

SUBJECT

CONFIDENTIAL

216 AH

ccs Mr Scholar
Mr Rickett
only

cc master

NOTE FOR THE RECORD

The Prime Minister had a talk with the Secretary of State for Employment this morning. The following were the main points covered:-

- i) Mr Tebbit said that he hoped that he might come back to the Prime Minister about restricting the intake of working holidaymakers from the Commonwealth if H Committee supported such a restriction at its meeting that day. He pointed out that the Australians were introducing measures to put a ceiling of 7,000 on working holidaymakers from Britain: however, this appeared to be a measure designed to achieve reciprocity, since 6,000 working holidaymakers had come from Australia to Britain in the last recorded year. The Prime Minister said that she was doubtful whether it was worthwhile to provoke the fuss which would be created by restricting working holidaymakers in this way. She noted that New Zealand did not impose any restrictions, although they would be affected by the proposed UK restriction. Mr Tebbit said that he would accept the H Committee's verdict on the point.
- ii) There was a discussion of Mr Tebbit's proposals on industrial relations legislation. The Prime Minister asked about restrictions to prevent all secondary picketing: Mr Tebbit said that he wanted first to see some cases go through in which union funds were put at risk, to get the present legislation established. It would then be possible to build on this, and this was also the best way of approaching the issue of making union contracts enforceable. The Prime Minister remarked that legislation would need to be introduced in the next Parliament to make union contracts enforceable and asked about political strikes. Mr Tebbit said that these were already excluded from the formula of protected disputes in the present legislation.
- iii) Mr Tebbit said that he had a problem about the date of the order bringing the current Bill into force, since he was being told that it took eight weeks to publish the Bill following Royal Assent and he was unhappy about leaving such a long interval,

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particularly with a number of industrial disputes looming. The Prime Minister said that she fully agreed, and Mr Tebbit should make every effort to be in a position to introduce the order bringing the Act into force soon after Royal Assent.

iv) The Prime Minister referred to the proposals she had received from Mr Sparrow for a CPRS study of the unions, and said that she would want Mr Sparrow to have a talk with Mr Tebbit and the Secretary of State for Industry to define the project. She was also concerned whether the CPRS had sufficiently qualified people to undertake it. One possibility was to second someone from the Department of Employment. Alternatively someone might be brought in from outside.

v) Mr Tebbit said that he was concerned about the circulation of the Minford-Smith study. He had directed that this study should not go outside his office in the Department of Employment nor be photographed, and he was concerned that he had received a letter from No 10 containing photo copies of extracts a l b e i t with the instruction that they should not go beyond Priate Office. He thought it undesirable that this report should be photocopied at all. The Prime Minister agreed that circulation of such documents needed to be very closely controlled and she would give instructions personally about the distribution of such documents by her office or the Cabinet Office.

On the content of the Minford-Smith study, Mr Tebbit said that this study was similar to Professor Minford's Selsdon group paper, and he understood that work by the Treasury had discredited some of this. He did not think that it would be possible to "cap" unemployment benefit before the next election and he was worried about the estimates of cost of the two stage family benefit. The Prime Minister agreed about the first point, but said that it would be very difficult for the Government to take the necessary action if it was prohibited from doing anything which resulted in some people losing their present benefit.

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- vi) Mr Tebbit said that he would want to come back to the Prime Minister about the proposed increase of £5.00 in the maximum weekly pay figures qualifying for subsidy under the young workers' scheme. The Prime Minister said that she was very reluctant to see increases made in these figures; she would rather put pressure on the wage councils to reduce their recommendations. Mr Tebbit said that his concern was that take up of the young workers' scheme would be reduced if the maximum figure were not raised.
- vii) Mr Tebbit said that he was much in favour of David Young's ideas on the development of the Manpower Services Commission's activities in long term training and education. He would be discussing them with Mr Young and also pursuing with the Secretary of State for Education the suggestion that technical schools should be re-established.
- viii) Mr Tebbit mentioned that he was resisting ODA ideas for financing tours by trade union leaders around the Commonwealth.

F.R.B.

11 October 1982

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