

Prime Minister

BF

John Hunt with advice on Monday on the setting up of an E sub-committee to consider civil service strike issues. The specific Newcastle problem and the general issues at x and y should be considered by the ^{new} sub-committee.

*In our small
referred committee last
week we agreed that
we had President -
would follow us up.*

PRIME MINISTER

I have seen your Private Secretary's letter of 10 September conveying your view that we should have refused to withdraw overtime at the Child Benefit Centre at Newcastle, and, by implication, that we should have faced the consequences. You should know that Reg Prentice - who was not here at the time - shares that view! (And I have just seen Geoffrey Howe's letter of 12 September to the same effect.)

*Agree?
where
have
reply
for 14/9
W.L.P.
and*

Flus A

Lynda Chalker's letter of 5 September set out all the facts and the reasons why, with great reluctance, I decided to withdraw overtime in order to keep the main operation of the Child Benefit Centre running. It became clear from Lynda's meeting with Staff Side representatives that the threat to bring the Centre to a halt by withdrawing a handful of key computer staff was a real one - it had happened earlier this year in the pay dispute and we still have not recovered from the interruption of service; this caused hardship to a good many families and a great and continuous volume of complaint. It was not easy to see how the dispute would develop, and the disruption could have been prolonged. I judged that we cannot risk a really massive interruption of indefinite length unless we are on very firm ground indeed.

Overtime, which is only worked voluntarily, is not as good a ground on which to make such a stand as, say, refusal to accept management orders. There is little doubt, the way things are going, that before much longer I shall have clear ground on which to take action against staff who disrupt our work. The consequence of suspending staff will certainly be a widespread disruption of our service to the public, and probably a strengthening of staff support for their unions' campaign, which is at present lukewarm. We shall have to pick our ground carefully; the damage that this action will do to many members of the public should not be underestimated, and we must be sure we can win the ensuing public relations battle.



The right weapon to deploy to counter the Unions' threat would have been ourselves to threaten to escalate the dispute by making it clear that staff made idle by the computer shut-down would be sent home without pay. But I understand that legally we have no right to do this to non-industrial staff, and could be sued successfully for breach of contract. True, we could have taken the risk - rejected the Unions' demand to withdraw overtime and then, when the computers stopped, sent up to 1,000 people home without pay. But if, say, an interim injunction against the Department had ordered us to take them back, we would have looked very foolish indeed. Against that possibility, I judged that the balance lay on the side of caution.

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The need to mount a campaign to tell the public what the unions are doing is clear. I had authorised a firm statement over the Newcastle affair, but the episode has passed so far without attracting public comment and the statement was not in the event used. We are considering how and when to deploy our case.

All of this reinforces my view, as set out in Lynda Chalker's letter to Christopher Soames, that it is urgent for us to consider collectively our overall strategy in these matters - including what we should do to counter the "selective strike" which relies on the withdrawal of a handful of staff. As I hope that letter made clear, we do not shrink from firm action here - and I am quite ready to accept that the social security system may well be in the forefront of civil service disruption.

Y

I am copying this to members of the Cabinet, and to Sir John Hunt.

12 September 1979

P J



The Commission of the European Communities has decided to continue the negotiations with the Government of the United Kingdom on the terms of the United Kingdom's accession to the Community. The Commission has concluded that the United Kingdom's offer to join the Community is not acceptable at the present time. The Commission will continue to negotiate with the Government of the United Kingdom on the terms of the United Kingdom's accession to the Community.

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