

MR. SCHOLAR

cc: Mr. Hoskyns
Mr. Ingham o.r.

REQUEST FROM THE NATIONALISED INDUSTRIES CHAIRMEN'S GROUP TO SEE
THE PRIME MINISTER

Robert Marshall's letter of 30 September to the Prime Minister poses the difficult question of whether she should receive the Nationalised Industries Chairmen's Group.

The NICG do have some cause for complaint, although the facts are not as stark as set out in Robert Marshall's letter. There is no decision to raise all Board members' salaries by 7%. But certainly the E decision to limit most of them to that figure was scarcely consistent with their understanding of what would happen after their salaries were taken out of the TSRB. And with such a senior group of Chairmen in such key industries it would look a little odd if the Prime Minister refused to receive them.

On the other hand, there is not much to be gained from our point of view from such a meeting. There is little by way of assurances that the Prime Minister can offer, since it is undoubtedly true that we are trying to keep their salaries down; and any meeting between the Prime Minister and the NICG can scarcely avoid addressing wider and more difficult issues, such as nationalised industry pay and what to do about their enormous losses. Such a meeting would also undoubtedly turn into a media event: today's column in the FT by John Elliott, for instance, already shows clear signs of briefing from the NICG.

I think the balance of argument falls against the Prime Minister receiving a NICG delegation. I think the advice that you are likely to get from the Treasury is that this is not really a problem for the Chancellor, since the CSD are supposed to be coordinating Board members' salaries; and that the advice

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from the CSD will be that they ought to see the Chancellor. I do not think they will be satisfied by a meeting with Lady Young, whose role is a purely coordinating one; one possible way out would be to suggest that the issues could be put on the agenda for the Chancellor's next regular meeting with the NICG.

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6 October 1981