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PRIME MINISTER

I have given further thought to our conversation of last Friday concerning political activities of unions.

The issue is indeed difficult. You may wish to take into account the following:

1) Public opinion, as measured by O.R.C in a private unpublished survey early this year (Annex A) is overwhelmingly against "politicking" by unions. That view is held more strongly by trade unionists than the general public.

Both the general public and trade unionists support a change to "contracting in" by a margin of more than 2 to 1 - Again trade unionists are more hawkish than the general public, even when the question drew attention to the implications for Labour Party finances.

You will be relieved to know that there is strong opposition to state financing of political parties.

2) The SDP seem intent on running the levy as an issue.

3) CTU favour contracting in. So does the CBI. Similarly the Institute of Directors would welcome a change to contracting in.

4) Action against the payment of political contributions by payroll check offs would help only some 50% to 70% of trades unionists. The costs and bother involved might well cause employers to pay the levy themselves! And any conflicts would be between employee and employer - not employee and trades union.

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5) You may be interested to see what Mr Gavin Laird told the Financial Times recently. (Annex B).

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5. Payment of the political levy.

The most explosive idea being explored by Mr. Tebbit is that of changing the system by which the political levy is paid by union members. Such a move would not only anger the union leadership but would undoubtedly be political dynamite too. If the method of payment was to be changed it would cripple the Labour Party's already shaky finances since they rely heavily on funds provided out of the union levy by the trade union movement.

There can be little doubt that the present system, whereby the political levy is deducted from union members pay unless they positively "opt out" is very unpopular. Since many trade unionists support the Conservative party or the Alliance this is hardly surprising. But the opposition to the political levy and the method of paying it is by no means restricted to Conservative and Alliance voters among the workforce. Overwhelmingly all categories of workers feel that they should not have to pay the political levy at all - and even among Labour voters only just over one third (37%) believe workers should have to pay it.

But if a levy has to be paid at all the great majority of union members would prefer a new "opting in" system such as is advanced in the Green Paper.

Significantly, support for this view is not weakened when it is pointed out how heavily the Labour Party relies on these political levies. We deliberately "loaded" the question in favour of the present system by suggesting that it would put Labour at a disadvantage to the Conservative Party in the matter of financing. Despite this a clear majority of union members favoured a law which switched political contributions to an "opting in" basis. Even among Labour voters there was not a majority in favour of keeping the present system.

One other idea which was scouted in the survey was that if the law should be changed, putting the Labour Party at a financial disadvantage, the whole method of financing political parties should be changed too, with the taxpayer footing the bill rather than unions and the business world. This idea however was decisively rejected by all groups.

Table Twelve:

Question: Members of trade unions have to pay a regular sum of money called a political levy which goes in one way or another to help the Labour Party. Do you think union members should or should not have to pay this political levy?

	All voters	Cons.	Lab.	Lib./SDP Alliance
Should	18	9	37	15
Should not	68	81	44	74
Don't know	14	10	18	11

Table Twelve b:

	TU Members	Non TU Members	TU Activists
Should	16	19	20
Should not	82	67	70
Don't know	2	14	9



Table Thirteen:

Question: The present system is that union members pay this political levy unless they "opt out"; that is unless they say specifically that they do not wish to pay it. Some people believe the system should be the other way round: that nobody should have to pay the political levy unless they "opt in" - that is unless they say specifically that they wish to pay the political levy. Which system do you think is the best and fairest: the present "opting out" or the suggested "opting in"?

	All voters	Cons.	Lab.	Lib./SDP Alliance
Opting out	21	16	36	19
Opting in	63	73	46	70
Don't know	16	11	18	11

Table Thirteen b:

	TU Members	Non TU Members	TU Activists
Opting out	19	22	27
Opting in	73	61	66
Don't know	9	17	7

