



10 DOWNING STREET

From the Private Secretary

SECRET

26 February 1982

Employment Bill: Lay-off Provision

The Prime Minister has seen your letter of 22 February and your Secretary of State's letter of 23 February to the Chancellor on the same subject.

Subject to any views the Chancellor may have, she is inclined to accept your Secretary of State's view that the power to lay-off employees during selective strike action should not be pursued for the time being. But she has asked whether an alternative approach to the problem of selective strike action might be for employers to be given a freer hand to dismiss some or all of their employees who are taking selective strike action, without any risk of unfair dismissal proceedings. This would mean removing the constraints in the present Bill which require employers to give notice of intention to dismiss and then to dismiss everyone who is still on strike on the due day. Instead, there would be no question of any individual who was dismissed during a strike (when he is in breach of contract) being able to claim unfair dismissal. She fears that the constraints proposed will make it too easy for unions to implicate large numbers of people - or especially key personnel - in strike action on the day when notice falls due. She recalls that the EEF and Lord Weinstock drew attention to some aspects of this problem in their submissions to Mr. Tebbit on the latest proposals.

On the face of it, the knowledge that employers were free to act in this way should discourage selective strike action. This change would not, however, be subject to the criticism - as the lay-off provision certainly would be - that it seeks to override contracts which are freely arrived at. The Prime Minister would be grateful if your Secretary of State could consider whether further changes on dismissals during industrial action might offer an alternative approach to the problem.

The Prime Minister welcomes the further work that your Secretary of State has commissioned on the possibility of legislation covering lay-off during national emergencies.

I am copying this letter to John Kerr (HM Treasury) and David Wright (Cabinet Office).

M. C. SCHOLAR

J.B. Shaw, Esq.,
Department of Employment.

SECRET

CS