

Prime Minister

The Chancellor's minute portrays the Cabinet discussion as much more conclusive than it was. Your worries about (i) effect on pay round (ii) legislative programme were never really dealt with. c. Mr. Mount

MR. SCHOLAR

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As I have advised several times before, the Chancellor's proposals will make the next pay round in the public services very much harder. It would therefore be best if this whole issue could be put off until the next Parliament.

But I fear what the Chancellor proposes is the worst of all worlds. The uncertainty he will create with his proposed announcement will result in pay (and other) disadvantages; but by postponing the implementation until the next Parliament, he will bring none of the benefits. Far better, as I have said before, to go into the consultation period without a prior indication of the Government's intention.



J.M.M. VEREKER

15 June 1982