



10 DOWNING STREET

THE PRIME MINISTER

29 June 1981

Dear Thelma,

Thank you for your letter of 23 June.

It is very ironic indeed that the pension funds of nationalised industries invest so much abroad. In doing so, they are recognising the need for a good return on investment. And yet, one of our troubles is that those who bargain in wage negotiations, take so much out in pay that eventually nothing is left for profits, and therefore investment. Furthermore when companies have nevertheless put a lot into investment, the habits of overmanning and restrictive practices have prevented them from having a good return. We have to go on preaching the fundamental facts and the cause and effect of union policies. Unless they take out less in pay we cannot rebuild profits. Unless we rebuild profits we cannot invest.. Unless we invest other nations will overtake us, and they will get the business and the jobs and we shall be left with the unemployment.

Yours ever,

Margaret

Mrs. Thelma Cazalet-Keir, C.B.E.

LPO