance had received some negative publicity in today's press;





Secretary of State
for Employment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (c) the TGWU had also written yesterday to the Employers, seeking discussions about a new national agreement. It was understood that the letter was more conciliatory in tone, though it might still be simply a device intended to enable the Union to call a lawful strike;
- (d) the TGWU Docks and Waterways Group was due to meet at 10:00 am. This meeting might well decide to go ahead with a national strike ballot, although Mr Morris had been reported as casting some doubts on this yesterday afternoon. The Union were clearly still proceeding with great caution, and seemed to be very mindful both of the legal and of the political implications of a national dock strike;
- (e) there were reports that a mass meeting would be held at Tilbury today. If the Docks and Waterways Group did not call an immediate strike ballot, unofficial action at Tilbury and elsewhere was a distinct possibility;
- (f) it had been agreed that the Secretary of State could meet and listen to the TGWU if they asked to see him. They had not yet done so, but there might nonetheless be an advantage in letting it become known that such an approach could lead to a meeting;
- (g) MAFF reported the position on food and other commodities. Action was in hand by the relevant companies to secure the supply of soya meal and soya beans for animal feedstuffs. There could be problems over imports of New Zealand lamb, but this was clearly not a key commodity. The situation on hard wheat was under urgent review and a report will be with Agriculture Ministers shortly.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



DPG

2 of 16

BP 23/45

SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5802**
Telex 915564 Fax 01-273 5821

Secretary of State

CH/EXCHEQUER	
REC.	21 APR 1989
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Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

*NB. We must be
out there in agreement
consider responsibility
Program for Bill in
full of structure.*

21 April 1989

Dear Paul,

DOCKS : MONITORING MEETING: FRIDAY 21 APRIL 1989

My Secretary of State chaired the eleventh meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) after a long meeting yesterday, the TGWU Docks and Waterways Group had decided to call a national strike ballot of dockers in Scheme ports. The precise wording on the ballot form would depend on legal advice. The Union were likely also to seek legal advice on the form of the ballot. The practical arrangements would probably not be completed before early next week, and press reports suggested that the result of the ballot would become known some 3 weeks after that. This pointed to any strike starting in the middle of May;



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Secretary of State
for Employment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (b) some employers were known to be keen to litigate. They could take the Union to court on the grounds that there was no trade dispute between them, or they could challenge the conduct of the ballot. It was probable that they would wait until the ballot had begun;
- (c) it was understood the TGWU would meet ACAS next week. The precise purpose of these talks was unclear;
- (d) the Union's decision had received extensive press coverage, including the declaration by Mr Morris - which could not of course be taken at face value - that the Union's dispute was with the Employers and not with the Government. There had also been some press comment linking the docks dispute with discussions under way in other industries [the London Underground, the engineering industry, British Rail, and electricity supply] and suggesting that the country was heading for a "summer of discontent". This suggested that Ministers might now need to raise their public profile over the next few days, and my Secretary of State has this in hand.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



FROM: A C S ALLAN

DATE: 24 April 1989

BF 1/5
4/5

MR JEFFERSON SMITH - Customs & Excise

cc Sir P Middleton
Sir T Burns
Mr Sedgwick
Mr Gieve
Mr O'Donnell

PS/C&E

DOCK STRIKE AND TRADE FIGURES

The Chancellor would be most grateful if you could monitor carefully whether there is any bringing forward of imports or exports in anticipation of a dock strike, and let him have periodic reports.

A handwritten signature in black ink, appearing to read 'A C S Allan', with a long horizontal flourish underneath.

A C S ALLAN



Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273
Telex 915564 Fax 01-273 5821

Secretary of State

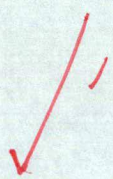
✓ 24/4
① of 16
[Signature]

(Pse show to Mortimer)

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

24 April 1989

4720



Dear Paul

DOCKS : MONITORING MEETING: MONDAY 24 APRIL 1989

My Secretary of State chaired the twelfth meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) it was likely that the TGWU would send out the strike ballot papers today or tomorrow. Reports suggested that they were going for a workplace rather than a postal ballot, and that this would take until around 12 May. The result would become known a week or so later. The General and Municipal Workers, which had in membership some registered dockworkers in the North East, had also raised with the Employers questions concerning future working and negotiating arrangements and were expected to ballot their members in parallel on a possible strike;



SECRET AND CMO UNTIL 31 DECEMBER 1989

Employment Department · Training Agency
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Secretary of State
for Employment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (b) meanwhile, all ports were working normally. It was agreed that the contingency arrangements for the maintenance of the supply of essential commodities would be reviewed at tomorrow morning's meeting.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely

Clive Norris

for

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



20/16

SECRET AND CMO UNTIL 31 DECEMBER 1989
Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5802
Telex 915564 Fax 01-273 5821

Secretary of State

[Handwritten signature]

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

[Red checkmark]

25 April 1989

Dear Paul,

DOCKS : MONITORING MEETING: TUESDAY 25 APRIL 1989

My Secretary of State chaired the thirteenth meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) the TGWU had still not sent out the ballot papers, which were thought to be still under discussion with their lawyers. Reports suggested that the ballot would nonetheless start this week, that it would end on 12 May, that the result would be declared on 19 May, and that any strike might start on 22 May. However, this timetable was put in question by other reports which suggested that the Union would seek negotiations with the Employers after the ballot result;
- (b) the docks had been discussed at yesterday's routine meeting of the TUC Finance and General Purposes Committee. This had led to a general declaration of support for registered dockworkers, and to the suggestion that the Secretary of State mediate in the dispute.



