



PERSONAL AND CONFIDENTIAL

PRIME MINISTER

THE FINANCIAL TREATMENT OF STRIKERS AND THEIR FAMILIES

It is evident that the TUC is in an uncertain mood; it lacks moral authority, it is uncertain of its members' support and it feels instinctively, as I do, that the Government is making headway in the "battle of minds" on the shop-floor. Since nothing is more vital than to restore the balance of economic power it is important that we now consolidate these gains.

One measure concerns me in this context, namely your determination to discriminate against trades unions on strikers benefits. At this time I am concerned lest we should provide any cause which consolidates the membership of the unions behind the TUC. The evil which we seek to eradicate is strikes - not trade unions. It is unclear to me why a strike conducted by a trades unionist (merely because he has paid a subscription to a friendly society to help him in need) should be treated in a harsher way than a strike conducted by a non-unionist (who has chosen not to insure himself against a temporary loss of earnings). In practice non-unionists seldom strike, so the cases of hardship will not be frequent. Of course our Manifesto implied a deemed payment by the trades union, but it was expressed in terms of discouraging strikes, not discriminating in the benefits system against a particular class of citizen.

I realise that a proportion of our backbenchers would welcome discrimination against the trades unions on strikes, but I am very concerned at its wider consequences - and I still prefer a reduction in strikers' benefits generally.

I have not discussed this matter with Geoffrey Howe and Jim Prior outside our meetings, and I do not intend to raise it at our resumed meeting on Monday. But I wanted you to be in no doubt of my own firmly held views on this matter.

mt
Department of Trade
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7 March 1980

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(Dictated by the
Secretary of State
and signed in his
absence.)