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10 DOWNING STREET

From the Private Secretary

23 October, 1980.

Dear Jim,

Civil Service Pay

The Prime Minister has now considered the Lord President's minute of 20 October about Civil Service pay. She has also seen the Secretary of State for Employment's minute of 23 October.

The Prime Minister agrees that action should be taken now to prevent the pay research evidence from coming in. As regards Mr. Prior's suggestion that this could be achieved by invoking the letter of 19 September, I have told the Prime Minister that your Department is quite clear that the terms of that letter do not in themselves amount to formal suspension of the pay agreement. On that basis, she agrees that formal suspension of the agreement for 1981 should now be announced quickly, though she hopes that the Lord President will make good use of the letter in defending the Government's action.

I am sending copies of this letter to Peter Jenkins (HM Treasury) and Richard Dykes (Department of Employment).

[Handwritten flourish]

Tim Laker

Jim Buckley, Esq.,
Lord President's Office.

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