



PRIME MINISTER

INDUSTRIAL DEMOCRACY

Since I wrote to Jim Prior on 20 November about the industrial democracy experiment in the Post Office, Jim and I have had a number of meetings with Sir William Barlow, and with Len Murray and other TUC representatives.

It is quite clear that the Unions will make a fuss about the ending of the experiment on 31 December, but Jim agrees fully with my view that the Union nominees should not be reappointed to the Board beyond that date.

We have, however, been able to persuade Sir William Barlow that presentationally it would be desirable to leave open, until the latest possible date, the option of extending the 1977 Post Office Act. Under this arrangement the terms of office of the present Union nominees would expire, without being renewed, on 31 December but no final announcement will be made about the Government's intentions on the size of the Board. In this way it will be theoretically possible to nominate further Union nominees to serve on the Board if there should be agreement between the management and unions to this effect. This is unlikely, though Sir William Barlow has it in mind to suggest to the unions the inclusion on the Board of two senior members of the UPW and POEU executives who are shortly to retire. The separation of the announcements of the expiry of present terms of office and of the final termination of the industrial democracy experiment will provide a further 6 to 8 weeks for more detailed discussions between

Prime Minister

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Are you content with proposed draft statement? (We will check the timing of the statement with the leader of the House).

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the Post Office and its Unions, and a longer period for evaluating the results of the two year experiment.

The Chairman recognises that this will put him under considerable pressure, but he is prepared to go along with the idea. It has not yet been decided when he will announce his alternative proposals; he must first put them formally to the Unions. But he will certainly make known his strong views against the experiment and is fully prepared to stand by them.

The concession is more apparent than real, but the longer period should help to defuse the Union's objections that insufficient time has been allowed for consultation and negotiation. I fully recommend this course, and Jim agrees.

I have therefore amended my proposed statement in consultation with Jim, and now propose to make it in the House on Thursday 13 December.

Francis Pym has a statement that day.

... I attach a copy of the revised draft which takes account of comments received from other colleagues and I would be glad to have your approval of it.

I am copying this minute to the Chancellor of the Exchequer, the Secretaries of State for Employment, Trade and Energy, the Lord President of the Council, the Chancellor of the Duchy of Lancaster,

/the Paymaster General ...



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the Paymaster General, the Minister of Transport, the Chief Whip,
and to Sir Robert Armstrong.

KJ

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11 December 1979

Department of Industry
Ashdown House
123 Victoria Street
London SW1



DRAFT PARLIAMENTARY STATEMENT ON THE POST OFFICE
INDUSTRIAL DEMOCRACY EXPERIMENT

With permission, I will make a statement about the future of the Post Office Board.

It is the Government's policy to encourage increased involvement of employees in decisions affecting their interests. But it is not for the Government to lay down how this should be achieved. The precise arrangements are for discussion and agreement between employers and their employees in the light of the particular circumstances of each individual business. This applies equally to nationalised industries, subject to any necessary Government and Parliamentary approval.

In the case of the Post Office, the management and the Council of Post Office Unions agreed two years ago that there should be an experiment in industrial democracy at all levels in the business, including the main Board. My predecessor then agreed in January 1978 to facilitate the main Board experiment by appointing seven representatives of the Post Office trade unions to be part-time members of the Board. He also appointed 2 consumer representatives. These appointments are due to expire on 31 December, at the end of the agreed two-year period of the experiment.

In accordance with our general policy, it is for the Post Office and the Post Office unions to decide together what form they wish employee participation to take after the end of this year. One thing is quite clear at the present time; they do not agree that

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this particular experiment at main Board level should continue.

The unions are in favour of a continuation, whilst management and a majority of the independent members of the Board are not.

The Chairman of the Post Office is continuing consultations with the unions and is making new proposals for close employee involvement in top level Post Office decision-making. It is for the Post Office management and the unions to agree on the way forward.

I shall, of course, be ready to take any action that might fall to me to facilitate whatever new arrangements might be agreed between the Post Office and the unions. If an agreement were to be reached within the next two months which required such action, this could include bringing before Parliament an Order under the terms of the Post Office Act 1977 to make permanent the statutory powers to make additional appointments to the Board.

However in the absence of agreement that the 2 year experiment should continue the Board appointments made for the purpose of that experiment will lapse at the end of the year.

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11 DEC 1979

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