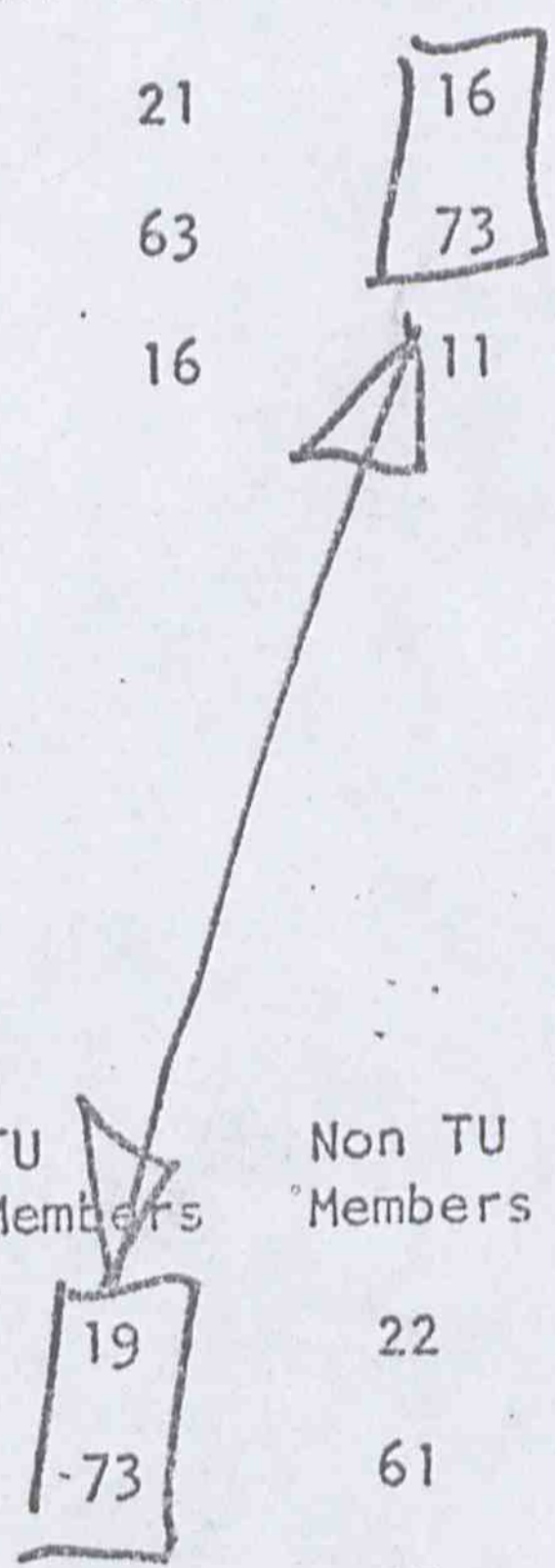


Table Fourteen:

Question: There is a proposal by the Government to change the law so that people will not pay the political levy unless they "opt" or "contract in". The Labour Party relies heavily on these political levies for its survival just as the Conservatives rely heavily on money paid to them by business and industry. Bearing in mind the importance to the Labour Party of this financial support do you think the law should be left as it is or changed so that union members only pay the political levy if they contract in?

	All voters	Cons.	Lab.	Lib./SDP Alliance
Have as at present - opting out	25	16	47	18
Change to opting in	57	71	35	63
Don't know	18	13	18	19

Table Fourteen b:

	TU Members	Non TU Members	TU Activists
Have as at present - opting out	30	24	32
Change to opting in	62	59	56
Don't know	8	17	12

Table Fifteen:

Question: Do you think, if the law was changed to "contracting in" we should also consider the way the political parties are financed. One suggestion is that all parties should have their expenses paid by the taxpayer rather than getting their money from trade unions, business, or individual contributions. Do you think this would be a good or a bad idea?

	All voters	Cons.	Lab.	Lib./SDP Alliance
Good thing for all parties to be financed by the taxpayer	26	25	27	30
Bad thing for all parties to be financed by the taxpayer	57	62	56	57
Don't know	17	13	17	13

Table Fifteen b:

	TU Members	Non TU Members	TU Activists
Good thing for all parties to be financed by the taxpayer	31	27	36
Bad thing for all parties to be financed by the taxpayer	56	57	56
Don't know	13	17	7

6. Political activities of the unions

From time to time the close ties between the trade union movement and the Labour Party are the subject of criticisms. Various polls we have carried out in the past among workers suggest that political acts and aims by the union leadership are not popular with rank and file members who would prefer to see the unions concentrate on purely industrial matters.

In this survey however we looked at the more topical subject of whether the unions should give financial support to the Labour Party, or indeed any other.

What comes across loud and clear is that workers believe the unions should not be involved in political matters and that it should not be giving financial support to any political party.

Table Sixteen:

Question: Do you think the trade unions should or should not be involved in political matters?

	All voters	Cons.	Lab.	Lib./SDP Alliance
Yes, should be	27	14	46	30
No, should not be	64	80	46	65
Don't know	9	6	8	5

Table Sixteen b:

	TU Members	Non TU Members	TU Activists
Yes, should be	24	25	36
No, should not be	74	66	59
Don't know	3	9	5

