

SECRET

MOST CONFIDENTIAL RECORDOF

E(83) 4th Meeting

Thursday 28 April 1983 at 11.30 am

OUTCOME OF CONSULTATIONS ON GREEN PAPER ON 'DEMOCRACY IN TRADE UNIONS'
AND PROPOSALS FOR LEGISLATIONTrade Union Funds and Political Objectives: Strikes in Essential Services

THE SECRETARY OF STATE FOR EMPLOYMENT said that the main legislation governing the political activities and objects of trade unions was contained in the Trade Union Act 1913, as amended. The Act required that any political fund established by a trade union must be authorised by a ballot of the membership. But once the ballot had been held its results were valid indefinitely; and most trade unions had held no ballot for many years. He proposed that in future unions should be required to hold a ballot every ten years.

Consultations on the Green Paper 'Democracy in Trade Unions' had revealed strong and widespread public support, including support among active trade unionists, for replacing the existing system whereby those who did not wish to pay the political levy raised by most trade unions had to "contract out" by a system whereby those wishing to pay the levy had to "contract in". However, if the Government were to take action in this field, it would raise fundamental questions about the financing of political parties. The Government's political opponents would undoubtedly commit themselves to abolishing or severely restricting the right of companies to make contributions to political parties. It would strengthen the hand of those who favoured State financing of political parties. One possible approach would be to prohibit the use of "check-off" arrangements, whereby employers made direct deductions from pay, for payment of the political levy. But employers themselves were likely to object strongly to this, not least because they would be apprehensive of the reaction of the trade unions. He did not favour this course. Nevertheless, despite the difficulties of taking any action in this field, it was already a matter of lively political debate, and it would be difficult or impossible for the Government to avoid declaring its views. Indeed, if it said nothing, it would be regarded as having positively decided to take no action. He would welcome guidance from his colleagues.

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Although the recent dispute in the water industry had again raised the question whether steps should be taken to prevent strikes in essential services, or at least to make them less likely, there were serious problems about any of the possible courses of action. It would, in fact, be difficult to produce a satisfactory definition of an "essential service"; and it was therefore necessary to consider measures which could apply to all employment. "No strike" agreements were expensive, and uncertain in their effects; and they could not in practice be enforced. Invoking the criminal law was unlikely to be effective and would give the opponents of change plausible reasons for resistance. As for civil remedies, employers would generally be unwilling to sue; and many of those damaged by strikes in essential services would have no obvious ground of legal action. Another possibility would be to provide that failure to observe any relevant procedure agreement should lead to loss of legal immunity for organising a strike. This would carry risks: it might encourage unofficial action; and it could lead unions to withdraw from procedure agreements. It would also be attacked as imposing obligations on trade unions without corresponding obligations on employers. Nevertheless, the risk might be worth running. He had reached no definite conclusions; and it might be that the Government would be best advised to rest, at least for the time being, on the effect of the industrial relations measures which it had taken and proposed to take.

In discussion, the following main points were made.

- a. There was a strong case for requiring trade unions to hold periodic ballots if they wished to maintain a political fund; and a proposal to this effect would not raise the fundamental political questions that would be raised by any proposal to change the law regarding the political levy.
- b. Any proposal to change the law regarding the political levy would raise issues that were quite separate from the issues raised by changes in industrial relations legislation. The two should be kept distinct in public discussion.
- c. It was wrong in principle that trade unionists who did not support the Labour Party should be obliged to contribute to its funds unless they contracted out (which was often made hard for them to do) or to give trade union leaders at Labour Party conferences block votes which were often used to further policies which were totally unacceptable to them.
- d. The Labour Party would argue strongly that any intention to change the law regarding the political levy must be stated in an Election Manifesto: otherwise they would refuse all cooperation in the management of Parliamentary business. Moreover, failure to mention the matter in the Manifesto would be taken as tacit acceptance of the existing situation. On the other hand, it was argued that it would be a tenable position for the Government to say that it would tolerate the system of contracting out only if no unreasonable obstacles were put in the way of those who wished to contract out; if such obstacles continued to be erected the Government would feel free to change the system.

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THE PRIME MINISTER, summing up this part of the discussion, said that the Committee were not yet ready to take decisions. She would arrange for further informal discussion by the Ministers most closely concerned. The issues would then be brought back to the Committee for final decisions, including decisions on the appropriate means and timing of publication. Meanwhile, it was important to do all that was possible to ensure that discussion remained confidential.

The Committee -

Took note, with approval, of the Prime Minister's summing up of their discussion.

Cabinet Office

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