Employment Department · Training Agency
Health and Safety Executive · ACAS

SECRET AND CMO UNTIL 31 DECEMBER 1989



Secretary of State
for Employment

SECRET AND CMO UNTIL 31 DECEMBER 1989

The meeting then considered the contingency arrangements which were being made against the possibility of a national dock strike in Scheme ports:

- (a) the Secretary of State opened the discussion by warning against complacency. The fact that the TGWU were taking great care to stay within the law while preparing for a strike did not reduce the threat which such a strike would pose;
- (b) it was noted that non-scheme ports currently handled some 30 per cent of Britain's non-oil trade. Felixstowe was working at virtually full capacity; Dover and other ferry ports would have some spare capacity until the peak holiday season began in July; and the range of small ports could also handle more trade. All this suggested that it should be possible for up to about 45 per cent of Britain's trade to pass through non-scheme ports, provided that companies made the necessary preparations now;
- (c) on agricultural commodities, there was no immediate cause for concern. For most commodities, non-scheme ports and Rotterdam could be used. No specific shortages were envisaged for the first 4-5 weeks of any strike. If shortages did develop, they would be in the areas of soya, New Zealand lamb, and [depending on the nature of picketing] milling wheat;
- (d) MAFF were taking steps to ensure that sufficient numbers of plant and animal health inspectors were available to handle any increase in traffic at non-scheme ports. The Department of Transport were asked to check that similar arrangements were being made in respect of staff in the Customs and in the Port Health Authorities;
- (e) there was as yet little sign of concern from industry. Steel and motor vehicles were among the most vulnerable sectors, and were thought to be making plans. Ministers agreed to consider further whether more information might be sought on this;
- (f) the Scottish Office reported that a full assessment had been prepared for their Ministers. Provided that the non-scheme ports remained at work, they did not expect major problems. If they did not, the vulnerable areas were firstly food and feedstuffs for the Islands, and secondly the operation of the Leith grain terminal;

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Secretary of State
for Employment

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- (g) the Northern Ireland Office expected that there would be enough spare capacity in non-scheme ports to sustain traffic in most commodities. However, imports of coal would stop once scheme ports were on strike. Power stations were building up coal stocks and could switch to oil, but coal was also an important domestic fuel in the province. That said, both industry and agriculture were confident about the position.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 . . . 5803
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

207/6
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CH/EXCHEQUER	
REC.	26 APR 1989 ✓
ACTION	
COPIES TO	

207/5

26 April 1989

Dear Paul,

DOCK: MONITORING MEETING : WEDNESDAY 26 APRIL 1989

My Secretary of State chaired the fourteenth meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) Mr Bill Morris had now written individually to each member of the National Association of Port Employers, urging them to press NAPE to enter national negotiations, and seeking a response this Friday. This looked like a continuation of the TGWU's efforts to get and stay on the right side of the law. It was understood that legal problems were still delaying the finalisation of the wording of the ballot paper. It was understood that the port employers would seek legal advice before responding;
- (b) there was a routine meeting of the TUC General Council today, which was expected to endorse the resolution passed recently by the Finance and General Purposes Committee;
- (c) there were reports, as yet unsubstantiated, of moves to create a breakaway union for dockworkers in Grimsby;
- (d) the trade figures would be published today. The meeting noted that these would be the last figures published which had not been affected by the announcement of the abolition of the Dock Labour Scheme;



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Secretary of State
for Employment

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- (e) the Secretary of State then reviewed the current position on other disputes and possible disputes in the transport and other industries. Though press suggestions that we were facing a "summer of discontent" were quite groundless, it was important to keep the position under review. If there were any dock strike, it now seemed that it could not start before the middle of May: there was a possibility that other disputes might have reached a head at around the same time;
- (f) the Department of Transport reported that they had checked the position of the Customs and of the Port Health Authorities. No problems were envisaged in servicing increased traffic through non-scheme ports;
- (g) the meeting noted that the issue was now receiving less press coverage, though this could quickly change once the ballot was under way - especially if port employers then took legal action.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



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SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5803
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

27 April 1989

Dear Paul,

DOCK: MONITORING MEETING : THURSDAY 27 APRIL 1989

My Secretary of State chaired the fifteenth meeting this morning. Employment and Transport Ministers and officials attended, as well as officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices.

The key points which emerged were these:

- (a) the letter from Mr Morris to individual port employers had set a deadline of noon tomorrow for reply. However, some employers had still not received it, and it was clear that some of those who had received it had no plans to respond. It was still not clear whether the letter represented a genuine attempt to set up national negotiations, or whether it was simply part of the Union's attempt to organise a national strike within the law. The terms and timing of their response to any replies they received from employers would therefore be of great interest;
- (b) Mr Connolly of the TGWU had written to the Port Employers seeking a meeting of the industry's National Joint Council. It was expected that the Employers would reply next week, giving notice of their withdrawal from the agreement under which the NJC operated. This agreement provided that, as part of the withdrawal process, the NJC had to meet immediately. Such a meeting, which might well take place within the next 10 days, would have a curious status. It would be the first time since the 6 April announcement that those who would be party to any national negotiations had actually met;



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Secretary of State
for Employment

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- (c) the meeting noted that the threatened strike was not now receiving extensive press coverage, though this might of course quickly change.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



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SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5803**
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

28 April 1989

Dear Paul,

DOCK: MONITORING MEETING : FRIDAY 28 APRIL 1989

The sixteenth meeting took place today. In my Secretary of State's absence on Party business the meeting was chaired by Mr Nicholls. As well as Employment and Transport Ministers and officials, officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices were present.