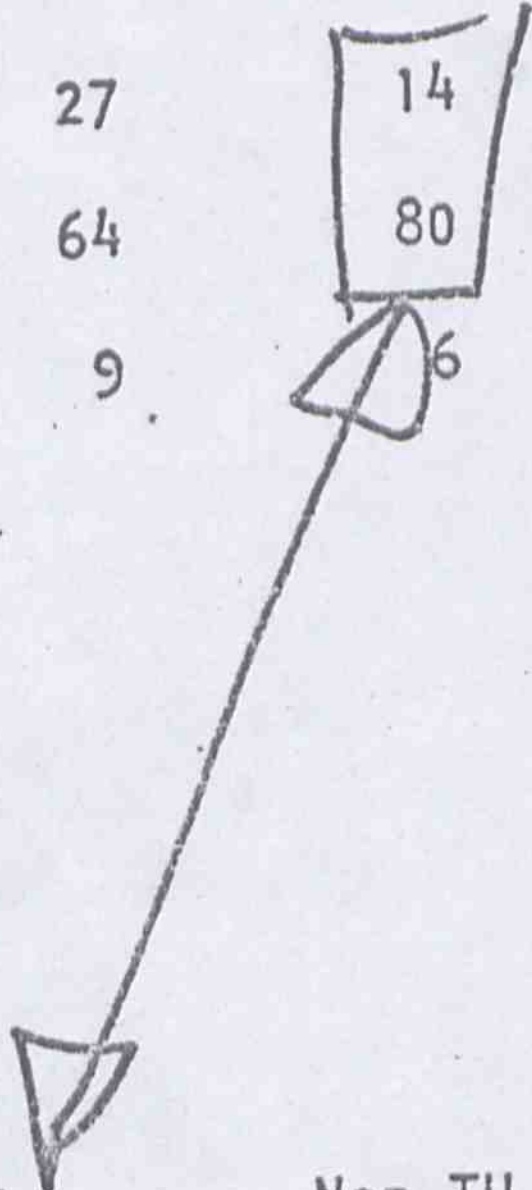


Table Seventeen:

Question: Would you say you approved or disapproved of the trade unions giving support to none of the political parties?

	All voters	Cons.	Lab.	Lib./SDP Alliance
Approve	53	63	38	59
Disapprove	32	27	46	27
Don't know	15	10	15	14

Table Seventeen b:

	TU Members	Non TU Members	TU Activists
Approve	62	53	57
Disapprove	29	32	35
Don't know	7	15	7

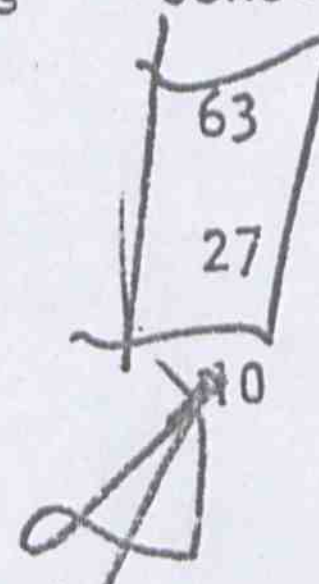


Table Eighteen:

Question: Would you say you approved or disapproved of the trade unions giving financial support to all of the political parties?

	All voters	Cons.	Lab.	Lib./SDP Alliance
Approve	19	21	15	23
Disapprove	67	70	72	63
Don't know	14	10	13	14

Table Eighteen b:

	TU Members	Non TU Members	TU Activists
Approve	20	19	17
Disapprove	72	66	75
Don't know	8	15	8

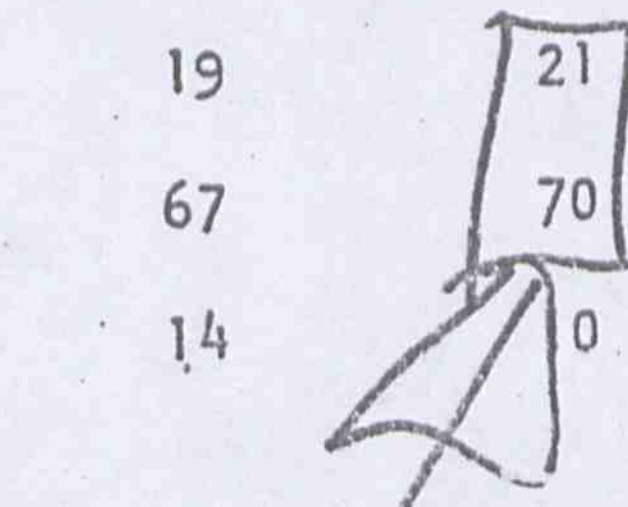


Table Nineteen:

Question: Would you say you approved or disapproved of the trade unions giving financial support only to the Labour Party?

	All voters	Cons.	Lab.	Lib./SDP Alliance
Approve	17	5	43	11
Disapprove	71	89	44	77
Don't know	13	6	12	12

Table Nineteen b:

	TU Members	Non TU Members	TU Activists
Approve	18	13	22
Disapprove	78	75	70
Don't know	4	13	7

Table Twenty:

Question: Would you say you approved or disapproved of the trade unions giving financial support to both the Labour Party and the Social Democratic Party?

