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cc: J. Vereker.



10 DOWNING STREET

From the Private Secretary

25 February 1982

Index-Linked Pensions

The Prime Minister discussed with the Chancellor this morning the Chancellor's minute of 23 February about follow-up action on the Scott Report on index-linked pensions.

The Prime Minister said that she was concerned about the effect on the current pay round of an announcement on the lines envisaged by the Chancellor in the Budget Statement. The matter was a complex and difficult one, and it seemed unlikely that agreement would be reached in the course of one further discussion by colleagues. She would prefer to expose all the facts and complexities in a published report (perhaps a Green Paper?). It might prove desirable to arrange for a day's debate in Parliament later on. This process might lead to a decision at a time which would be least inconvenient on the pay front - say the late summer or autumn.

I am sending a copy of this letter to David Wright (Cabinet Office).

M. C. SCHOLAR

John Kerr, Esq.,
HM Treasury

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