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 Mr. Hughes
 Mr. Walker
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 Mr. Smith
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PRIME MINISTER

RELATIONS WITH TRADE UNION LEADERS

We are to discuss this issue at your meeting on 3 June and I have seen Geoffrey Howe's minute of 27 May.

I think it important for that discussion to have clearly in mind the distinction to be made between the TUC as an institution and the role of individual trade union leaders. We must avoid doing anything which appears to recognise the TUC as a partner in determining policies. But at the same time we must not alienate individual trade unionists who can bring useful influence to bear within the TUC or undermine their authority for the conduct of industrial relations.

The authority of the TUC is slight and has indeed declined. But despite evident embarrassment on the response to the call for support for the "Day of Action" on 14 May, there is little doubt that the TUC will be saddled with a series of resolutions at its Congress in September which will deepen its proclaimed opposition to our policies. I am sure that we must not structure any new formal relationship with the TUC which might appear to recognise the strength of that opposition or indeed provide the TUC with a new platform from which it might be proclaimed and developed. In his Granada lecture on 28 May, Len Murray made clear that the TUC sees itself as having the role of "bargaining" with governments to establish areas of agreement. Certainly for the present, there is no prospect of any measure of agreement being possible with the TUC in the area of economic policy.

But we must now seek to do all we can to see that a climate does not develop in which more moderate union leaders, and the TUC General Council as a whole, is unwilling (or even unable) any longer to hold back those who argue for no contacts with Government and outright opposition. We must also avoid inadvertently providing some new emotive cause on which the TUC's opposition could focus and which

might provide an issue on which pressures for industrial action could be mounted through the institutional channels the TUC provides. Although the TUC's position may now be weak, we must not underestimate its ability to provide a skilful institutional focus for discontent with our policies and it would be unwise to ignore the strength of traditional loyalties which could come to be harnessed.

It is vital therefore that existing channels of dialogue are kept open and we must continue to be ready to consult the TUC on all appropriate matters. I very much welcome John Nott's initiative in inviting the TUC to discuss their views on import controls with him. Other specific topics on which a common interest and the possibility of practical change might be established could provide for useful consultation and I am considering the possibility of talks with both the TUC and the CBI on such matters as employee involvement and industrial training.

Above all else, we must endeavour to ensure that the authority of union leadership in the conduct of industrial relations is not eroded still further but is, wherever possible, strengthened. Many of the problems of industry stem from a lack of authoritative leadership in the unions and without it agreements are abrogated, wage bargaining becomes the more chaotic and the risk of industrial action and resultant damage increases. The necessary authority must be won and be responsibly exercised. But we should be seen to be ready to encourage its development and not appear to want to diminish it further in public dialogue with rank and file union membership.

I am copying this minute to Geoffrey Howe, Robert Armstrong and John Hoskyns.

RTB/JP

JP

[Approved by Secretary of State and signed in his absence]

30 MAY 1980