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Treasury Chambers, Parliament Street, SW1P 3AG  
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PRIME MINISTER

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ECONOMIC EFFECTS OF INDUSTRIAL ACTION

The Civil Contingencies Unit has been doing valuable work in connection with threats of industrial action which, if they materialised, would damage the health and safety of the community. Water is the latest example. The CCU has also been considering the question of whether we should at least prepare for the possible need to extend the legal definition of an "emergency" under the Emergency Powers Act of 1920; I understand that, subject to the availability of parliamentary draftsmen, some illustrative work will be put in hand.

2. I am, however, concerned that, while the Civil Contingencies Unit does valuable work on the emergency measures needed to maintain supplies and services essential to the life of the nation in the event of a major industrial dispute, its remit does not extend to more general measures to maintain economic activity which, while vital to the prosperity of the nation, may not be an immediate matter of health or survival. During the steel strike, special steps were taken to monitor the economic effects as they arose; estimates were also made of the likely effects on production and national income in the longer run. In the case of the docks, similar arrangements were contemplated, but had not been fully activated before the threat receded. I wonder whether one should not go further and have some governmental machinery permanently available to assess the economic significance of particular industrial threats and also, if possible, to identify the pressure points to which any contingency action might be directed.

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3. One way of dealing with this might be to give the Civil Contingencies Unit a wider remit; but, since the work might be rather difficult, involving different skills, it could be right to think of a separate group, though it might still be centred on the Cabinet Office. This is something you might wish to consider.

A handwritten signature in black ink, appearing to be 'G.H.'.

(G.H.)

25 February 1981

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