The key points which emerged were these:

- (a) Mr Connolly of the TGWU had apparently written to all registered dockworkers, with a copy of Mr Morris' letter to employers, urging them to persuade their employers to respond to Mr Morris' approach. This seemed to be an attempt by the Union to make absolutely sure that they could argue convincingly that the planned strike was in furtherance of a trade dispute and therefore lawful. A key aspect of the definition of a "trade dispute" is that it should involve employers and their employees, as distinct from employers and unions;
- (b) it was understood that the employers would be contacting individual registered dockworkers locally, but only after the ballot paper had been issued. Press reports suggested that this would be over the weekend;



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- (c) it seemed probable that some at least of the employers would take the Union to court at the earliest possible opportunity seeking a ruling that the planned strike was "political". If the Union lost the case, they would have lost the war: the employers, in contrast, had everything to gain and little to lose from legal action. At present, it looked most unlikely that the employers could win such a case. However, their chances would improve if ill-judged remarks or documents were produced by Union officials during the balloting period, which was a distinct possibility;
- (d) the meeting considered further the employers' tactics in giving notice now of withdrawal from the national agreement under which the industry's National Joint Council operated. It was noted that once the Union had called for a meeting of the Council, as they had done, such a meeting was probably unavoidable. This was because the employers had either to agree to a meeting, as would be expected given past practice or to announce [as they were contemplating] their wish to withdraw from the agreement, which then triggered an immediate meeting of the Council. The employers were conscious of timing considerations in this decision;
- (e) the Bill Committee had now met twice and had finished the discussion of the principles behind the Dock Work Bill. From next week, it would be giving detailed consideration to the Opposition's many proposed amendments. It was striking that, yet again, no new arguments had emerged from the Opposition, and no real attempt had been made to justify the Scheme's continued existence;
- (f) Press reporting continued to be at a low level.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989

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SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

2 May 1989

Dear Paul,

DOCKS: MONITORING MEETING : TUESDAY 2 MAY 1989

My Secretary of State chaired the seventeenth meeting this morning. As well as Employment Ministers and officials, officials from the Department of Transport, Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices were present.

The key points which emerged were these:

- (a) it was understood that papers for the forthcoming workplace ballot of dockworkers were at local TGWU offices, but had not yet reached the dockworkers themselves. The vote was reported to be due to take place next Monday, 8 May, with the result due to be declared on Friday 19 May. It was quite possible that on or around 19 May, my Secretary of State would receive an approach from the Union or even from the TUC seeking "mediation". Meanwhile, local employers were now writing to individual dockworkers to explain the futility of a strike;
- (b) the Executive of the National Association of Port Employers would be meeting in the next day or so. The Employers would be seeking to raise their profile in the media. It still seemed likely that one or more employers would take legal action at some stage during or after the ballot;



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for Employment

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- (c) NAPE had sent a holding reply to Mr Connolly's request for a meeting of the National Joint Council, but they would presumably soon have to make it clear that the Council had no future;
- (d) my Secretary of State expressed his concern that there appeared to be some complacency amongst employers, some of whom seemed - quite wrongly - to interpret recent events as meaning that a strike was unlikely. He asked officials to review whether more action could be taken to alert industry to the likelihood of a national dock strike and the need to take action now to minimise its effects.

Please note that, because the Dock Work Bill Committee will be in session throughout the night, we are not having a Monitoring Meeting tomorrow.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



P Jefferson Smith
Deputy Chairman

Board Room
H M Customs and Excise
New King's Beam House
22 Upper Ground
London SE1 9PJ
Telephone: 01-382 5011

FROM: P JEFFERSON SMITH

DATE: 3 MAY 1989

Chancellor

DOCK STRIKE AND TRADE FIGURES

You asked us (Mr Allen's minute of 24 April) to monitor whether there was any bringing forward of imports and exports in anticipation of a dock strike and to report periodically.

2. There has already been a meeting of officials of interested departments to consider the impact of a strike on visible trade. Monitoring systems will be set up in the event of a strike, and a model is being devised within the Treasury for retrospective analysis of the April and subsequent visible trade statistics to attempt to detect variations from the assumed norm; but departments are concerned not to do anything overtly at this stage which would be interpreted as anticipatory action. In any case it is quite difficult to give you in any dependable way the information which you want: trade flows are quite volatile, and it is very difficult to distinguish fluctuations from one cause from another.

3. That said, there are two things we are doing: looking at document flows into the Statistical Office and picking up information, anecdotal or otherwise, from a representative selection of schemed and non-schemed ports.

cc Economic Secretary
Sir P Middleton
Sir T Burns
Mr Sedgwick
Mr Gieve
Mr O'Donnell

Chairman
Mrs Strachan
Mr Nash
Mr Hodson
Mr Pratt

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4. Document flows tell only part of the story; the most likely direct effect of anticipatory action would be an increase in values of shipments rather than numbers, and our systems for recording the statistics mean that analysis of values would be well in arrears. On numbers of documents, we can detect no significant variations yet; but we are working on improvement of our analysis and may be able to tell you more in subsequent reports.

