

cc. Mr Wofen

Mr Hony

Mr Lewis

of Ind. Pol (Pt 2) 'Meets with Tuc'



Confederation of British Industry

21 Tothill Street
London SW1H 9LP
Telephone 01-930 6711
Telex 21332
Telegrams
Cobustry London SW1

From the Director-General: Sir John Methven

STRICTLY PERSONAL

5 February 1980

Jean Clive,

I have thought deeply about the discussion which we had with the Prime Minister this morning: and I would be the first to admit that I came away deeply disturbed, because I could not provide an easy solution to a difficult situation.

Frankly, I know that this Government, and in particular this Prime Minister, provides the last chance that this country is likely to have to preserve economic freedom and therefore personal freedom.

Therefore, my natural inclination is to fall in behind and back what is done. But that is not my job. My job is to help to win: and to predict where individual and commercial opinion will stand.

As an industrial animal, I have seen both Conservative and Labour Governments confront the unions and lose. This Government has great courage and must win opposite the unions. If too great a step is taken at once then there is a real practical danger that the unions will

/continued ...

Clive Whitmore Esq
Principal Private Secretary to the Prime Minister
Prime Minister's Office
10 Downing Street
London SW1

again confront the Government and win. We cannot afford that.

It is true that the present Employment Bill, if amended to reverse MacShane will only deal with tertiary action (except in respect of picketing where it will deal with secondary action). That will be an imperfect solution - "band-aiding". To say, however, that to deal in one Bill with the closed shop, secondary picketing, and MacShane is "nothing" is, in my view, wrong. I had never expected while I occupied my post as Director General of the CBI even to be able to discuss these things after the disaster of 1971/74.

The question for me is - how much will the union movement take, without erupting totally, for the union movement is still more powerful than public opinion? In spite of this morning, I do not believe that we could, in the absence of a substantial period of consultation, secure the impugning of union funds and the making unlawful of secondary action (apart from picketing) in this Bill without :

- a. the risk of totally unifying the union movement against the Government, or
- b. splitting employers' opinion down the middle.

I am well aware that bodies such as BISPA might well support such action at this time. But who will enforce it? Not Government, because it is a civil matter. It must be the bigger employers, with highly unionised workforces - that is where the battle will be.

It is much easier to advise you and our Prime Minister that all will be well and that in this Bill she should deal, at one quick blow, with all secondary action and the impugning of union funds: and I have also made it quite clear that I personally will back her decision. But my advice remains, after many hours thought, that she should say that this Bill is "band-aiding", that there is more to do (secondary action/trade union funds) and that that will be, quickly, the subject of a Green/White Paper. Action against these matters strikes at the very core of the trade union movement and, in my book, they are entitled to a reasonable period for consultation.

/continued ...

Clive Whitmore Esq
5 February 1980

3.

Privately, I do not believe that the trade union movement is totally against this Government. I know that Len Murray is trying to cool the situation in South Wales and yesterday carpeted George Wright (the TUC Wales General Secretary) who is trying to exaggerate a serious situation there. Murray is also making great efforts to get the various trade unions into the same room as BSC. Surely, this sort of effort is still worthwhile?

To recommend a more robust or perhaps dangerous course would be much easier. But in the end I want to secure ground against the unions which is won, consolidated and enforced by employers.

I add one point about the enforcement of the law. It is now clear, from the common law, that the police have the right and duty to control the number of pickets at any one point - and this is quite separate from the point that I made this morning about the "act of picketing". That, in many places, they are not doing. The picketing of steel stock-holders has increased greatly over the last week: and yet we can see on TV (and from evidence which I have available) large numbers of pickets at one point. Why, for a start, is the law not being enforced by the police, in a strict manner, in respect of peaceful picketing, which would make a lot of difference to the current situation?

I do hope that, if you think this note worthwhile, you will show it to the Prime Minister.

For copy

J. H.