

CONFIDENTIAL

Prime Minister

(2)

You have already seen
Mr Tebbit's paper and the Policy
Units comments.

27 October 1981

MUS 28/10

Qa 05709

To: MR SCHOLAR

From: J R IBBS

Industrial Relations Legislation

1. The Secretary of State for Employment puts forward proposals for new legislation on industrial relations and trade union immunities.
2. Rightly, his paper E(81)103 recognises that the trade unions are likely to oppose strongly the proposal to reduce the scope of their immunities, and the proposal that industrial action which interferes with the performance of contracts primarily on grounds of union membership or non-membership should be made unlawful.
3. The fundamental questions are political. Ministers will have to decide, in the light of their assessment of public opinion, whether the risk of confrontation is acceptable in relation to the prospective gains - more equitable treatment of individuals, improving the balance of bargaining power and freeing up the labour market. They will also have to consider the enforceability of the changes proposed.
4. As regards the merits of the proposals themselves, the CPRS has looked extensively at aspects of the industrial relations problem in the course of recent studies. On the central pay issue facing the Government, I would regard the proposal on reducing the immunity of trade union funds as the one most helpful in improving the balance of bargaining power and I would therefore give it priority. I would give similar support to the proposed changes in the definition of a trade dispute.
5. From my own experience I would have doubts about the effectiveness in practice of the proposals on union labour only requirements in contracts.



CONFIDENTIAL

Whatever a contract may say, behaviour on site when non-union labour is brought in can in some instances become unmanageable. As John Hoskyns has pointed out, it will be important to judge before going ahead with this item whether difficulties of this kind could undermine the credibility of the rest of the package.

6. I am sending a copy of this minute to Sir Robert Armstrong.

SRJ.

conqueror