5. Information from the ports is difficult to interpret, because all concerned are being circumspect. I did pick up a suggestion when I was at Southampton last week that some deep sea traffic might be diverted to the Continent for onward transshipment by ferry: Tilbury also reports diversions. From other ports, we have picked up indications of traders planning to switch traffic from schemed to non-schemed ports. On a small and unobtrusive scale this will probably succeed: but at Felixstowe (non-schemed) a dock meeting decided that they would not knowingly handle new work. One port, but only one, thinks it is seeing an increase in exports: the rest report business as usual.

6. All this is really what I would expect: planning for what is generally seen as the inevitable strike, and some alteration to traffic flows, but not on such a scale as to appear as visible anticipation. But I must end with the warning that it is essentially anecdotal; the danger is that one hears what one expects to hear.

7. We will aim to report weekly.

PS ~

P JEFFERSON SMITH



SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5803**
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

4 May 1989

Dear Paul,

DOCKS: MONITORING MEETING : THURSDAY 4 MAY 1989

My Secretary of State chaired the eighteenth meeting this morning. As well as Employment Ministers and officials, officials from the Department of Transport, Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices were present.

The key points which emerged were these:

- (a) the text of the ballot paper was now available. A copy is annexed. The meeting noted that it was extremely brief: in fact, it did not even say what the possible strike was actually about. It seemed likely that the TGWU would be making further material available to dockworkers, either in writing or orally. Though the ballot paper had clearly been drafted in this way to keep the Union within the law, they would have to be extremely careful that no comments were made by Union officials which undermined their case that this was a legitimate trade dispute. Any such comments would probably be seized upon by employers and prayed in aid in any court action they might take;
- (b) the ballot would take place at the workplace, between 10 and 17 May. Members for whom workplace balloting was impractical would be able to vote by post, with votes due in by first post on 19 May at the latest;



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Secretary of State
for Employment

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- (c) the Scottish Office reported that dockworkers in Aberdeen had said that they would honour the agreement reached in 1984 to continue, during any strike, to deliver essential supplies to the Scottish Islands. That was a helpful development, though continuation of supply was not thereby guaranteed;
- (d) the Department of Transport reported that there was considerable spare capacity at Dover, though this would be disappearing from July because of the holiday season;
- (e) the meeting noted that the media were still running the story that we were entering a "summer of discontent". This remained quite groundless, but it was for further consideration if and how Ministers could best counter this story;
- (f) it was noted that little progress was being made with the Dock Work Bill in Committee, and that a Guillotine Motion was due for debate in the Commons on Monday 8 May.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



TRANSPORT AND GENERAL WORKERS' UNION
REGISTERED DOCKWORKERS

BALLOT PAPER

TRADE DISPUTE WITH YOUR EMPLOYER
(including all matters arising out of and in consequence of that dispute)

**Are you prepared to take
part in a strike?**

*Please put an X in the appropriate box and place
this ballot paper in the ballot box provided*

YES	<input type="checkbox"/>
NO	<input type="checkbox"/>

If you take part in a strike or other industrial action
you may be in breach of your contract of employment

--

DISTRICT OFFICE STAMP

bf. 18/5



FROM: A C S ALLAN
DATE: 5 MAY 1989

(PW)

MR JEFFERSON SMITH (C&E)

cc PS/Economic Secretary
Sir P Middleton
Sir T Burns
Mr Sedgwick
Mr Gieve
Mr O'Donnell

Moya
Thank

You wanted to see this
Sawal

PS/C&E

Mr J-Smith
figs. in time for inf. Econ. in

DOCK STRIKE AND TRADE FIGURES

The Chancellor was grateful for your minute of 3 May.

Done
HR
Prms. with work.

ACSA

A C S ALLAN



SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5803**
Telex 915564 Fax 01-273 5821

Secretary of State

2 of 16

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

5 May 1989

Dear Paul,

DOCKS: MONITORING MEETING : FRIDAY 5 MAY 1989

My Secretary of State chaired the nineteenth meeting this morning. As well as Employment and Transport Ministers and officials, officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices were present.

The key points which emerged were these:

- (a) the latest edition of the "TGWU Record" devoted three pages to a range of material about the docks dispute. This was clearly intended to fill the gap left by the brevity of the strike ballot paper itself. The Employers could be expected to analyse the text to see if it would help them in any court action. It was understood that Associated British Ports were planning to go to the High Court next Monday or Tuesday to seek an injunction against the ballot;
- (b) Mr Morris and Mr Connolly of the TGWU had met ACAS again yesterday. It was understood that ACAS would not be approaching the Employers again before the ballot result was announced on or around 19 May. Meanwhile, Mr Morris was understood to be writing to my Secretary of State urging him to press the Employers to enter into talks with the Union under ACAS chairmanship. [This letter has now been received];



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Employment Department · Training Agency
Health and Safety Executive · ACAS



Secretary of State

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- (c) all remained quiet in the ports;
- (d) media interest also remained slight.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989

② of ①⑥



SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5803
Telex 915564 Fax 01-273 5821

Secretary of State

CH/EXCHEQUER	
REC.	- 9 MAY 1989
ACTION	
COPIES TO	

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

8 May 1989

Dear Paul,

DOCKS: MONITORING MEETING : MONDAY 8 MAY 1989

My Secretary of State chaired the twentieth meeting this morning. As well as Employment Ministers and officials, officials from the Department of Transport, Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices were present.

