

Prime Minister



*at the White House  
Mr Hodgson*

PRIME MINISTER

STRIKERS AND SUPPLEMENTARY BENEFITS

*There is no point in  
having this to be decided  
unless we have found a  
way of resolving*

*Here but Mr  
Tendin should put  
a paper to Cabinet  
as suggested in last*

We have had a further discussion of the problems of Strikers and Supplementary Benefits in E(EA) Sub-Committee. It seems

*The problem. The same difficulties para?  
will remain & the same decisions*

clear that these proposals will arouse great controversy, and there is no common view among colleagues about how the various problems should be overcome. You may feel therefore that we

*We can't go ahead like this.  
The first step is to see whether  
any modifications to meet the objections are  
proposed. I feel the scheme must drop.*

should examine the matter in Cabinet.

*TL  
24/6  
A.G.*

You may find it helpful if I try to set out briefly where I think our discussions have now reached and what questions remain to be resolved.

The Manifesto said:-

"We shall ensure that unions bear their fair share of the cost of supporting those on strike".

It has been generally agreed that the best way of achieving that is to "deem" that the striker receives a certain amount of strike pay from a union, in settling the amount of any supplementary benefit payable in respect of the striker's family. There is also general agreement that an appropriate sum to deem as being paid might be £10 with provision for this amount to increase automatically by the index by which supplementary benefits are increased. This figure is higher than most unions pay now in strike pay - and so announcing that this provision would come into force in say a year's time would put pressure on them to build up funds and pay more.

/The ...



The areas of remaining doubt relate to the scope of the "deeming" provision and whether, and if so how, we should make provision for dealing with cases of hardship.

#### Scope of the Provision

It is not thought practicable to distinguish between official and unofficial strikes, or between those people who are voluntarily on strike, and those who are willing to work but are prevented from doing so by others striking at their place of work. So everyone from that plant who is without pay as a result of the strike would be treated similarly. But should only union members be deemed to receive the strike pay, or should non-unionists also be included?

Non-unionists clearly will not actually receive strike pay. So deeming that they do will penalise them for not being a union member. And if they are not merely non-unionist, but also willing to work in defiance of the union, the penalty will seem to them doubly harsh. But if we deem only union members to receive the pay, there would be great practical difficulty in identifying the people with certainty. We can be sure that the unions will try to make it difficult to work the legislation, and that they will try any legal tricks that their lawyers can devise to subvert the intentions of the provision. But the individual could be made to sign a declaration - and the fact that some people would fraudulently take funds (and risk a criminal prosecution) may well be less damaging than the suggestion that non-unionists should be penalised financially. We must recognise that this is a

/balanced ...



balanced decision - and that at the very least the unions will argue that we are trying to discourage people from union membership. On the whole I think that a majority of colleagues on E(EA) felt that we should exclude non-unionists - and that we should take such legislative steps as we can to ease the problem of identifying the union member.

#### Hardship

It seems very difficult to judge whether the loss of the £10/week in supplementary benefit that this proposal entails would constitute "hardship" for some families. In a strike the DHSS staff would have to cope with large numbers of claimants and so they require a simple rule of thumb. The rule so far suggested would be to say that the family are now getting less than their accepted requirements, (which are used to set the supplementary benefit level) by the amount of the sum deemed. Therefore they should receive an extra amount for "hardship" of £10, (if they can establish that they get no strike pay from the union). This of course is circular - we would be taking the money away with one hand and giving it back with the other. So to have any effect at all we would need to make the hardship payment a loan, to be recovered from earnings when the man went back to work. To limit the demands for this type of treatment it has been proposed that no hardship payments would be made until the 5th week of the strike (the third week of supplementary benefit payments).

It is apparently a fact that only about 30 per cent of strikers claim supplementary benefit anyway. But since the whole of this



proposal only aims at affecting that group, I think that we have to recognise that a hardship provision on these lines does open the door for a large proportion of those people, with union encouragement, to obtain the amount "deemed" as a loan, and for the union then to seek to ensure that the equivalent amount is written into the settlement the employers eventually make to end the strike. If they are successful the unions will not have been encouraged to raise their strike pay at all by our measure, and its whole purpose will have been lost. But on the other hand E(EA) colleagues have so far been unable to come up with any alternative approach.

I can only suggest that you may wish to ask Patrick Jenkin to put forward a Cabinet paper - on which he would no doubt consult Jim Prior. If so I think it might be helpful if it could include any available statistical evidence on the way strikers in fact finance themselves - two thirds apparently don't make any claim on public funds - so that we can better judge whether we could not get away with £10 "deeming" without a hardship provision at all.

I am copying this to Patrick Jenkin, Jim Prior, and John Biffen and Sir Robert Armstrong.

KJ

K J

26 October 1979

26 OCT 1979

