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*DM*  
*Pamie Pinter 2*  
*To note that*  
*Lord Young supported*  
*his letter.*

*DM*  
*11/9.*

The Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 HM Treasury  
 Great George Street  
 LONDON SW1

11 September 1985

*Nigel*

**TEACHERS' PAY**

I have seen Keith Joseph's letter to you of 9 September, and am persuaded by his arguments that the Government should accept the package prepared by the employers. I fear that if we do not do so we shall be faced either with another breakdown in talks, for which we shall take the blame, or, possibly, by a short term deal, divorced from reform, which would secure none of our longer term objectives, and which would be damagingly repercussive.

If a deal can be obtained on the basis of the employers' package, it will of course be important to present the outcome in a way that will minimize the repercussions; and to emphasize the long term improvements, including better assessment procedures and tighter contracts, that will have been secured.

Copies of this letter go to the Prime Minister, Keith Joseph, other members of E(PSP), the Secretaries of State for Scotland, Wales and Northern Ireland, and Sir Robert Armstrong.

*Keith*  
*Lawson*



