



PRIME MINISTER

STRIKERS AND SUPPLEMENTARY BENEFITS

We had a further discussion in E(EA) on 26 September of the means of implementing the Manifesto proposals to ensure that unions bear their fair share of the cost of supporting members on strike. This followed your request - in the minute from your office of 30 July - for further examination of the repercussions of our proposals.

Our discussion was on the basis of a paper by officials, E(EA)79 44 and our main conclusions were as follows-

(i) we reaffirmed our earlier view that in principle the proposals should be based on "deeming" that unions were contributing a certain sum in strike pay to their members, and this amount should be deducted from supplementary benefits payable to strikers' families. In principle we felt the right amount was the amount of supplementary benefit to which a single person was now eligible - about £15 and that this should be indexed in future years in line with increases in that amount.

(ii) The measures should apply to unofficial as well as official strikers and to those locked out as well as those on strike. I know you were concerned about this. However it appears quite impracticable to distinguish between strikes and lock-outs; the distinction is not made at present when

/withholding ...

Prime Minister

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This is an interim report: E(EA) will be considering further.

Are you content as far as it goes?

(Relevant to E discussion tomorrow)

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withholding benefit from those involved in stoppages.

(iii) We should aim to exclude non-unionists from the measures. This would meet your earlier point. We were concerned however that this could open the field to abuse - for example through strikers denying they were union members which could be difficult to disprove; and so we shall re-examine this point.

(iv) We should give further consideration to whether to allow a "hardship" provision for those affected by the measures, and if so whether the "hardship" payments should be for the full amount of the "deemed" strike pay but recoverable or for a lesser amount but non-recoverable. We felt that on the one hand the absence of a hardship provision would have the advantage of providing an additional incentive for unions to live up to their responsibilities, but on the other hand such a course could obviously give rise to hard cases which could be presentationally difficult to handle. Before reaching final decisions on these points we have asked for further information to be provided on the financial implications of the alternative courses.

(v) We should announce our firm intention to legislate to introduce the proposals - i.e we should not make legislation conditional upon the failure of unions to improve their levels

/of ...



of strike pay as had been earlier suggested. But we would still want to give the unions a short period to make improvements, and so we would either legislate this session through the Social Security Bill, but with an implementation date in a year's time, or legislate in the 1980/81 session.

I shall be reporting to you again when we have given further consideration to points (iii) - (v) above. Meanwhile I am sending you this report, as it is relevant to our discussion on industrial relations legislation at E on Thursday.

I am copying this minute (without attachments) to members of E(EA), Patrick Jenkin and Sir John Hunt.

KJ

K J

26 September 1979

Department of Industry
Ashdown House
123 Victoria Street



26 SEP 1979

