



✓cc JV  
Prime Minister

MUS 2/4

PRIME MINISTER

LAY-OFF

When we met on 2 March about the Civil Service, I was invited to circulate a paper reviewing the case for legislation on lay-off without pay in the event of industrial action outside the Civil Service and explaining the detailed scope of the draft legislation which was prepared in 1981. A memorandum which summarises a detailed paper on the issues involved prepared by my officials ... is attached.

The arguments against introducing a general right of lay-off except in very special circumstances seem to me to be persuasive. It would interfere with the freedom of contract between employer and employee and run completely counter to our belief that both sides should stand by the agreements into which they have freely entered. Bad managements would be encouraged to make use of the power in the event of a small-scale but serious strike instead of seeking to persuade their other employees to overcome its effects. (A striking example of the co-operation which other employees can be encouraged to offer was to be seen during the 3 day week). Use of such a power would harden attitudes and could encourage rather than deter support for the unions, particularly among white-collar workers who would be most affected by any general right of lay-off. As its benefits have not been proven and there has been little support for its adoption, I am extremely doubtful that this would be a useful way forward.

On the other hand I think there could be advantages in being ready to introduce legislation in the event of a national emergency. The situation could well arise that the handling of a national

SECRET



strike would be helped by the introduction of such a Bill with public opinion ready to accept the draconian powers which would be involved. In those circumstances legislation could be framed to cover not only the current emergency but also similar future emergencies. I think this raises the question of whether such legislation should now be drafted on a contingency basis.

I am copying this minute and enclosures to the Chancellor of the Exchequer and the Attorney General.

NT

NT  
3 / March 1982