

MR INGHAM

I had a brief MIO(E) meeting yesterday afternoon with Treasury absent but apologising.

- Water Workers

Tom King was seeing the employers yesterday (this meeting was picked up in today's papers). He was planning to put pressure on them to make only a miniscule offer above 4%, certainly less than 5%, and push for arbitration on that basis. Even Robert Marshall has said that "upper quartile" is a nonsense. Water workers make formal decision on Monday so warlike noises from the PM on "Weekend World" could be counter-productive.

- Local Government Manuals

The leader of the union negotiators volunteered to accept 4½% if it was offered but they have yet to put it to their members who of course belong to the same union in general as the water workers.

- NCB have come up with compromise on Snowdown and the Welsh miners are not striking on Monday.

- Tanker Drivers

Esso have settled for £35 a week on average earnings of £180-250 ie around 15-16%. Mobil settle for 8%. BP, Shell, Texaco etc have started negotiations; no problems expected at the moment although TGWU wants to centralise negotiations with view to national agreement, but companies are resistant.

- Gas manuals were offered 4% at the beginning of January. Negotiation restarts 21 January. No suggestion industrial action at present.

- Electricity Council due to respond 3 February to manuals' demand for unquantified substantial increase - settlement date 17 Feb.

- Lorry drivers' regional negotiation 0 to 4% unlikely to be troublesome. London and South-East meet today offered 2¼%.

- Nothing new or imminent nationalised industry chairman but Treasury White Paper February will contain salary information.

- Wholesale price index yesterday up and will feed through into retail prices around June.

- Cecil Parkinson did a good reassurance job on the pound. I pointed out to whoever would listen the difference between the situation in "crisis 1976" and today when our economic fundamentals are sounder; inflation is down; moderation in wages; smallest budget deficit of any major industrialised country and going down; public spending certainly within target; new realism, end to living beyond our means; UK economy well managed, example to the world.

The 1976 pound/dollar rate was 1.56¼.