The key points which emerged were these:

- (a) it was understood that Associated British Ports would be taking the TGWU to court today or tomorrow. [Since the meeting we have been informed that this action is now underway];
- (b) recent soundings by DTI officials suggested that employers in both Hull and Leeds were unduly relaxed about the position, and did not expect a strike. However, the Department of Transport reported that their expectation remained that there would be a solid strike in scheme ports. Its duration was, however, highly uncertain, not least because it was unclear what the strike was actually about and therefore unclear what event would bring the strike to an end;



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Secretary of State
for Employment

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- (c) it was noted that Mr Connolly of the TGWU had urged dockworkers not to engage in local negotiations with their employers. Some employers had made the point to their dockworkers that the majority of their employees were already covered by perfectly satisfactory local bargaining arrangements, which could easily be extended to dockworkers. This underlined the absurdity of any strike;
- (d) the meeting noted that press coverage over the weekend had been limited, and that the scare stories about a "summer of discontent" had died down somewhat. Nonetheless, Ministers needed to keep the situation under close review.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5803**
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

9 May 1989

Dear Paul,

DOCKS: MONITORING MEETING : TUESDAY 9 MAY 1989

My Secretary of State chaired the 21st meeting this morning. As well as Employment and Transport Ministers and officials, officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices were present.

The key points which emerged were these:

- (a) Mr Morris of the TGWU had written again to individual employers on 4 May, seeking a new national agreement which would, in effect, be a non-statutory dock labour scheme. At about the same time, the Union had posted a leaflet to each dockworker headed "Ballot Information". It was interesting that although they had sent leaflets to the home of each dockworker, they had opted for a workplace rather than a postal ballot. Finally, the Union had also repeated their request to the employers for an early meeting of the National Joint Council. When they responded, the employers were expected to give notice of their withdrawal from the Council;



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Secretary of State

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- (b) as expected, Associated British Ports had now gone to court. They were seeking an injunction against the TGWU, designed to stop them inducing a breach of contract on the part of dockworkers. There were reports that the Port of London Authority and the Mersey Docks and Harbour Board were also planning litigation. It was not yet known what argument the employers would be deploying, but presumably they would be attempting to prove that there were no trade dispute. It was understood that the hearing would start on Thursday;
- (c) the Guillotine Motion on the Dock Work Bill had been passed yesterday. This meant that the Bill would finish in Committee on 18 May. Report Stage and Third Reading were scheduled for 24 May. Yet again, the debate had been notable for the lack of conviction on the part of the Opposition;
- (d) the Scottish Office reported that they had discussed contingency plans with British Steel and with the whisky industry. Neither envisaged major problems, though this was obviously dependent on the extent and duration of any industrial action. The Scottish CBI were also reviewing the position with their members.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



2 of 16

SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5803**
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

10 May 1989

Dear Paul,

DOCKS: MONITORING MEETING : WEDNESDAY 10 MAY 1989

My Secretary of State chaired the 22nd meeting this morning. As well as Employment and Transport Ministers and officials, officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices were present.

The key points which emerged were these:

- (a) the Port of London Authority had joined the legal action against the TGWU which has been taken by Associated British Ports. It was understood that the Mersey Docks and Harbours Board would also be joining. The court hearing was scheduled for tomorrow. It was likely that the Union would seek an adjournment for a week or so, while the ballot was taking place;
- (b) it was now clear that a national ports shop stewards' committee had been meeting each Saturday in London for some weeks past. The key purpose of such meetings was to prepare the ground for unofficial strike action should there be no official strike;



SECRET AND CMO UNTIL 31 DECEMBER 1989

Employment Department · Training Agency
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Secretary of State
for Employment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (c) the meeting noted that today's edition of "Lloyds List" reported that registered dockworkers in Newport had voted heavily against a stoppage. This seemed slightly surprising because balloting was only now about to begin;
- (d) my Secretary of State is addressing the Scottish Conservative Party Conference in Perth today, on a motion concerning the abolition of the Dock Labour Scheme.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989

2 of 6

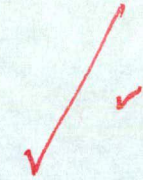


SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5803**
Telex 915564 Fax 01-273 5821

Secretary of State



Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

EXCHEQUER	
NO.	12 MAY 1989 ✓ 12/5
DATE	
CLASS	
TO	

11 May 1989

Dear Paul,

DOCKS: MONITORING MEETING : THURSDAY 11 MAY 1989

My Secretary of State chaired the 23rd meeting this morning. As well as Employment and Transport Ministers and officials, officials from the Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices were present.

