



Scarbby PS

PRIME MINISTER

CIVIL SERVICE DISPUTE

Christopher Soames copied to me his minute to you of 1 May and I have now seen your Private Secretary's reply of 6 May.

We agreed that the unions should be told that arbitration for 1982 was not ruled out and this has been done. We have still finally to decide whether to go further and assure the unions that the arbitration agreement will again operate in 1982, subject to a qualification that an award might need to be modified with the agreement of the House. That decision cannot, I am sure, be taken until Christopher Soames is ready to report to Cabinet after the union conferences with his assessment of the prospects. If it is then clear that any early end to damaging industrial action, which might then be escalating, cannot be in prospect, we will have to consider again the possibility of arbitration in 1982.

I have also seen Christopher Soames second minute to you of 1 May about the terms of reference and possible composition of a long term inquiry. I am content with the terms of reference proposed and agree that they should not extend to structure and organisation as well as pay. The task would be immense.

As for names, I would favour either Alistair Pilkington or David Steel for Chairman. For the rest, Michael Bett is just settling into his new job at British Telecom which will command his time and energies and I doubt whether Richard Cave, Peter Laister or Lord Shepherd should, for different reasons, be members. I very much hope that Bob Ramsey (who has just retired from Ford) could serve. Of the three unionists I believe that Roy Grantham would be the best choice.

I am copying this minute to the Chancellor, the Lord President and Sir Robert Armstrong.

J P

7 May 1981