

SUBJECT  
cc Master

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bc John Redwood

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10 DOWNING STREET

*From the Private Secretary*

30 April, 1984

Dear David.

Strikes in Essential Services

The Prime Minister held a meeting today to discuss strikes in essential services. Present were the Chancellor of the Exchequer, the Secretaries of State for Energy, Trade and Industry, the Environment, Social Services, Employment, Mr. Clarke and Mr. Waddington. Also present were Sir Robert Armstrong and Mr. Gregson.

The Secretary of State for Employment said the Government needed to fulfil its Manifesto commitment to "consult further about the need for relations in essential services to be governed by adequate procedure agreements, breach of which would deprive industrial action of immunity". The original plan had been to produce a Green Paper in the autumn, preparing the way for legislation in 1985, thereby maintaining the pattern of major industrial relations legislation every two years or so. In discussions on the method of pay determination which had been set up following the 1982 strike, the NHS unions had put forward a proposal for a no strike agreement in return for unilateral access to binding arbitration. These proposals had been discussed in E (PSP) where it was felt that negotiations with the NHS unions could set precedents elsewhere before Ministers had been able to consider the general policy. One possibility was to tell the NHS unions that the Government would be issuing a Green Paper later in the year and would not be able to respond to their proposals until the consultation process was completed.

The Secretary of State for Social Services said the no strike proposal had been made by the TUC unions in the NHS only after considerable internal debate. It was not clear how strongly the different unions endorsed this idea. It was, however, a proposal which would appeal to the public as reasonable and it was essential for the Government to be seen to be responding constructively. The NHS unions had been awaiting a response since 30 June. He did not think the suggestion of the Secretary

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of State for Employment met this requirement. He would prefer Mr. Clarke to be authorised to go back to the unions for talks which would be exploratory and without commitment to any of the elements. The aim should be to flesh out the unions' proposals. It was possible that in the course of discussion the union consensus could fall apart.

In discussion, it was agreed that the Government should not accept unilateral access to binding arbitration. To do so would be to abdicate power to a body which had no responsibility for finding the resources to implement its decisions. An alternative would be binding arbitration with a Parliamentary override, but this was the form which had proved difficult with the Review Bodies.

One possibility was that the Government should set the global sum available for the NHS or the hospital service, leaving the arbitrator free to decide on the pay element. The weakness of this was that the arbitrator would not know what claims were being made by other bodies such as the doctors or nurses and that the Government might not, at the end of the day, be able to achieve a reduction in the volume of services implied by a high pay award.

Summing up this part of the discussion, the Prime Minister said that Mr. Clarke should be authorised to meet the NHS unions for further talks, provided these were exploratory and without commitment to any element of the package. It should be made clear that unilateral access to binding arbitration would not be acceptable to the Government.

The discussion then turned to the proposals set out in the Secretary of State's minute of 13 February. The Green Paper would canvass an approach under which strikes in essential services would lose immunity unless they satisfied three basic tests - that industrial action should not be taken on any issue determined by a substantive agreement during its currency; industrial action should not be taken until all stages of any procedure agreement had been exhausted; and a minimum period of notice of industrial action would need to be given. The Green Paper could also seek views on compulsory arbitration of the "flip/flop" variety, and, on the requirements for a higher majority to precede strikes in essential services.

In discussion, it was argued that compulsory arbitration, even of the "flip/flop" variety was unlikely to be attractive. For it to work, there had to be a tradition for sensible and well-judged bids by the two parties. It was unlikely that it would have improved upon the moderate settlements which had been achieved this year for the workers in the gas, electricity and water industries. A higher majority for strikes in essential services would tend to foster the view that in some circumstances such strikes were legitimate when the aim should be to create an ethos that such strikes were unacceptable. Concern was expressed that basing the tests on existing procedure agreements could be undermined if unions abrogated the agreements.

/ Summing

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BF | Summing up, the Prime Minister asked the Secretary of State for Employment to draft an outline of the Green Paper which should be circulated for discussion with colleagues. The Law Officers would need to be consulted.

I am copying this letter to David Peretz (H.M. Treasury), Michael Reidy (Department of Energy), John Ballard (Department of the Environment), Callum McCarthy (Department of Trade and Industry), Steve Godber (Department of Health and Social Security), Stephen Alcock (Mr. Clarke's office) and Jim Acton (Mr. Waddington's office).

*Yours sincerely*

*Andrew Turnbull*

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