

PRIME MINISTER

*Top copy returned to John Hoskeyes*  
TRADE UNION IMMUNITIES

We are now in a situation very similar to that of last winter, with colleagues divided as to whether to take the opportunity presented by events or to accept the status quo. It is worth remembering that at that time, Jim Prior was opposed to any legislative changes, including the ones in the present Bill.

Following discussions with David, this note summarises our view of the opportunity now open to us.

1. THE BASIC QUESTIONS ARE UNCHANGED

1.1 The fundamental question is whether we believe that we can make any impact on the UK economic problem, or win the next election, if we accept the trade union status quo (even after the present Bill). All the evidence is that further trade union reforms are a precondition for economic recovery; and that both the election and subsequent opinion research have shown that we were, and still are, expected to introduce these reforms.

1.2 One only has to talk to anyone who really understands the trade unions (I mean people like Leonard Neal, Andrew Sykes, Ray Boyfield, John Lyons of the Engineers and Managers Association) and one can have no illusions about what we are up against. The trade unions are part of the Labour movement and are therefore our political opponents. Their leaders and senior officials are not merely Labour Party members. They are, at best, weak and ineffective moderates (with a few brave exceptions), at worst Broad Left militants. It is utterly naive to think that we can win their goodwill by being "nice chaps". They do not speak for their members.

2. WHAT ARE THE ESSENTIAL CHANGES?

2.1 There are, of course, many possible changes and we are not legal experts. But we do believe that the two centre pillars of any change are (1) the withdrawal of immunities for all secondary action; and (2) the withdrawal of those immunities from trade unions as well as individuals.

2.2 We have become accustomed to the present situation, but it does not bear close examination. Why should a union in dispute with an employer take another company hostage, in order to increase its bargaining power? The fact that that company has contractual links with the employer in dispute is irrelevant.

Is it seriously suggested that such companies should have thought hard, beforehand, about whether to trade with other companies which might later be involved in disputes with powerful unions?

- 2.3 The whole position is absurd and public opinion knows it. For example, in the Times survey of 21 January 1980, the question was asked "Do you think sympathy strikes and blacking are legitimate weapons to use in an industrial dispute, or should the new law restrict their use?" 71% of respondents and 62% of trade union members said that the new law should restrict their use. Only 19% of the respondents and 31% trade union members said that sympathy strikes and blacking were legitimate weapons.
- 2.4 It should not be difficult to win public support for changes, including the exposure of trade union funds where union members take action which damages companies not involved in the dispute.
- 2.5 A possible variation would be to start by withdrawing individual immunities for secondary action and then later, perhaps when abuse highlighted the problem, withdraw union immunities as well. But our view is that we should do both together, now.
- 2.6 Other measures which would be politically popular and, most important, easily communicated, would be action on Supplementary Benefits (we prefer a more radical approach of ending Supplementary Benefits to strikers' families, but making loans to trade unions available so that hardship does not occur) and a legal requirement for secret ballots for elections and before strikes. Each of these is politically saleable, provided that, instead of being defensive, we put the onus on trade union leaders to defend the present situation and practices. The union position simply could not survive sustained and open debate - which still has not happened.

### 3. WEIGHING THE RISKS

- 3.1 If we agree, as we have done in the past, that the status quo is not enough and that we will have to take action some time, the question is - when should this be done? Jim Prior says that if we restrict immunities, there will be a general strike. I am not sure if he is saying that this would happen if we did so now, or whether he is saying that this will happen whenever and if ever we make further changes. Is he saying that no further changes are therefore possible at all? Does he believe that this Government can make much impact on the country's problems without such changes?
- 3.2 Our view is that, even after this opportunity, we have still to make further changes to bring us more into line with the rest of the Western world; and that we are unlikely to have a better opportunity to start, between now and the next election.

There is now heightened awareness of the trade union problem, the law is uncertain, and the next general election is 4 years away. There is therefore plenty of time for the dust to settle and for the country to discover (as the financial community found, with the abolition of exchange controls) that the heavens do not necessarily fall when a Government dares to make a change.

- 3.3 Nevertheless, we should think carefully about what sort of response would come from the trade unions if we do introduce major changes. For example, just how easy would it be for them to mount a general strike? Would it be possible, if there was no genuine grass roots feeling (rather than the normal rank and file obedience to union orders)? What about Tory-voting trade unionists in such a blatantly politically strike? Do trade union members really want to bring the whole country to a halt and stop earning, start starving, in the process? Are the union leaders today charismatic enough to make it happen? Should we do some opinion research on this?
- 3.4 We believe that now is our best and last chance to make the major changes which will reduce trade union capacity to disrupt industry and - perhaps even more important - make Government's task impossible in the public sector, over the next 4 years. We suspect that Len Murray realises this more clearly than we do, which is why he is making great efforts to frighten us off taking advantage of the situation.

4. CONCLUSION

- 4.1 Of course the introduction of further changes carries risks. There are no risk-free solutions to the problems we face. We should certainly not court risk for its own sake. Once we accept that a high-risk strategy is the only valid strategy, then we should do everything we can in preparatory planning and communications to reduce those risks to a minimum.
- 4.2 But we feel that the refusal even to contemplate such a course implies an assumption that the trade unions will no longer obey the law and that we must therefore leave them to a large extent outside it - in the end, a dangerously self-fulfilling prophesy.

I am copying this minute to the Chancellor.

