

SUBJECT
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My
bc Nick Owen

10 DOWNING STREET

From the Private Secretary

11 May 1983

Dear Bamaby,

Trade Union Legislation

The Prime Minister held a meeting yesterday to discuss the issues raised in your Secretary of State's minute of 6 May. The Chancellor of the Exchequer, the Home Secretary, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Employment, Health and Social Security and Scotland, the Chief Secretary, Sir Robert Armstrong, Mr. Gregson and Mr. Mount were also present.

On the measures that might be taken to prevent or deter strikes in essential services, it was agreed that the Government's position should be that essential services would be affected by the proposal to remove immunity in the absence of pre-strike ballots; and that the Government would consult further about the need for industrial relations in specified essential services to be governed by adequate procedural agreements, breach of which would deprive industrial action of immunity.

On the authorisation of a trade union's political fund, and the question of whether the political levy should depend on "contracting in" rather than "contracting out", it was agreed that the Government's position should be made known on the following lines: that consultations on the Green Paper had confirmed that there was widespread disquiet about how the right of individual trade union members not to pay the political levy operated in practice through the system of "contracting out"; your Secretary of State would therefore invite the TUC to discuss the steps which the trade unions themselves could take to ensure that individual members were freely and effectively able to decide for themselves whether or not to pay the political levy. In the event that the trade unions were not willing to take such steps, the Government would be prepared to introduce measures to guarantee the free and effective right to choice. If in the General Election campaign the question was raised whether the Government's statement of policy meant that it would, if

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necessary, be prepared in the next Parliament to replace "contracting out" by "contracting in", the answer should be in the affirmative. This would allow the Government, if re-elected, in the next Parliament to argue that it had a mandate, if it so wished, to put an end to the system of "contracting out".

I am sending a copy of this letter to John Kerr (HM Treasury), Tony Rawsthorne (Home Office), Alex Galloway (Chancellor of the Duchy of Lancaster's Office), Steve Godber (Department of Health and Social Security), Muir Russell (Scottish Office), John Gieve (Chief Secretary's Office), Richard Hatfield and Peter Gregson (Cabinet Office). I would be grateful if you and the copy recipients would ensure that this letter is not circulated outside your Private Offices.

Yours sincerely,

Michael Scholar

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

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