



Prime Minister

(2)

cy AD

Mus 24/2

Ind. Policy

Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400 GTN 213  
Switchboard 01-213 3000Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Great George Street  
LONDON SW1

23 February 1982

D Geoffrey

## EMPLOYMENT BILL: LAY-OFF PROVISIONS

Thank you for your letter of 17 February about lay-off provisions. You will have seen Barnaby Shaw's reply to Michael Scholar's letter of 8 February.

I too have some sympathy with the EEF whose members would like to arm themselves with a power of lay-off. Indeed the EEF's Policy Committee pressed me hard on their proposals at a meeting which I had with them last week. I still believe, however, that the objections are too great - the tactical objections, such as those argued by Walter Goldsmith, and the practical ones. I see great difficulty, for example, in building in the necessary safeguards to prevent abuse: I have considered the possibilities further, but I am not yet persuaded that satisfactory safeguards could be devised which would not render the power ineffective. I do not think it would be regarded as defensible to give employers generally total discretion or carte blanche in their use of the power.

From the Government's point of view I am sure that we are right to limit the Bill to the not insignificant changes in trade union immunities and the closed shop on which we have decided and for which we have clear support from employers generally. However as my Private Secretary said in his letter to No 10, I think that we would be justified in introducing legislation covering lay-off during national emergencies - the second of the EEF's proposals - at the time of a particular dispute if it was clearly seen to be in the national interest and the public supported it. I have therefore asked my officials to work up some policy proposals to this effect.



Given their general stance on industrial relations questions it would indeed be surprising if the SDP brought themselves to table amendments to the Bill on lay-off - although I recognise that some of our backbenchers may do so. No one on their side of the House, nor indeed on ours, spoke about lay-off during the second reading debate on the Bill, and as far as I know, there has only been one fleeting reference in the press to the SDP's examination of the lay-off proposals.

I am copying this letter to the Prime Minister.

*J. N. [Signature]*

3 FEB 1954

