



PRINCIPAL PRIVATE SECRETARY

- cc PS/Chief Secretary
- PS/Minister of State (C)
- PS/Minister of State (L)
- Sir D Wass
- Mr Ryrie
- Mr Burns
- Mr Middleton O/R
- Mr P V Dixon
- Mr Unwin
- Mr Bridgeman
- Mr Riley
- Mr Rayner
- Mr Ridley

MEETING WITH THE CBI

The Financial Secretary has seen the record of the Chancellor's meeting with the CBI on Friday 13 June.

He strongly agrees with the comment attributed to Mr Prior in paragraph 9, to the effect that the link between unemployment and the amount by which pay settlements exceed the growth of the money supply is a more productive justification of moderate pay settlements than the direct wages/prices link. He hopes the panjandrums of the CBI have taken it on board: however, from Sir Raymond Pennock's declared intention in paragraph 15 to raise the question of the pay/inflation link at the CBI's meeting with the TUC on 17 June, it would appear to him that they have not.

SAL

S A J LOCKE
18 June 1980

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