

cc: Mr. Verelst 1
✓ 14/5

PRIME MINISTER

Lord Soames has told me that, in view of his position in the Civil Service pay negotiations, he would like to take only a 7% pay increase. He would not want this to be announced in your statement; but he would like to be able to say to the unions, if they make the point that Ministers are taking more than the Civil Service have been offered, he is only taking 7%. Thus, it would only become public if Lord Soames were pressed.

This obviously raises the point that it would put other colleagues in an invidious position; furthermore, assuming it came out, there could be accusations that this was merely a gimmick. On the other hand, Lord Soames is obviously in a rather special position as chief negotiator for the Government; and a 7% increase for him alone might help marginally to get the unions to settle. As for the mechanics, Robert Armstrong has suggested that - unless you were opposed - nothing should be said about this in the statement; but Lord Soames could then write to you with copies to colleagues saying what he was proposing to do.

My own view is that this is not worth doing. But I think Robert's feeling is that we should not try to persuade Lord Soames off it.

What is your reaction?

*It would put
everyone else in quite
difficultly,
not*

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13 May 1981