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Secretary of State for Industry

The Rt Hon James Prior MP
Secretary of State for Employment
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28 May 1980

Franklin.

22/5/80

UNION LABOUR ONLY CLAUSES IN COMMERCIAL CONTRACTS

Thank you for sending me a copy of your letter of 15 May to Geoffrey Howe about the objectionable practice requiring contractors to employ only union members.

I am sure that you are right to press the CBI and the Federation of Civil Engineering Contractors (FCEC) to do what they can to discourage their members from this; such an initiative can do nothing but good. However, voluntary action will be of only limited effectiveness; nor is a reference in a Code of Practice a complete answer. While I appreciate the difficulties of taking legislative action it is thoroughly unsatisfactory that this form of coercion is legal especially when the CBI and FCEC have been pressing for some action from us. I was pleased to see that Patrick Mayhew gave an indication that action by trade unions to enforce such a requirement on their employers' contractors would be relevant to the forthcoming Green Paper on trade union immunities. I would hope very much that the Green Paper thoroughly airs the whole issue, including the question of whether such clauses and related practices should be outlawed completely. I shall shortly be writing to you separately about what other issues might be covered in the Green Paper including our policy in the long and medium term towards closed shops in general.

I support your proposal that we should consider what steps we might take to discourage the practice in the public sector. Before your latest letter my officials had already ascertained from nationalised industries coming within my responsibilities that they do not have formal requirements to this effect in their contracts, although there may well be local 'understandings'. Nor, despite Jock Bruce-Gardyne's comments in the Report Stage, do BL appear to have any general practice of this kind although instances may occur. However, I am quite certain that these industries in the public sector would be sympathetic to any request from the CBI (of which they are members) which may result from your initiative, and it would be better if the



request came to them from the CBI than from the Government direct, although I would certainly be willing to write to my industries to commend any CBI initiative. I would of course also expect these industries, as responsible employers, to have regard to your forthcoming statutory Code of Practice on the Closed Shop.

I am content with your suggestion to amend the Employment Bill at the request of the FCEC to give the employer the right of joinder against the contractor in a claim from a non-union member for unfair dismissal resulting from a contractual clause. I assume that this would not make it more difficult for the employee to pursue his claim.

I am sending copies of my letter to the recipients of yours.

Lawson

Kerr

29 MAY 1968

