

SECRET 5

MR SCHOLAR



Mr Tebbit's draft
paper has been seen here
only by the Policy Unit.

INDUSTRIAL RELATIONS LEGISLATION

We have seen a copy of the draft paper on further industrial relations legislation, sent to the Prime Minister by Mr Tebbit's Private Secretary on 29 September: I understand that the Prime Minister may be discussing it with Mr Tebbit, and she may find it helpful to have the following comments. Mes 4/10

The Prime Minister will want to establish with Mr Tebbit a clear timetable for a Green Paper, consultations and the introduction of a new Bill. On the understanding that it is not necessarily the intention to enact a third Employment Bill during this Parliament, it may be best to work on the assumption of the publication of a Green Paper early in 1983, to be followed by a few months of consultations.

As to the content of any further legislation, we agree with Mr Tebbit's main proposals: legislation to require secret ballots for the election of trade union leaders, and amendment of the 1913 Act to provide for contracting out of the political levy.

We also accept that it would be a mistake to legislate at this stage for compulsory strike ballots, which were notably unsuccessful under the 1971 Industrial Relations Act. We note that neither does Mr Tebbit propose to include a lay-off provision, as suggested by the EEF: we are content with that on the understanding that the contingency legislation which the Department of Employment has in draft remains available should appropriate circumstances arise.

We have two suggestions for further measures which have not been proposed by Mr Tebbit:

- i) Although we accept that we cannot yet take the major step of lifting of trade union immunities, so as to make unions liable for the consequences of industrial action, we do think that the liability for secondary action should be unrestricted.

SECRET

/At present

SECRET

At present, immunity for secondary action has been lifted
only when it interferes with commercial contracts, but the
NHS dispute has shown that ~~considerable damage~~ can be caused
without breach of contract.

ii) We think the opportunity should be taken to repeal that
part of the Employment Protection Act 1975 which, due to
the case history which has built up around it (notably on
Section 22), prevents an employer offering lower nominal
wages. As inflation comes down to low single figures, an
increasing number of employers may wish to offer wage reductions,
as became common practice in the 1930s. You have already written
to Mr Tebbit's office about that.

4 October 1982

SECRET