

PRIME MINISTER

STRIKES IN ESSENTIAL SERVICES

You are meeting with Tom King and other Ministers on Wednesday, to discuss the next move against strikes in essential services. Three issues need to be resolved:

1. Definition: what services should be regarded as essential?
2. Checks: what hoops should a union have to pass through before it can disrupt an essential service?
3. Tactics: how and when should the new measures be introduced, and how should we handle consultation in the wake of GCHQ?

1. DEFINITION

Some services are essential in the sense that they have a direct effect on health and safety. In this category are:

- Gas
- Water
- Electricity
- Parts of the NHS
- Fire
- (Police
- Army

Of these, the Police and the Army are already secure. And it is likely that there is strong support both inside and outside Cabinet, for protecting Gas, Water and Electricity. The main questions for the meeting are:

- whether the fire service should be included;
- and what parts of the NHS are vital?

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We believe that fire should be included, because (1) the effects of a strike in this area can be dramatic and highly unpopular and (2) the service is popularly regarded as parallel to the police. But the NHS is more difficult: we need to ask DHSS for more information about the tasks performed by the various classes of workers; some will undoubtedly be more important than others.

Certain other activities, which do not have a direct effect on life and limb, are nevertheless very important to the smooth running of society. Amongst these are:

Rail

Bus

Tube

Oil Delivery

Coal Mining

Docks

Airports

We believe that these should not at present be included. The point of the exercise is to keep popular opinion firmly on our side by dealing only with that small group of services which are incontrovertibly essential. If the Government extends itself too far, it risks losing the whole package. If, on the other hand, it selects only a small number at first, it will then be in a position to make further inroads in subsequent legislation.

We therefore recommend:

- i. That the definition of an "essential service" should be that it has "a direct effect on health and safety";
- ii. That Gas, Water, Electricity and Fire should be included;
- iii. That Norman Fowler's office at the DHSS should be asked (privately) to provide a list of vital NHS functions;

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iv. That all other industries should be excluded.

2. CHECKS

Tom King proposes that unions in essential services should retain immunities only if they have passed through three hoops before any strike:

- i. observing substantive agreements;
- ii. observing extant procedure agreements;
- iii. taking a period of "cooling-off".

We agree that all of these are useful. But they are not enough: unions do not generally strike while a substantive agreement is in force; the extant procedure agreements are anaemic; and American experience shows that, although cooling-off periods can provide time for employers to take necessary measures, they do not usually prevent strikes. We need something that will make disruption of the essential services highly unlikely.

There are three possibilities:

- = - no-strike agreements,
- = - ballots with 2/3 majorities,
- = - compulsory arbitration.

We oppose no-strike agreements: they are too expensive.

Ballots with 2/3 majorities are good in two ways: they make it very difficult to hold a strike, and they are easy for the Government to defend - "democracy in the unions". But they are dangerous; if the union gets its majority, the strike may seem to be legitimised. Moreover, we would find it difficult to retract once we mentioned such ballots in a Green Paper, because our supporters would undoubtedly favour the move. This would constrict our room for manoeuvre.

NB
This is not inconsistent with Policy Unit advice on NHS no-strike agreements. The Unit - like the D. Emp - believes that the NHS unions will drop calls for an agreement if the Government makes less of immunities a condition.

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I prefer Jack Peel's term
"pendulum arbitration"

Compulsory arbitration is opposed by Tom King because "it removes managements' ultimate control over a major element of costs." His statement is true. But we believe that the disadvantage may be substantially offset by insisting on 'flip-flop' arbitration, in which the arbitrator must decide either wholly in favour of the management or wholly in favour of the unions, without any option to mediate between the two. Discussions with friendly industrialists, and investigations of the American experience suggest that such arbitration leads to low wage demands and to settlements that management can tolerate. If this form of arbitration were made binding on unions, on pain on their losing immunities, we believe that the likelihood both of strikes and of high settlements could be reduced.

We therefore recommend:

- i. that no-strike agreements should be rejected;
- ii. that ballots with 2/3 majorities should be considered;
- iii. that compulsory flip-flop arbitration should also be considered.

3. TACTICS

The Manifesto commits you to "consult further about the need for industrial relations in specified essential services to be governed by adequate procedure agreements, breach of which would deprive industrial action of immunity." In the wake of GCHQ, we believe that the consultation should be genuine.

But the Manifesto also says that "the nation is entitled to expect that the operation of essential services should not be disrupted".

We therefore recommend that consultation, though real, should be based on the assumption that tough measures will have to be taken. To this end, we suggest:

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- i. that you should issue a Green Paper, which clearly and boldly makes the case for action against strikes in essential services;
- ii. that the Green Paper should define "essential" as meaning those services that "have a direct effect on health and safety", and should mention Gas, Water, Electricity, Fire, and certain parts of the NHS, as our initial list, but should ask for comments on this list;
- iii. that the Paper should announce our intention to use immunities as the lever, and should specify Tom King's three tests as the minimum, but should ask for comments on:

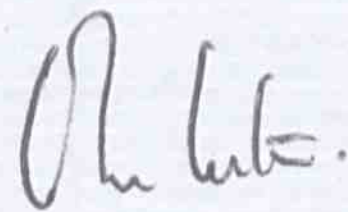
compulsory flip-flop arbitration
and (possibly) on:
ballots with qualified majorities.

We believe that the chances of carrying the public with you will be greatly increased if you engage in genuine consultation on these points.

Having consulted, you will be in a good position to introduce a Bill in the 1985/86 session.



JOHN REDWOOD



OLIVER LETWIN

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