

*Info + Publicity*

Ref: A02693

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PRIME MINISTER

Influencing National Pay Behaviour  
(E(80) 66)

BACKGROUND

In this paper the Chancellor of the Exchequer sets out some general ideas for a campaign of public education to bring home economic realities as they affect pay bargaining.

2. He warns that, while it will be necessary to make use of some figures to support the Government's case, care must be taken to avoid giving the impression of setting a norm. Figures should be used illustratively, to point out the implications for the economy, and for unemployment in particular, of varying assumptions, and notably:-

- (i) the relationship between unemployment and the ratio of average earnings to the money supply;
- (ii) the relevance of relative earnings to our international competitive position;
- (iii) international comparisons of the relationship between earnings and prices, in order to illustrate the need to break the link between pay expectations in the United Kingdom and the Retail Price Index.

The Committee's decisions on the approach to public sector pay will also be highly relevant.

HANDLING

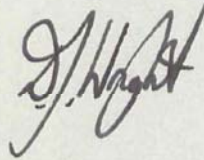
3. After the Chancellor of the Exchequer has introduced his paper the Paymaster General will wish to comment. I do not think that the paper calls for much detailed discussion.

CONCLUSIONS

4. In the light of the discussion you will wish to record conclusions:-
- (i) Endorsing the general approach in E(80) 66.

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- (ii) Taking note that the Publicity Unit under Mr. Ingham, and in consultation with the Chancellor of the Exchequer and the Paymaster General, will co-ordinate the preparation of publicity for a campaign of public education on pay questions, making use of the themes suggested in the Chancellor's paper.



(Robert Armstrong)

*(approved by Sri. R. Armstrong  
and signed on his behalf.)*

22nd July 1980

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