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10 DOWNING STREET

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bc Wolfson
Hoskyns
Ingham

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From the Private Secretary

3 June 1980 Econ PSI - NEDC

Relations with Trade Union Leaders

As you know, the Prime Minister held a meeting this morning with the Chancellor of the Exchequer and the Secretary of State for Employment to discuss the Government's relations with trade union leaders. Mr. David Wolfson and Mr. John Hoskyns were also present. They had before them the Chancellor's minute of 27 May and the Secretary of State for Employment's minute of 30 May.

The Prime Minister said that, despite complaints that they had no contact with Government, trade union leaders did seem to have frequent meetings with Ministers on specific issues. She was opposed to formal talks with the T.U.C. as this would give the impression that the Government was treating with them like its predecessor, and they were most unlikely to deliver anything in return. It would be best to continue with the present pattern of meetings on specific issues, the monthly meetings at N.E.D.C., and informal contacts.

The Chancellor and the Secretary of State for Employment said that they broadly agreed. While avoiding formal meetings with the T.U.C. (except at N.E.D.C.), it was important to maintain contact with trade union leaders. Although they were generally opposed to the Government's policies and though they were even less helpful in their public utterances than they were in private, it was nonetheless worth trying to bring influence to bear on them. Moreover, they could

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still cause great damage if they were to join the extremists, and the Government could help to avoid this by keeping in touch with them. Consistent with this approach, it would be helpful if the Prime Minister could invite trade union leaders from time to time for informal discussions at No. 10. This might best be done by inviting two or three to lunch or dinner along with a few industrialists. Mr. Prior suggested the following names: Sir John Boyd, Mr. Terry Duffy, Mr. Alex Ferry, Mr. John Baldwin and Mr. Gavid Laird. The Prime Minister said that she would try to hold one or two small functions as suggested before the Recess; I shall be in touch with Richard Dykes to discuss further who might be invited.

There was also a brief discussion of the future programme for N.E.D.C.. Mr. Prior said that it was important to keep the T.U.C. interested in N.E.D.C.. The Prime Minister suggested that N.E.D.C. might usefully mount a "productivity campaign": this would not only be desirable in its own right, but it might appeal to the T.U.C.. The Chancellor said that he would follow up this idea with Sir Ray Pennock.

Finally, it was decided that the Prime Minister should not take the Chair at the July N.E.D.C. meeting. In view of the recent speculation about pay talks and now about the July 16 Cabinet, it could cause further misunderstanding about the Government's approach to the trade unions and to pay.

I am sending copies of this letter to Richard Dykes (Department of Employment) and David Wright (Cabinet Office).

T. P. LANKESTER

John Wiggins, Esq.,
H.M. Treasury.