

CONFIDENTIAL

VLS



FILE

cf Haskygn

10 DOWNING STREET

From the Principal Private Secretary

BF 26.3

SIR ROBERT ARMSTRONG

Economic Effects of Industrial Action

When you saw the Prime Minister this evening about forthcoming business for Cabinet and Cabinet Committees, you also discussed with her your minute A04339 of 2 March 1981 which offered advice on the Chancellor of the Exchequer's minute of 25 February.

You said that, in your view, the work that was being done on the possibility of industrial action in the coal industry was the right way to set about the kind of assessment of the economic significance of particular industrial threats which the Chancellor was seeking. On this occasion, the problem had been identified well in advance and it was now being examined in all its aspects, with the Department with primary responsibility in the lead. If we proceeded in the same way in respect of other industrial threats, we should avoid setting up some large piece of machinery.

The Prime Minister agreed that the last thing that was wanted was a new apparatus to provide the assessments the Chancellor wanted. If formal machinery was set up, its activities would almost certainly leak quickly. She would therefore reply to the Chancellor on the lines of your minute of 2 March 1981, and you undertook to provide a draft Private Secretary letter.

C. A. WHITMORE

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13 March 1981

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