The key points which emerged were these:

- (a) Associated British Ports, the Port of London Authority, and the Mersey Docks and Harbours Board were seeking an injunction against the TGWU. The court hearing was today. It was likely that the case would be adjourned for a week or so, by mutual agreement;
- (b) 550 dockworkers at Hull were on strike. The likely duration of the strike was unknown. The issue was that 4 registered dockworkers had been made redundant because their employer was going out of business. Under the Jones-Aldington arrangements, which were of course not statutory, the other employers in the port were obliged to take them on. This they refused to do. There was a genuine trade dispute, but it was not clear that proper procedures had been followed before the strike started. Associated British Ports, the main employer in Hull, may test this in court;



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for Employment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (c) the Hull situation illustrated a specific problem also present in Aberdeen. In recent years where employers deregistered the Government had paid 100% of all severance costs; similar arrangements would operate under the new special redundancy scheme with insolvent companies. The Dock Work Bill had been drafted so as to prevent employers from using the special provision for insolvent companies to offload severance costs onto the Government. However, until Royal Assent, there was a possibility - however slight - that the provision would be abused by employers in order to run down port workforces wholly at Government expense. The situation in Hull and Aberdeen had to be handled with that in mind;
- (d) the meeting noted that the National Dock Labour Board was meeting today. There were only domestic items on the agenda;
- (e) it was noted that the General and Municipal Workers Union would be balloting their dockworker members only after the TGWU ballot. This reinforced the view that an official dock strike would not begin before Tuesday 31 May;
- (f) the meeting noted press reports that dockworkers in some ports were unenthusiastic about the strike. Individual employers and the TGWU were all engaged in a battle for hearts and minds. That said, it still seemed that a majority of dockworkers would vote for a strike;
- (g) there was a brief discussion of the contingency arrangements which had been made by industry and commerce. A number of firms who still seemed to think a strike unlikely had actually made contingency arrangements but made the point that this was very expensive. The situation needed to be kept under constant review.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



Philip Nash
Director: Customs

*Chr We will get a further
update immediately re. ECOTIN.*
[Signature]

Board of Customs and Excise
Dorset House
Stamford Street
London SE1 9PS
01-865 4141

FROM: PHILIP NASH
DATE: 11 MAY 1989

CHANCELLOR OF THE EXCHEQUER

DOCK STRIKE AND TRADE FIGURES

1. Mr Jefferson Smith minuted you on 3 May advising you of arrangements we have in hand to monitor the possible effects on trade flows of anticipation of a dock strike.

2. Document flows into the Statistical Office continue to remain within the normal range of daily fluctuation. Nothing has so far been identified which might suggest any significant variations.

3. The only information to report from the representative selection of schemed and non-schemed ports is that there are signs of minor switching of traffic to non-schemed ports. In particular there is increasing activity at Newhaven (a non-schemed port). P&O have installed more computer equipment there to handle additional, mainly export, traffic and the port authority are holding meetings with our local management to discuss a possible increase in import traffic and the staffing implications which could arise for us from such an increase.

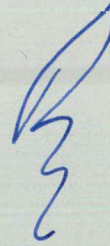
4. Otherwise the picture is unchanged but there are indications that operators are planning for more significant diversions, perhaps through continental ports, should the strike occur. The health warning given in paragraph 6 of Mr Jefferson Smith's earlier report continues to apply.

cc Economic Secretary
Sir P Middleton
Sir T Burns
Mr Sedgwick
Mr Gieve
Mr O'Donnell

CPS
Mrs Strachan
Mr Jefferson Smith
Mr Hodson
Mr Pratt

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5. During the next seven days we shall be receiving and analysing the results of our first provisional runs for the April visible balance of payments and it is possible that some more significant indications may have appeared by the time we report next week.

A handwritten signature in blue ink, consisting of a stylized, cursive 'P' followed by a vertical line and a small flourish at the bottom.

PHILIP NASH



phf

SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5803**
Telex 915564 Fax 01-273 5821

Secretary of State

CH/EXCHEQUER	
REC.	12 MAY 1989 ✓ 12/5
ACTION	
COPIES TO	

✓

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

12 May 1989

[Thursday note behind]

Dear Paul,

DOCKS: MONITORING MEETING : FRIDAY 12 MAY 1989

In my Secretary of State's absence on Government business today, our Minister of State - Mr Cope - chaired a meeting of Employment and Transport Ministers and officials this morning, the 24th in the series. The Scottish Office were also represented.

The key points which emerged were these:

- (a) Associated British Ports had been in court yesterday. The hearing had been adjourned until next Thursday, and the final outcome was unlikely before 22 or 23 May. The result of the TGWU strike ballot was due on 19 May, but the Union had given an undertaking not to call a strike before the court case was resolved;
- (b) Associated British Ports had also, in a quite separate action, sought and obtained an injunction against the TGWU convenor in Hull, who had organised the meeting which had led to the strike there. The writ claimed that he had induced a breach of contract on the part of the strikers. [Since the meeting, we have learned that the ground for the injunction was that there was no trade dispute between the employers affected by the strike and their own employees];



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Secretary of State
for Equipment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (c) it was now clear that employers had been making major efforts to persuade individual dockworkers that a strike was unnecessary and that the future of the ports after Royal Assent was bright. It was understood that, despite the Union's attempt to prevent their members from engaging in local negotiations with the employers, a number of such negotiations had taken place. It was known that shop stewards had been talking to their employers in Southampton, Poole, Plymouth, on the Tyne [where dockworkers belonged to the General and Municipal Workers Union], and at Ipswich [where the negotiations had led to an overtime ban].

