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Prime Minister ④

message of this is that changes in the law help but more important is to change the conditions in which union power grows and can be exploited.

PRIME MINISTER

AT 15/6

15 June 1984

You asked what could be done about unreasonable trade union power.

General Principles

Some people join trade unions because the conditions in the industry in which they work are unattractive, there is a common feeling that only by sticking together will any improvements be made, and where managements are remote or unskilled in leading their people. Some join because they are under pressure to do so in order to get the job or in order to conform with their peer group. A minority join as part of a wider political struggle, and they seek to use unions as a means for extra Parliamentary opposition to the Government.

Problems in union relations can occur where the management are managing the industry badly. It can occur where a militant minority in the union set out to exploit the views and actions of the others, sometimes backed up by intimidation. Unions may have too much power over their members or over the employers.

General Remedies

There are several remedies:

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The first is to encourage structural change in the economy, hastening the day when more people are employed in new industries where conditions are better, where morale is higher, where relations between managers and men are improved, and where there is no tradition of heavy unionisation. This is already happening as a matter of economic and commercial logic. The Government can assist the process by disengaging more rapidly from heavily unionised failing activities, and by concentrating its economic policies on encouraging new enterprises and denationalising old businesses. This is the general stated intention of policy, but there are still great difficulties in making reality accord with intentions.

The second is to limit the industrial power given to those heavily-unionised sectors. The main culprit in delivering monopoly powers, and therefore monopoly bargaining levers to unions, is of course the Government. The main difficult monopolies are coal, gas, electricity, water, post and telecommunications. These are all Government-owned industries, where either they still possess a statutory right to monopoly powers, or a de facto monopoly power because the statutory provisions have only been changed recently. If you aggregate large numbers of workers into publicly-owned industries, stop them ever being fully involved in the management or ownership of those businesses, allow morale to sag, and allow unionisation to creep right up to the level just below the Board, you then have trouble.

The first rule in tackling this problem is to bust monopolies. Even the threat under Keith Joseph's postal legislation to suspend the postal monopoly acts as a powerful incentive to the union side in the Post Office to behave more reasonably in the way in which unions in the segmented engineering industry would do. In the cases of gas and electricity where others now have the right to route gas through the pipelines or to generate power and supply through the grid, further action is needed as the monopoly is still intact de facto. Here the businesses will have to be split up to encourage more producers into the market.

As more competing businesses are created, market pressures will limit unreasonable monopoly union power. Different unions will spring up. This has already happened with open cast coalmining where everyone is in the TGWU and not in the NUM and for this reason open cast sites are still operating at full tilt.

The third is to encourage the moderates within the remaining unionised sections of the economy. You will have already given them heart by taking away the monopoly powers which are the main strength of the militant activists in the politicised unions. There are many other ways, however, to give them even more heart.

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For too many years in this country we have been dogged by lousy management that has been insensitive to the legitimate aspirations of its workforce, has failed to take an interest in the development of its employees and in a thousand little ways has encouraged the existence or retention of a "them" and "us" attitude. The Government can help change the tone. The more successful businesses that are growing up are ones which do take the views and wishes of their workforce more into account.

Changes in the law help, but of itself changes in the law cannot change attitudes. The 1980 and 1982 Acts have given managers an opportunity to tackle secondary picketing. They have been particularly helpful in strengthening management resolve in the private sector, and in limiting the ability of unions to tyrannise their private sector membership.

There are clearly cases where at the moment people are brought out on strike because their views are not polled by their unions and where the existence of a mandatory strike ballot would reveal the disagreement within the union and maybe prevent official action. This is why this is a necessary development. However, there are probably even more cases where people do agree on the desirability of strike action and the problem before management is to find ways of making their workers happier.

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To further this end the Government does have to be radical in its small business policies, in its share option and employee option policies and in its privatisation programme. All these devices are ways of extending the share owning habit which in its turn is the best way of creating a community of interest between employers and employees. Through shared ownership comes partnership: through a segregation of ownership, control and worker may well come conflict even with the best laws in the world.

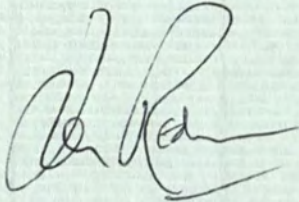
Recommendation

1. Strengthen the law (as intended) to ensure that members are committed before strikes.
2. Concentrate on the structural problems of the large public monopolies:
 - (a) break all monopoly powers;
 - (b) split up the businesses - review electricity now that you have decided on gas;
 - (c) encourage competitors.
3. Continue the run-down in Government support for ailing heavily-unionised activities.
4. Press on with wider share ownership through tax, privatisation and savings policies.

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5. Seek good-quality managers for the public sector through appointments and remuneration policy, who will inculcate company not union loyalty.



JOHN REDWOOD

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