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## CABINET

## DISCUSSIONS WITH THE TRADES UNION CONGRESS

Memorandum by the Secretary of State for Employment

1. From my informal discussions with the Trades Union Congress (TUC) it is clear that they accept that the statutory pay controls will have to be maintained until repealed by fresh legislation and they are ready to help privately with any difficulties to which the controls give rise. Their Economic Review (which is published today) recognises this position and invites any union which finds itself in difficulty under it to seek their advice. Len Murray is considering whether they can make a further statement supporting what I have to say in the Debate about continuance of the controls; but in fact his statement in the review constitutes a most helpful advance on what he said about the uniqueness of the miners' case.

2. I have also discussed with Murray how we should carry forward the undertaking in the Liaison Committee document of February 1973 that

"It will be the first task of that Labour Government on taking office, and having due regard to the circumstances at that time, to conclude with the TUC, on the basis of the understandings being reached on the Liaison Committee, a wide-ranging agreement on the policies to be pursued in all these aspects of our economic life and to discuss with them the order of priorities of their fulfilment".

3. He assures me that the TUC will be very ready to have a top level meeting at which to discuss the whole range of Government policies and priorities and the views now expressed in the TUC's Economic Review. They will probably say as much in presenting their Review to the Press. The meeting would aim to end with general agreement on the Government's social and economic approach which can then be followed up through individual contacts that the TUC would have with the different Ministers responsible for the elements of the social contract. Within that context I would have separate informal meetings with the TUC on the pay aspects in order to see what voluntary arrangements on pay would fit into the general framework of agreement.

4. It is absolutely clear, however, that the TUC would react strongly and adversely against concentration at that first general meeting on the search for "a voluntary incomes policy". Any attempt on our part to try to extort from the TUC at the meeting some commitment as to the arrangements they might enter into on pay would fail and would jeopardise our chances of securing satisfactory arrangements with them in later discussions.

5. I recommend therefore that we should invite the TUC to an early discussion, with the Prime Minister or Chancellor in the chair, on the lines and with the aim described in paragraph 3 above. Meanwhile, I shall pursue with Murray after today's Debate how we can best proceed in the separate pay discussions that I shall have with the TUC to establish the voluntary pay arrangements which will follow repeal of the statutory controls.

M F

Department of Employment

18 March 1974

