

22 June 1981

Policy Unit

PRIME MINISTER

CIVIL SERVICE DISPUTE: NEXT STEPS

1. E agreed last week that the Lord President should announce the Inquiry this week and use the statement for a little sabre rattling about the possibility that the Government would feel unable to back-date the increase to 1 April.
2. Although we would have preferred to see it made clear that this measure, if adopted, would apply to everyone, not just strikers, this was not agreed. Instead, it was agreed that this would be left unclear.
3. Since the statement will be unclear, alert journalists will immediately seek clarification on this point from CSD press officers and from Bernard Ingham. I hope we can agree that Bernard and others should say that the loss of backdating for everyone is under consideration, though there has been no decision to do this. Unless we spell out this option, in off-the-record briefing, we shall not achieve the effect that E intended. And we think it quite likely that, in the absence of any guidance, CSD will give the impression that withholding backdated payments would only apply to the minority who are actually striking.
4. We think it is very important that the sabre rattling should make the moderate majority stop and think that they might have something to lose from continued action. So far, the action has been cost-free.

JOHN HOSKYNS

Do you agree with this?
 If so, we will have to
 ensure that CSD take the
 same line: I can do that.

As the ~~decision~~ ^{statement}
 can't be made before Thursday

we can clear the line with Christ
 and ... 24/6