	All voters	Cons.	Lab.	Lib./SDP Alliance
Approve	10	8	16	16
Disapprove	76	87	70	70
Don't know	15	8	16	13

Table Twenty b:

	TU Members	Non TU Members	TU Activists
Approve	15	9	10
Disapprove	81	77	81
Don't know	4	14	9

Labour's fears over loosening ties⁸

BY DAVID GOODHART, LABOUR STAFF

THE EMPHATIC restatement by Mr Tebbit plans to reform the political levy paid by union members to the Labour Party should be causing a few sleepless nights among the party faithful.

A marked loosening of ties between the trade unions and Labour is already expected if the Conservatives win the next General Election and a reform of the levy—originally mooted in the Green Paper on union reform—would dramatically undermine the party's finances.

The Labour Party depends for more than three-quarters of its central income on the 63 unions which maintain political funds and is even so suffering severe financial difficulties. Since 1946 the vast majority of those unions have used the contracting-out system by which members have to take positive steps to opt out of the political levy which ranges from 5p to £2.08 per annum.

The contracting-out system is responsible for the very high proportion of union members—averaging 82 per cent—paying the levy along with their general union subscription. The proportion paying is markedly higher in the big manual-based unions than the more recently affiliated white-collar unions.

In the National Union of Public Employees and the Transport and General Workers Union, for example, less than 5 per cent of the membership contract out according to the latest figures now before the Certification Officer. In the white-collar section of the

Engineering Union, Tass, however, about 43 per cent contract out and that is even higher in several other white-collar unions.

The evidence of the years 1927 to 1946 when members had to contract in (the number of contributors fell from 3.2m to 2.6m in spite of an overall growth in union membership of 80 per cent) and the more obvious evidence of opinion polls and elections, suggest that ignorance and apathy over the levy help to keep it so high.

Under the 1913 Trade Union Act any members wishing to contract out must be free to do so without losing union benefits and exemption forms must be available. But there is no obligation to bring this right to union members' attention and few members bother to make a close study of their union rule book.

While many unions are scrupulously informative about the right to exemption others are quite open about the difficulties they create for "quitters" from the levy. Mr Gavin Laird, general secretary of the AUEW—a union lauded for its internal democracy in the Green Paper—said: "We make it as difficult as we possibly can for people to contract out of paying the political levy."

Only about 10 per cent of AUEW members contract out compared with nearly 25 per cent in the Electrical and Plumbing Trades Union. The EPTU, however, has long had a large proportion of non-Labour supporters and before 1946 had only 15 per cent of

members contracting-in. Conversely the evidence pre-1946 suggests that some unions might retain a high affiliation even when contracting-in, the mineworkers, for example, had 77 per cent of members affiliating before 1946. The Transport Salaried Staffs Association had 85 per cent paying the levy pre-1946 and is now the white-collar union with the lowest opt-out.

The Green Paper said: "An analysis of the available information on those unions which have political funds gives rise to serious doubts whether statutory requirements for contracting-out work satisfactorily in all unions."

It tried to support this doubt with figures highlighting the disparity between unions with more than 95 per cent of members contributing to the levy and those with less than 40 per cent. These figures have been criticised for failing to differentiate between those unions, which count non-paying members as levy payers and those which count them as non-levy payers.

But the discrepancies—say between the print union Sogat 82 with 70 per cent contracting out and the NUR with 4 per cent contracting out—must point beyond differences of political tradition to ease of contracting-out.

The total amount in trade union political funds at the start of 1981 was £5.3m with expenditure—predominantly to the Labour Party—of more than £4m in 1980.

In real terms those figures have been falling a little with the rapid drop in union membership although some unions have counteracted that by affiliating a higher number of levy-payers than before.

The latest batch of figures to go before the Certification Officer also shows a small increase in the number of members contracting out in many unions.

TGWU officials in the south of England said that in many areas there was a rise in the contractors-out when the SDP was formed two years ago and more recently Mr Keith Sneddon, the south-eastern organiser of the Sheetmetal workers union, said that numbers had risen "noticeably" following the publicity surrounding the issue following publication of the Green Paper.

This slender evidence appears to underline the point that ignorance is bliss for the Labour Party treasurer. But it's not all one way. The Society of Post Office Executives recently voted 54-46 per cent in favour of setting up a political fund in the compulsory ballot—laid down by the 1913 Act—with 84 per cent participation. Fighting the privatisation of BT at the next election was the major motive for setting up the fund and it is not certain that SPOE will actually affiliate to the Labour Party.

The Post Office Engineering Union, the last union to set up a political fund in 1963, also reports a drop in the number of members contracting out because of privatisation.

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Goodhart's own interview with Harold some time ago.

Could we find the origins of this quote. WZ