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CONFIDENTIAL

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

2 July 1984

Dear Chancellor of the Exchequer,

TEACHERS' PAY

When I wrote to you on 26 June about the forthcoming arbitration on teachers' pay in England and Wales I mentioned demands in Scotland for an independent review of teachers' pay. I am now writing to report further developments.

The Educational Institute of Scotland (EIS), by far the largest of the Scottish teacher unions, have announced their intention to press for a major independent review of teachers' salaries in time for its findings to be published before the 1985 salary negotiations. They have drawn up a plan of campaign which, in addition to a considerable propaganda effort and attempts to engage political support, envisages that from the beginning of the 1984/85 school session EIS members should withdraw from all work connected with curriculum development (including further work on my far-reaching reforms of school and further education for the 14-16 and 16-18 age groups), co-operative teaching in the lower classes of secondary schools and the introduction of microcomputers in schools. The proposed EIS campaign includes also a "work to contract" approach, involving withdrawal from all extra-curricular activity, which they threaten to begin in the autumn; they propose to prepare contingency plans for various forms of strike action thereafter. I understand that they hope also to persuade other teachers' organisations outside Scotland to take action on a UK basis.

I have now received a letter from the Teachers' Side of the Scottish Joint Negotiating Committee for Teaching Staff in School Education (SJNC(SE)) - on which the EIS predominates - giving me advance notice of their formal decision to seek an independent review of the level of salaries paid to Scottish teachers. The SJNC(SE) will be meeting on 27 July, when the Teachers' Side propose to invite the Management Side to make joint cause with them in order to secure such a review.

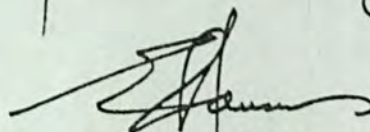
I am in no doubt that, if the EIS are able to mount a successful campaign on the lines which they envisage, there would be very serious educational repercussions in the Scottish schools. Nevertheless, I am clear that in current economic circumstances a pay review of the kind sought by the teachers would not be acceptable. Another review on Houghton or Clegg lines might well recommend significantly larger pay increases - especially if "catching up" were involved - than the country could afford and I certainly could not envisage this at a time when I am taking very firm action to control local authority expenditure in Scotland.

As regards the discussions on 27 July, I propose to instruct my representatives on the SJNC to make it quite clear in the preliminary meeting of the Management Side that the Government could in no circumstances be committed to fund any excessive pay settlement in the 1985 pay round and that an independent review would in the circumstances be pointless and simply store up trouble for Management generally. I would hope that it might be possible to persuade the local authority representatives that the right course is to stand up to the teachers, despite the difficulties. I think, however, that there is a very real risk that the local authorities will be tempted to make common cause with the teachers in seeking an independent review, in an attempt to purchase their goodwill and to put the blame for any disruption in the schools fairly and squarely on my shoulders. If this does happen, my representatives will clearly have to dissociate themselves formally from the rest of the Management Side; and I propose to instruct them that, in these circumstances, they should simply reserve my position completely in the subsequent full meeting of the SJNC(SE) and indicate that I shall respond in due course to any formal request made to me by that body.

Unless I hear to the contrary by close of business on 25 July, I shall assume that you are content with the line which I propose to take. I shall of course report further to colleagues about the outcome of the forthcoming meeting of the SJNC(SE).

Copies of this letter go to the Prime Minister, Members of E(PSP), the Secretaries of State for Education and Science, Wales and Northern Ireland and to Sir Robert Armstrong.

Yours sincerely



E. S. GOWANS
Private Secretary
(Approved by the Secretary of State
and signed in his absence)

Teachers Pay; Education A3.

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