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10 DOWNING STREET

5 September 1979

The Rt Hon James Prior MP
Secretary of State
Department of Employment
8 St James's Square
LONDON SW1



Dear Sir,

I discussed the follow-up to Trades Union Congress yesterday, with Angus, and we agreed that I would put some thoughts down on paper as to how we should do the follow-up. The attached note is self-explanatory, and I have copied to the Chancellor, Secretary of State for Trade, and the Paymaster General.

John Hoskyns

JOHN HOSKYNs

- cc Mr Taylor
- Mr Norris
- Mr Waring
- Mr Wilson
- Mr B Smith
- Mr Dax
- Mr Allison
- Mr Raff
- Mr Butcher
- Mr Mooney
- Mr Shephard

To see. This has been sent to the 8/9/79

FOLLOW-UP TO CONGRESS

1. INTRODUCTION

- 1.1 The "Quick Campaign" is designed to head-off excessive wage claims over the next two to three months. This will lead into the "Long Campaign", on which Norman Strauss and I are working (with a paper to be ready in early October). The Long Campaign must propose a coherent strategy for communications right through to the next election.
- 1.2 The Quick Campaign must, of course, lead naturally into the Long Campaign. It has to do three things: first, keep the union leaders on the moral and intellectual defensive; second, keep hammering home the bare essentials of economic reality; third establish beyond any doubt the Government's determination to cure inflation, leaving the responsibility for excessive unemployment firmly with the unions.

2. CONGRESS AND THE CHANCELLOR'S SPEECH

- 2.1 The objective of the Chancellor's speech was to set the criteria by which the media, and thus the public, could judge the relevance of Congress, and thus of the union movement, to the country's problems. The aim was to try to break out of the past habits of thought, in which people have been persuaded to accept that all life's hardships are the result of Conservatism, the market, capitalism, and the private sector; with the trade unions cast as benevolent prosecuting council on behalf of all ordinary decent exploited people etc. It is essential that this process of putting the onus of proof on the unions - a process which started last winter - should be followed through. Hence the Chancellor's speech.
- 2.2 It seems to have worked quite well, but it is important that our messages stay critical but reasonable, as the Chancellor's was, leaving the more explicit attacks, ridicule, etc, to the media.

3. WHAT SHOULD THE FOLLOW-UP ACHIEVE?

- 3.1 Having told people what to look for at Blackpool, we now have to make sure they did so. The media will no doubt do some of this for us, but we can't leave that to chance.
- 3.2 The follow-up should therefore remind people of the criteria proposed by the Chancellor and then summarise and comment on the Blackpool proceedings to show how they measured up.
- 3.3 The way we do it has to strengthen our own authority. We should not pull any punches, but it should be scrupulously honest, reasonable, questioning; on no account scornful or ridiculing.

SUGGESTIONS FOR FOLLOW-UP

4.1

I understand from the Paymaster General that the Secretary of State for Employment is likely to be interviewed on radio, perhaps also TV, on Thursday or Friday. If that is the case or he decides to make a short statement, I suggest at Appendix A some possible ingredients. I also understand from the Paymaster that the Secretary of State for Trade will be making either a speech or publishing a letter to his constituents on Saturday, for the Sunday papers, and that this would be more of a complete rounding-up of the Blackpool proceedings. Appendix B is a very rough shot at the sort of thing he might say. It quotes union leaders' own words, as they are very telling.

JH

5 September 1979

SOME POINTS FOR INTERVIEWS: SECRETARY OF STATE FOR EMPLOYMENT

You might like to consider making some of the following points:

- (1) Most people know now that the British economy faces a rough passage over the next couple of years. In his speech last weekend, the Chancellor urged the union leaders to talk about the real problems and issues this raised rather than using Congress in the traditional way, as an anti-Conservative political rally. People must judge for themselves, but I think that most of us would agree that Blackpool was a disappointing and depressing spectacle. Having rejected the suggestion that they are living in an economic dream world, much of what was said confirmed beyond any doubt that they are still dreaming.

- (2) I am afraid that I was very disappointed with Tom Jackson's opening speech as President. He said (I quote him verbatim here so that you can paraphrase him as you like): "We cannot and indeed will not restrain wage demands when the Government has abandoned all attempts to control the rocketing level of prices. . . . We must defend our members' living standards."

Many people must despair when they hear statements of that kind. Surely Mr Jackson knows that the re-acceleration of inflation is largely the result of the 1978 pre-election boom and very big wage awards at the beginning of this year, together with Labour's readiness to print the money for it? Surely he knows that oil prices have risen substantially since we came into office, and that affects almost all prices? Does he think that Labour's attempt to control prices between 1974 and 1979 - when we had the highest inflation ever - was a success? Does he really think that he can solve these problems, by stopping work and demanding higher wages? Perhaps he believes that we really can all go on strike for West German living standards? Doesn't someone in the TUC have a clear enough understanding of elementary economics to be able to explain the simple realities to their members? How on earth are "days of action" by the union movement - or more precisely, days of inaction - going to make their members or anyone better off? We've heard this sort of stuff now for the last 15 years. It really is time for something different.

