

H.R.
CONFIDENTIAL

PRIME MINISTER

c. Chancellor of the Exchequer

Cabinet 27 November: Firemen's Pay, and the NHS Cash Limit

At your meeting this evening with the Chancellor I was asked to let you and him have a note for tomorrow's Cabinet outlining the case for the Government taking a more forward public position over the firemen's pay dispute.

The case for doing so is simply stated: we are losing the public relations battle, and unless public opinion starts to turn against the firemen there will be no incentive for them to come down from their present claim of 18.8%. Tomorrow's conference will almost certainly endorse the call for a series of lightning strikes, and we cannot be certain that the contingency arrangements will be as well able to cope with such action as with the 1978 strike, particularly since because there will be less assistance from fire officers this time.

The points which would be used by Ministers in this effort to sway public opinion include:

(1) the promise in the 1978 agreement that firemen's pay should be brought into line with the upper quartile of the average earnings index was honoured: firemen had large settlements in 1978/79, their take-home pay is good and it is widely known that moonlighting is not unknown in the fire service. In short, as a group, they have little to complain about;

(2) it would be grossly unfair on other public service employees if the firemen's industrial muscle were to result in their obtaining a settlement greatly in excess of 6% at a time when other groups are being asked to accept a significant fall in their living standards, and at a time of high unemployment in the private sector;

/ (3)

CONFIDENTIAL

(3) there is no shortage of firemen, therefore, there is no particular reason to pay more in order to recruit more. And the numbers of firemen have been increasing substantially - from 21,000 in December 1959 to nearly 36,000 in December 1979;

- 3000

(4) the firemen appear to be saying that they have an agreement which can never be renegotiated; no employer could possibly accept such a position, regardless of the outside economic circumstances.

Such a public position would be harder to sustain in the continued absence of an announced cash limit for the NHS workers. You agreed also to raise in Cabinet the issue of whether the time has not now arrived, given that the NHS ancillaries have already put in their pay claim, for Mr. Jenkin to announce a cash limit for NHS pay of 6%. The continued withholding of such an announcement would mean that:

- (a) NHS expectations can continue unchecked;
- (b) the belief that the Government is prepared to see the 6% pay factor edged upwards is reinforced; and
- (c) an opportunity to further isolate the firemen is lost.

↓
JOHN VEREKER

26 November 1980