

Prime Minister

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SECRET

Agree these undertakings?

MIS 2/4

MR SCHOLAR

cc Mr Hoskyns
Mr Walters

Lay-off

In his note of 31 March, Mr. Tebbit argues forcefully against the introduction of a general right of lay-off, whether in the new Employment Bill or elsewhere. His note raises three issues:-

- i) The general lay-off right. We have argued before that this is less important than selective dismissal provisions, and that there is force in the argument that a general lay-off right would interfere with freedom of contract. We accept Mr. Tebbit's arguments against it.
- ii) Contingency legislation in the event of a national emergency. We agree that drafting such legislation on a contingent basis would be useful.
- iii) Contingency legislation for lay-off in the event of selective action. This was drafted last summer, and a summary of the Bill is in the annex to the papers attached to Mr. Tebbit's note. This is a complex area, and the Prime Minister will no doubt wish to have the comments of the Chancellor, to whom Mr. Tebbit has copied these papers. But she will recall that when she discussed the report of MISC 65 on lessons from the Civil Service dispute, she and the Chancellor asked Mr. Tebbit whether the legislation that had been prepared provided for lay-off when industrial action was being taken in an entirely different industry. Clauses 1.1 and 1.2 of the proposed legislation make it clear that that would not be the case: a employee may only be laid-off if his normal work is not available due to industrial action being taken by other employees of his "employer or of an associated employer". The rest of the draft seems to my inexperienced eye satisfactory.

1 April 1982

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