

Civil Service Dispute

Mr Hayhoe repeated in the Commons the Lord President's statement. It passed off quietly with Mr. Hayhoe deftly handling the few awkward Questions.

For the Opposition Alan Williams argued that negotiations for 1982 would have no meaning without an arbitration fallback; that the Government had misjudged the mood and anger of the civil servants; and that you personally had instructed that the PRU system should be torn up. He asked for confirmation that you now intended to interfere in leave and promotion arrangements, and to use the honours system to penalise strikers, thus dragging in the Royal Prerogative. He asked whether 7% was the maximum figure compatible with cash limits, given that the Government usually underspent by 3%. Mr. Hayhoe confirmed that 7% was the maximum figure which could safely be offered to safeguard the 7% cash limit policy. He characterised the civil servants' action as vindictive towards the community as a whole.

A number of Government backbenchers came to Mr. Hayhoe's support, including John Peyton, Robert McCrindle and Geoffrey Johnson Smith. Enoch Powell repeated his Question to you of last Thursday, arguing that previous Governments had learned the folly of trying to readjust realities when battling inflation, and that it was therefore a mistake to attempt to attack inflation by fixing money wages below it. Fortunately Mr. Hayhoe had been in the House when you answered last Thursday, and simply stood by your reply.

Several Opposition Members followed Mr. Williams in personalising your role in the dispute - and David Winnick drew attention to weekend reports that Lord Soames had been ready to compromise but had been overruled by you. On the Government side, Terence Higgins wanted the Government now to withdraw the offer to negotiate next year with no predetermined

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cash limit. Kenneth Lewis argued that the Government was in a free-for-all bargaining situation of its own choosing and should therefore give its ministerial negotiators the flexibility required to reach a settlement. Sir David Price wanted to draw attention to the differences in treatment of various grades and categories of civil servants over the past two years, to avoid the impression that the average increase of nearly 50% simply applied across the board.

We may find that the Opposition continue to attempt to present this long drawn out dispute as one of your choosing, against the inclinations of some of your Cabinet colleagues.

MAJ

8 June 1981