

✓ Mr Dymally
Mr Verghese
Ref: A05066



SECRET

PRIME MINISTER

From Mrishi

The Ld President is bringing a paper to E on Wednesday (copy of Flag A) which refines his proposal for selective escalation by Government. It may not now be necessary to escalate at all, but he needs colleagues' clearance in John's note which argues for uniform

Civil Service Pay Dispute

I should like to offer two comments on Mr. Hoskyns's note of 12th June.

2. I agree that, if we escalate, we should escalate universally and not selectively. Selective escalation seems fairer to those who have not supported the strike; but gives them no incentive to bring pressure to bear on the strikers and on the unions to stop the action and settle the dispute.

3. I do not think that imposition is so absolutely absurd as Mr. Hoskyns suggests, though I think that the circumstances in which it would make sense are pretty special, have not occurred yet, and may not occur. It would make sense only if:

- (a) the escalation of industrial action had been a failure, and the strike was self-evidently running out of steam and support;
- (b) we were reasonably certain that the great majority of civil servants had had enough and wanted to get back to normal work and take their money;
- (c) the unions were prevented from settling by the intransigence of a small minority of militants;
- (d) we did not want to make whatever marginal improvement in the offer would "save the face" of the unions.

(Robert Armstrong)

15th June 1981

Sum W
Cabinet Affairs

Yes

escalation should also be on the agenda. Agree? (John has already circulated it to E. &)

TR W

SECRET

15/6