

✓ with Verdon
McDonnell

SECRET



Ami Hunter

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I was sure you had in mind
arbitration for 1982 when I wrote
the record (a fiction, we rule
out arbitration for 1981). It
had Soames wishes to reopen this,
he can of course do ^{so} ~~that~~ in
1 May 1981 Cabinet. But I doubt
whether you will give
him much of a hearing!

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PRIME MINISTER

CIVIL SERVICE DISPUTE

Plan A

I note from the record of our meeting on 29 April that your summing
up concluded that the union demand for arbitration for 1982 was not
negotiable. During our talk I had taken it that you were referring
to arbitration in 1981. If your view is that we should rule out
arbitration, in advance, for 1982 this is a change from what we
agreed at Cabinet on 14 April when we left open the possibility
of allowing arbitration in 1982 if:

- a. it was necessary to secure a settlement of the dispute; and
- b. I had the agreement of the Chancellor.

That was of course when you were away.

It is now evident that our next talks with the unions will be after their conference season, towards the end of this month. I will then give an account and my views to Cabinet. But, though I would be delighted to be proved wrong on this, I must again repeat my view that we are unlikely to get the unions to settle without arbitration for 1982. By arbitration I mean arbitration qualified as we discussed at Cabinet on 14 April.

I am copying this to the Chancellor, Secretary of State for Employment and Sir Robert Armstrong.

SOAMES

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I feel very strongly
indeed about arbitration.

- ① We could never agree to accept the results
- ② We are stopping unilateral action elsewhere
- ③ We left it that there could be no arbitration without the

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agreement of the Charvella, and that the
Charvella must refer to me.

We generally had the feeling that, on
other of a long time ago, should be enough to
take the time. As it is we have already given away
the points on cash units in addition to
a long time ago. We really cannot give
more without taking something back.

You remember my words "Everything will
be given away" We are nearly in
that position already.

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