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NOTE FOR RECORD

The Prime Minister spoke to the Secretary of State for Employment on the telephone at 1315 on 23 August.

Mr. Prior said that he wished to report to the Prime Minister on his discussions with the TUC Economic Committee the previous day. The TUC side had been fairly intransigent, but he had expected this. Their position was illustrated by the fact that their Press statement had been written in advance. Despite the difficulties, he considered it important to be seen to be going through the motions on consultation.

The Prime Minister said that she strongly agreed with the point he had made on radio about the current economic difficulties being exacerbated as a result of last winter's industrial disruption. She asked Mr. Prior how the negotiating position of the trade unions could be consistent with the fact that more trade union members had voted ^{Conservative} in the last Election than ever before. Were the views of these trade unionists being represented? It seemed that the Labour Party's position, not the position of trade unionists, was coming through.

Mr. Prior said that the consultation process would have to be gone through, otherwise there would be difficult repercussions. But the going would remain rough. Harry Urwin had done most of the talking, with some support from Len Murray. The group of 20 had delegated these two to speak, and he had been specifically asked not to put questions to others. The meeting had lasted 1 hour 50 minutes. It had got nowhere. The trade union side accused the Government of being woolly. He nevertheless was increasingly convinced of the need to stick to the toughest formulation for the forthcoming legislation. Otherwise the Government would be seen to be taking a feeble line. The Prime Minister confirmed that she agreed with this. Mr. Prior said that he was increasingly attracted by the prospect of introducing two Bills, with the first one narrowly drawn to limit the scope for amendments, and obstruction in Committee. The Prime Minister argued that it would be impossible to push any Bill through quickly. If the Government introduced one brief

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Bill, but failed to get this through quickly, it would give the Opposition a much bigger handle with which to tackle the next Bill. She was therefore inclined to tackle one Bill. If there were two, both would require the use of the guillotine, there would be two Committee Stages, and problems would be considerably increased. Mr. Prior said that he would wish to discuss this further with the Prime Minister. In the meantime, he had to conclude consultations on issues such as employment protection, and immunities. An important decision of the House of Lords was due in November. The Prime Minister said that Mr. Prior should lay down what the law was to be, without too much attention to the prospective Lords decision. This might well not come through in November. Mr. Prior pointed to the risk of criticism if the Government was pre-empting this decision. The Prime Minister said the Government was entitled to lay down what it wanted for the Parliament to consider. Mr. Prior said that would not disarm the likely criticism. The drafting would be easy, but the passage of the Bill would be difficult. The Lord Chancellor had confirmed that the Lords decision could not be expected before November. The Prime Minister thought this made it likely that there would be no decision before Christmas.

Mr. Prior drew attention to the Donovan rulings. The Prime Minister pointed out that some of his extensions of immunity had been overturned by later decisions. This underlined the stronger case for laying down the law. Mr. Prior commented that he agreed, but was searching for the best way of putting this into effect.

23 August 1979

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