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PRIME MINISTER

What follows is a Speaking Note, in case you want to tell the Cabinet the outcome of yesterday's discussion on trade union immunities etc:-

1. Cabinet may like to know that E Committee reached agreement yesterday on the next steps on strengthening the Employment Bill. I might remind the Cabinet that Ministers have already agreed to very severe restrictions on the right of picketing. All of us would ideally have liked, particularly in light of what is happening in the steel strike, to ban secondary action altogether. But we have to have regard to what is possible; and we do not want to destroy the chances of getting trade union acquiescence in the measures we propose, once enacted, even if they are bound to object to them in the Bill.

2. We have therefore agreed to publish, next week, a working paper, for consultation with the unions and the employers. This will contain proposals which will broadly restore the law to the state we thought it was in last year - before the House of Lords Judgments in the McShane case swung the balance too far in favour of the unions. In fact, our proposals will go beyond that, tightening the law in some respects, and making it clearer in others. In the working paper we shall present it positively, in terms of restoring the right of the individual to protect himself, and his employees, from undue interference by trade unions with whom he is not in dispute.

3. At the same time, we shall make it clear that these proposals are not necessarily our final solution: if these measures do not produce the improvements we are looking for, we shall have to consider further measures. We might promise a green paper later in the year on wider aspects of trade union immunities.

4. When the consultation process is over, in about four weeks, the Secretary of State will bring forward fresh proposals for new clauses to be added to the Employment Bill. The Parliamentary tactics for handling these are going to require some care, and the Chief Whip and the Leader of the House are working

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closely on these. Meanwhile, I hope all Ministers will take every opportunity, in public speeches and in private encounters, to give full support to the Secretary of State for Employment in the proposals which he will be bringing forward.

REA

(Robert Armstrong)

The Secretary of State for Employment will be circulating to colleagues on E the revised draft of the consultative document, before the weekend, for clearance by correspondence.

13th February 1980