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From the Secretary of State

The Rt Hon James Prior MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London, SW1H 9NA

28 May 1980

Dear Secretary of State,

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UNION LABOUR ONLY CLAUSES IN COMMERCIAL CONTRACTS

In your letter to Geoffrey Howe of 15 May, you asked me to consider whether anything could be done to remove impediments under the Restrictive Trade Practices Legislation to co-operation by contractors in resisting the imposition by clients of "union labour only" clauses in commercial contracts.

I understand that the Federation were in touch with the Office of Fair Trading recently about proposed arrangements which would have helped their members to resist clauses of this nature. It appears that the arrangements might well have been registrable, as they went beyond the terms of the exemptions in the Restrictive Trade Practices Act 1976, which provide that in determining whether an agreement is registrable, no account shall be taken of restrictions which relate to workers to be employed or to conditions of employment.

Section 2(3) of the Restrictive Trade Practices Act 1977 enables me by order to provide that additional matters may be disregarded in determining whether agreements in relation to goods are registrable. I have similar powers in relation to services agreements under Section 11 of the Restrictive Trade Practices Act 1976. These two provisions would in theory enable me to remove from liability to registration agreements designed to strengthen the hand of participants against union labour only contracts.



From the Secretary of State

I have asked my officials to consult with yours and with those of the Office of Fair Trading to see whether this line of approach offers a suitable way out of the Federation's difficulties.

I am copying this letter to the Prime Minister, to Members of "E" Committee and to the Lord Chancellor.

Yours sincerely,

Nicholas M^cInnes

JOHN NOTT

(Approved by the Secretary of State and signed in his absence.)