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989

2 of 16 ✓

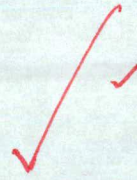


SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5803**
Telex 915564 Fax 01-273 5821

Secretary of State



Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

15 May 1989

Dear Paul,

DOCKS: MONITORING MEETING : MONDAY 15 MAY 1989

My Secretary of State chaired the 25th meeting this morning. As well as Employment Ministers and officials, officials from the Department of Transport, Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices were present.

The key points which emerged were these:

- (a) all ports, including Hull, were working today. Associated British Ports had obtained an injunction in respect of the Hull strike on the unexpected grounds that this was not a trade dispute, and the dockworkers had returned to work after a 2-day strike. Though this was an interim injunction, it seemed unlikely that this dispute would lead to further industrial action;
- (b) the TGWU workplace ballot would be completed by this Wednesday and those voting by post would need to ensure that their ballot papers arrived by the first post on Friday. The outcome of the ballot would probably be known on Friday. A fairly heavy vote in favour of a strike still seemed likely;



SECRET AND CMO UNTIL 31 DECEMBER 1989

Employment Department · Training Agency
Health and Safety Executive · ACAS



Secretary of State
for Environment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (c) once the TGWU ballot result had been declared, it was possible that the Union - and perhaps the TUC itself - would approach my Secretary of State once more urging him to intervene in the dispute by putting pressure on the employers. The best estimate remained that the strike would begin at the end of May;
- (d) DTI reported the outcome of some discussions with major port users. British Steel envisaged problems with their Redcar plant, which was dependent on nearby Scheme ports, and which supplied steel for the construction industry. It seemed as if their other plants could cope with a strike in the Scheme ports, as could the independent steel producers. It was clear that the vehicle manufacturing industry would be hit severely by any strike. A third sensitive sector, the newsprint industry, could cope as long as non-Scheme ports remained open. Reports from the regions confirmed that much of industry still seemed to think a strike unlikely;
- (e) media coverage of the docks dispute remained light, although the "summer of discontent" story continued to run strongly, fed by today's disruption in London. That said, it remained the case that the current position was one of threats of strikes and risks of strikes rather than of widespread strike action.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



FROM: J M G TAYLOR

DATE: 15 May 1989

Handwritten signature

MR NASH - C&E

cc PS/Economic Secretary
Sir P Middleton
Sir T Burns
Mr Sedgwick
Mr Gieve
Mr O'Donnell

Mr Unwin C&E
Mrs Strachan C&E
Mr Jefferson Smith C&E

DOCK STRIKE AND TRADE FIGURES

The Chancellor was grateful for your note of 11 May.

Handwritten signature

J M G TAYLOR

~~CONFIDENTIAL~~

UNCLASSIFIED

FROM: J M G TAYLOR

DATE: 15 May 1989



MR NASH - C&E

cc PS/Economic Secretary
Sir P Middleton
Sir T Burns
Mr Sedgwick
Mr Gieve
Mr O'Donnell

X Mr Uwin C&E
Mrs Strachan C&E
Mr Jefferson Smith C&E

DOCK STRIKE AND TRADE FIGURES

The Chancellor was grateful for your note of 11 May.

J M G TAYLOR

~~CONFIDENTIAL~~



(2)

SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5803
Telex 915564 Fax 01-273 5821

Secretary of State

Handwritten notes:
✓
was not sent
yesterday's meeting
note behind.
16/5

CH/EXCHEQUER	
REC.	16 MAY 1989
ACTION	
COPIES TO	

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

16 May 1989

Dear Paul,

DOCKS: MONITORING MEETING : TUESDAY 16 MAY 1989

My Secretary of State chaired the 26th meeting this morning. As well as Employment and Transport Ministers and officials, officials from the Department of Transport, Home Office, Department of Trade and Industry, Ministry of Agriculture Fisheries and Food, and the Scottish and Northern Ireland Offices were present.

The key point which emerged from a brief meeting was that there had been press reports that a number of the smaller scheme ports had voted against the proposed national strike. It was reported that the employers thought that a "no" vote in a specific port would make lawful strike action in that port impossible because a "no" vote would demonstrate that there was no trade dispute at the port concerned. The legal position was far from clear, and it was by no means certain that the union would agree to make available the ballot results on a port-by-port basis. However, the reports did tend to confirm that the vote in favour of a strike might not be overwhelming, as well as opening up the prospect of further legal action by the employers.



SECRET AND CMO UNTIL 31 DECEMBER 1989

Employment Department · Training Agency
Health and Safety Executive · ACAS



Secretary of State
for Foreign Affairs

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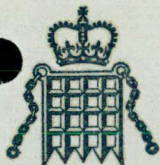
I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

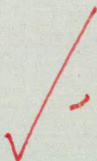
CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989



Philip Nash
Director: Customs

pnp



Board of Customs and Excise
Dorset House
Stamford Street
London SE1 9PS

01-865 4141

FROM: PHILIP NASH
DATE: 17 MAY 1989

CHANCELLOR OF THE EXCHEQUER

DOCK STRIKE AND TRADE FIGURES

1. We now have the provisional runs for the April visible balance of payments referred to in my minute of the 11 May. The export figures, which comprise approximately 60 per cent of April trade and 40 per cent from March¹, will be less affected by any arrangements made after the announcement of the Bill to abolish the National Dock Labour Scheme than the import figures, which are much closer to the calendar month. However, our preliminary analysis of trade by port does not provide any evidence of a shift from schemed to non-schemed ports of either imports or exports. Variation in the share of trade (both value and items of trade) accounted for by the major port groupings remains within the normal range in both cases. A more detailed analysis is being undertaken using individual port data.

