

PRIME MINISTER

The expected reaction

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CIVIL SERVICE PAY AND CASH LIMITS

The National Staff Side came to see me urgently today at their request following this morning's announcement on Civil Service pay and cash limits. Speaking politely but very forcefully they urged the Government to reconsider its decisions.

2. The Staff Side had relatively little to say on the question of manpower cuts. They concentrated on the pay issue. Their main point was that, in their view, our decisions ran contrary to the Government's stated policy of creating a more ordered climate of industrial relations in the economy generally. Depending on the size of the amounts due under pay research the Government would be dishonouring the Pay Agreement by not paying the full amounts on the due date. To deny arbitration on the operative date of the pay increases would be a breach of the Arbitration Agreement. Finally, they warned me about the cumulative effect of constant interference in the pay system. Even if the gap to be bridged by staging was small, this Government would be joining its predecessors in failing to honour agreements. This repeated breaching of the Pay Agreement by one side could only lead to anarchy in Civil Service pay bargaining and industrial relations generally.

3. I told them that there was no likelihood of the Government changing its decisions, but that I would report their views.

4. At the end of the meeting, the Staff Side said that each union would be consulting its executive committee urgently. They would be meeting collectively early next week to consider what to do next. They made no threats of industrial action but what happens will depend very much on how their members and Executive Committees react over the next few days.

5. The CSD will now be making offers based on the pay research evidence for most of the main grades, and will press on rapidly to settle the amounts due. I will keep you in touch with developments.

P.C.

PAUL CHANNON

14 March 1980

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