- (3) I have said, on many previous occasions, that union leaders and officials should not claim to speak for all their members, since barely half of all trade unionists vote Labour. This time we saw a responsible and moderate union leader - Mr Terry Duffy - admitting publicly the extreme Left-wing pressure on him to take immoderate actions.

What we are beginning to see, I think, is the crisis of Left and Right which is rocking the Labour Party itself, now beginning to show in the trade unions. In the past, suggestions of Left-wing influence have always been dismissed as "Reds under the beds" scares. Indeed, just before the election, Mr Callaghan and Mr Murray pooh-poohed such remarks. Now, Shadow Ministers and trade union leaders alike are publicly admitting that they were true. I hope that message is not lost on the public.

- (4) So it's been a disappointing and worrying Congress, because if trade union leaders and negotiators fail to understand the measures which any Government has to take to squeeze out inflation - indeed, Mr Healey took just these measures in 1975 before they lost their nerve again in 1978/9 - they are going to do their own members great injury in terms of unemployment. But I am not too despondent. I believe that as the Congress atmosphere fades, reality will, after all, begin to break in. On our side, therefore, we must patiently and persistently explain the realities and prepare people for them.

POSSIBLE STATEMENT OR SPEECH: SECRETARY OF STATE FOR TRADE

The days of Trades Union Congress at Blackpool have been days of judgment. They have given the people of this country a chance to see what sort of lead the TUC is going to give to union members and the country as a whole, in the difficult times ahead.

Last weekend the Chancellor said that the union leaders were living in a dream world and urged them to come out of that dream before it was too late. Everything we saw at Blackpool suggests that the Chancellor was right.

The burden of proof now rests on the unions. They are on trial. It is for their leaders to show the country what the unions are for and how well they can do it. The experience of last winter, and the speeches of last week, will together have ensured that the public will look more critically at the trade unions. In the past, union leaders have tended to attack anyone who criticises them. That has been very unhealthy for the country because it has meant that genuine discussion of what is wrong, and proposals for change, never takes place.

Look for example at last week's unanimous approval of a resolution demanding "vigorous resistance to fundamental attacks on trade union rights". ~~_____~~, These rights are not God-given. It is the country, through its democratically-elected Government, that decides whether certain groups should, in particular circumstances, have legal immunities which are denied to others. No-one else in our society proposes "vigorous resistance" to changes in the law.

We heard Mr Joe Wade of the National Graphical Association saying, "If our opponents will not listen to the voice of reason, let them feel the full weight of our industrial strength". Who is sounding reasonable here?

After the events of last winter, union leaders are less ready to accuse the Conservatives of confrontation. Confrontation has come to mean something rather different. But we are still accused of provocation, because we point to things that everyone knows are wrong. For example, Mr Moss Evans says that if we continue to "provoke" the unions, then we will quite naturally "get a response". It appears that that response

may take the form of a day of action. But it is really just another day of inaction, in which people are encouraged to produce nothing, in order to win higher living standards.

Mr Evans promises "bloody revolution" if large numbers of jobs are lost at British Leyland. Meanwhile, the Confederation of Shipbuilding and Engineering Unions deprives industry of ~~up to a million~~ hundreds of thousands of working days each week by strike action. *Who is protesting who?*

We see the same lack of reasoned argument on economic matters. Mr Tom Jackson tells us that union members cannot hold back on pay demands. Yet it appears that they can easily hold back on production, by going on strike. What can they do to increase pay, if national output has not increased? If Mr Jackson can give us a formula for doing that, many of our problems would be solved. As it is, the action he and his colleagues propose is dangerously close to the one suggested by the Chancellor last weekend - that perhaps the whole country should go on permanent strike for West German living standards!

And in case you think that this is an exaggeration, listen to what a Transport and General Workers spokesman said when promising that lorry drivers would claim a 100% increase. "Our lads drive on the continent and see what their wages are. They get twice as much as we do, and we will be looking for something in line with them."*

The events of last winter confronted most people's sense of right and wrong. Much of what was said at Blackpool insulted their intelligence. What chance is there that this dreaming and ranting will give way to realism and debate? In fact, I think that we should be hopeful - patient and calm, but hopeful. More and more union members are beginning to question their leaders' actions. There are responsible leaders who know how much has gone wrong, though few of them are prepared, as Mr Sidney Weighall was, last week, to raise any of the real issues for public discussion.

We have to help the trade union movement to find its way again. It takes two to consult, Each side must listen. It does not mean that they have to agree, but they must listen to other points of view and give reasoned answers. Most people know today that the union

*Report in the Evening Standard, 4 September 1979

Leadership will only accept a one-way debate with the public - a debate in which they can speak and criticise while others listen, but where advice and criticism of themselves and their actions is immediately shouted down.

I am sad that the union leaders did not seize the opportunity at Blackpool to discuss the things that really matter. But we must do so, and continue patiently doing so, until they are ready to join the debate.

It is crucially important that everyone, trade union members and non-members alike, understand that this Government is resolved to cure inflation. If union leaders try to extract big pay increases from a no-growth economy, which is what we now have, at the same time as we squeeze out inflation, all they will do is put hundreds of thousands more of their members and other workers into the dole queues. (This last paragraph might be better inserted somewhere else, but it should be a standard part of every speech and interview for the next three months.)