2. Average values of both import and export items of trade are unexceptional; some increase in the size/value of consignments would have been evidence of an acceleration in trade. This does not disprove the acceleration hypothesis, which could equally result from an increase in the number of consignments over what would otherwise have occurred. Treasury officials will no doubt be making an assessment when the Department of Trade and Industry's seasonally-adjusted figures become available. Our unadjusted figures suggest that these may show significant month-

cc Economic Secretary
Sir P Middleton
Sir T Burns
Mr Sedgwick
Mr Gieve
Mr O'Donnell

CPS
Mrs Strachan
Mr Jefferson Smith
Mr Hodson
Mr Pratt

¹ This derives from the fact that traders are allowed 14 days in which to submit entries under the simplified clearance procedure and processing of export documents begins shortly before the end of the calendar month.

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on-month increases in imports of food, mineral fuel and chemicals, but not in imports of crude materials which appear to have fallen slightly. There is no evidence that this is necessarily to do with the dock strike.

3. Document flows into the Statistical Office during the last week, which will contribute to the balance of payments figures for May, continue to lie within normal ranges. There is no indication of any distortion in the May figures so far.

4. Information from the representative selection of schemed and non-schemed ports provides further evidence of contingency arrangements by shipping lines to divert services to the latter ports in the event of a strike. Liverpool (schemed) reports a substantial fall in imports whereas Felixstowe has gained two new shipping lines at the expense of Southampton and Tilbury. There has been a short strike at Hull, ostensibly because of another dispute but considered by management to be testing the water, which caused trade to be diverted to Immingham and Middlesborough (both schemed).



PHILIP NASH

SECRET

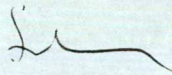
FROM: S D H SARGENT
DATE: 18 May 1989

MR MONCK

cc PS/Chancellor
Sir T Burns
Mr Scholar

DOCK STRIKE

In the course of a conversation with Geoffrey Holland this morning, Sir Peter Middleton enquired about the prospects for a dock strike. Mr Holland said that the ballot result, which was likely to be made known on Friday, was expected to produce a 70 per cent majority for strike action. However, some of the smaller ports might produce majorities against a strike. The turnout would also be a matter of interest. In the meantime, the TGWU appeared to be deliberately spinning out the court hearing on the ABP's attempt to obtain an injunction preventing a strike on the grounds that this was not a trade dispute. It looked as if, as a result of the TGWU efforts, the court case would last another eight working days. Mr Holland's hunch was that the union did not want a strike and that it was hoping to spin things out until the legislation abolishing the Dock Labour Scheme was on the Statute Book, at which point their members might be less keen to take action.


S D H SARGENT
Private Secretary

SECRET

2 of 16



SECRET AND CMO UNTIL 31 DECEMBER 1989

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 **5803**
Telex 915564 Fax 01-273 5821

Secretary of State

pm

CH/EXCHEQUER	
REC:	18 MAY 1989 ✓ 18/5
ACTION	
COPIES TO	

18 May 1989

Paul Gray Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Paul,

DOCKS: MONITORING MEETINGS: WEDNESDAY 17 & THURSDAY 18 MAY 1989

My Secretary of State chaired a small meeting yesterday morning (the 27th) and a larger meeting of Ministers and officials from interested Departments today (the 28th in the series). This letter reports on both.

The key points which emerged were these:

- (a) the results of the TGWU strike ballot would probably become available tomorrow. The employers' judgment was that the ballot would produce a vote in favour of strike action of the order of 70 per cent. That said, it was clear that the long delay since the 6 April announcement of the abolition of the Dock Labour Scheme had reduced considerably any enthusiasm for a strike on the part of the TGWU and its members;
- (b) the General and Municipal Workers' Union had some 150 registered dockworker members, in Hartlepool and on the Tyne. They had not yet been balloted about possible strike action: under their rules a two-thirds majority would be required to sanction a strike;



SECRET AND CMO UNTIL 31 DECEMBER 1989

Employment Department · Training Agency
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Secretary of State
for Employment

SECRET AND CMO UNTIL 31 DECEMBER 1989

- (c) the port employers were in court again today, continuing their attempt to secure a ruling that a dock strike would not be lawful because there was no trade dispute. The TGWU had apparently submitted a mass of material to the court, and this confirmed the view that they were deliberately slowing things down. It was possible that the case would not be cleared before the Whitsun Recess. A strike could not begin before 30 May, and possibly not even then. The Union could not call a strike if they lost the case, even pending an appeal, but they could call a strike if the employers lost the case and appealed. The Union's mandate for a strike arising from the recent ballot would expire on 16 June. If a strike had not begun by then, they would have to re-ballot;
- (d) the Dock Work Bill would finish its Commons' Committee Stage today. The Opposition had found no defects in the Bill, and had produced no convincing arguments for the Scheme's retention.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Home Secretary, the Secretary of State for Transport, the Secretary of State for Trade and Industry, the Lord President, the Secretary of State for Defence, the Secretary of State for Wales, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Minister of Agriculture, the Attorney General, and Sir Robin Butler.

Yours sincerely,

Clive Norris

CLIVE NORRIS
Principal Private Secretary

SECRET AND CMO UNTIL 31 DECEMBER 1989