

CONFIDENTIAL

cc: Mr. Walters  
Mr. Ingham  
Mr. Duguid

PRIME MINISTER

E, 14 January: Arbitration on Public Services Pay

A decision has to be made this week on whether Mr. Carlisle should take steps to remove the unilateral right of access to arbitration for teachers for the 1981 pay negotiations. Mr. Carlisle has found it difficult to make a recommendation in his paper E(81)6 because of the links with unilateral access to arbitration for Scottish teachers, and for other local authority employees in England and Wales. Mr. Heseltine and Mr. Younger have not yet taken action to consult the employers.

I doubt if Mr. Carlisle is right to assume that action must be taken at the same time with all the groups involved, and it would seem right for E to take a decision on teachers in England and Wales on its merits. Those merits are not clear-cut: there are reasonable arguments both for and against, presented by the County Councils and by the Metropolitan authorities respectively. However, if no action is taken on teachers in the 1981 pay round, it seems unlikely that progress will be made with other groups in this pay round either, in which case the whole issue of unilateral access to binding arbitration will start to slip from our grasp. If Mr. Carlisle accepts the feasibility of proceeding independently, I think the balance of argument rests with so doing.

✓  
Mr.

13 January 1981

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ACC. ✓  
A.M.A. X  
WdH ✓  
X