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PRIME MINISTER

LESSONS FROM THE 1981 CIVIL SERVICE DISPUTE

I welcome the discussion on 2nd March on the report by officials and Sir Robert Armstrong's covering minute.

2. Defence has its own special problems. By our organisation we are very dependant on civilians (110,000 industrials and 110,000 non industrials) across the whole defence spectrum including key operational areas. Such an arrangement has many merits, notably financial. But I am sure we need to take further steps to provide better insurance against industrial action.

3. Some we can do ourselves, including the use of Service personnel where possible. But these are limited. The papers before us mention two other areas to which, looked at in defence terms, I would attach more importance, notwithstanding the problems they entail, than is given:

a. firstly we have sharp experience of how the withdrawal of a few non-industrials can invalidate a large industrial force and the rest of the non-industrials. TRD is no solution. The power to lay off all the non-industrials without pay - as we can do for industrials - would pose the staff and Unions with a greatly heightened dilemma. I accept the dangers set out in Paragraph 7 of Sir Robert Armstrong's note but I suggest there are also advantages. I understand that the Australian Government took powers of this sort limited to Commonwealth employees in 1977;



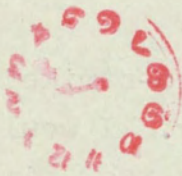
b. there is a very strong case for a "no-strike" rule in defence. Legislation is one possible way. I would certainly not want to try to buy it by agreement as that simply opens the Department to blackmail. But I should like to see more thought given, in parallel with the invitation to the Megaw Committee, to a system whereby staff, when offered promotion to management level, had to accept as a condition of the higher rank a "no-strike" undertaking. In such circumstances the penalty could be reversion rather than dismissal.

I am copying this minute to those Ministers who are attending the meeting tomorrow.

CONFIDENTIAL JN.

Ministry of Defence

1st March 1982



1 MAR 1982

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