

16 June 1981

Policy Unit

PRIME MINISTER

CIVIL SERVICE PAY DISPUTE

Judging from Christopher Soames' paper, I think there is still some confusion in people's minds:

1. Refusal to backdate is not the same as "imposing 7%". As we have already argued, "imposing" would be a mistake in any circumstance.
2. Similarly, selective refusal to backdate, when the strike finally ends, would be a mistake. It throws away the Government's most powerful weapon for mobilising moderate opinion. Robert Armstrong clearly agrees.
3. In his minute of 15 June, he also suggests four circumstances in which imposition could make sense. But he does not explain what sense it would in fact make. His four conditions boil down to a situation where the industrial action is effectively running out of steam and people want to get back to work, but militants are preventing settlement and the Government wants to save the unions' face. But if the whole thing is in any case running out of steam, then presumably the unions will disown their militants and settle. If they don't, then a warning, with due notice, that backdating may be withdrawn should bring that about pretty smartly.



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