



10 DOWNING STREET

THE PRIME MINISTER

21 December 1982

Dear Sir Walter,

Thank you for your letter of 7 December (and for the papers you sent with your letter of 8 December to Caroline Stephens). I much appreciate your kind words.

You raise two important matters in your letters. On the first of these, the railway workers and the last Government's closed shop legislation, I have always made it clear that I fully sympathise with the three railmen and I wholeheartedly welcomed the European Court's ruling in their favour. As you know, we have consistently condemned their dismissals and the iniquitous legislation of the previous Government which allowed the dismissals to take place. However, I do not believe that the Government should, as you suggest, have let the case before the European Court drop when we took office. The fact was that it raised a number of key issues, not least of which was whether the Government was responsible under the terms of the European Convention of Human Rights for the actions of nationalised industries, which the Government thought it essential to argue before the Commission and the Court. It was also crucially important for the Commission and the Court to be fully aware of the changes which the Government was making to the law on the closed shop in order to prevent any repetition of cases of this kind in the future.

As regards the railmen's compensation, the European Court recently awarded them a total of £81,000 for material loss plus £65,000 for legal costs, the latter representing by far the largest award of costs ever made in relation to a case before the European Court of Human Rights. The Court's conclusion was that £65,000

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represented the maximum legal costs which were necessarily incurred and reasonable in amount, and, as you may have seen, the Court expressed its concern that unnecessarily high legal costs could be an impediment to other people seeking to exercise their rights under the Convention. In view of the Court's judgement it would, as I think you will appreciate, have been very difficult for the United Kingdom Government to justify paying more in legal costs than the Court ordered.

On the matter of compensation for shipbuilding companies, I know that you feel strongly about our decision not to seek amendment of the compensation terms in the 1977 legislation. I ask you to understand that I did inquire into the circumstances personally, and that careful consideration was given by the Government as a whole before the decision was taken. I understand that you have covered the ground extensively and received answers to your points in exchanges with Patrick Jenkin, and earlier with Sir Keith Joseph.

I will not go over all this ground again, since to do so would be to repeat what you have already heard. I can understand that you nevertheless maintain your own, different views. I can assure you, though, that I have considered the matters you raise, and I trust you will appreciate that the decisions have not been taken easily, or lightly.

Yours sincerely
Margaret Thatcher

Sir Walter Salomon