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JMP



be. J. Venetis.

10 DOWNING STREET

*From the Private Secretary*

17 May 1982

PUBLIC SERVICE PAY AND CAPITAL INVESTMENT

The Prime Minister was grateful for the Chancellor's minute of 10 May together with the note attached setting out a number of areas in which it might be feasible to earmark part of the Contingency Reserve for capital spending late in the financial year to assist in the pay discussions.

The Prime Minister is now persuaded that this scheme would probably not be effective in practice. She has accordingly agreed to take the matter no further.

I am sending copies of this letter to the Private Secretaries to the Secretaries of State for Education, Environment, Social Services, Industry, Energy, Transport, Employment, Agriculture, and the Chancellor of the Duchy, and to David Wright (Cabinet Office) and Gerry Spence (CPRS).

M. C. SCHOLAR

Peter Jenkins, Esq.,  
HM Treasury.

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