

CBG



Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213..... 5949
Switchboard 01-213 3000

The Rt Hon John MacGregor OBE MP
Chief Secretary
HM Treasury
Great George Street
LONDON SW1

24 January 1986

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DRS

24/1

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De John,

BAA PAY

at flap

I have seen the correspondence between Nicholas Ridley and yourself about BAA pay.

I feel there is a danger that we may be becoming too complacent about our alleged success in reducing public sector trading settlements. Undoubtedly since 1981/82 the general level of settlements have fallen but as the attached table shows, the average level of settlements in the public trading sector over the last 3 years have been only slightly lower than those in the private sector. Some nationalised industries have negotiated lower settlements, such as some of the transport industries referred to in Nicholas' letter, but I do not think we should slip into persuading ourselves that special pressures have built up on the public trading sector after settlements which have on average almost kept pace with the private sector.

The limited success of previous years reinforces the need to continue to press for moderate settlements in the public trading sector during the present payround.

I am copying this letter to the Prime Minister, other members of E(PSP) and to Sir Robert Armstrong.

KENNETH CLARKE

PERCENTAGE INCREASES IN SETTLEMENTS

	1982/83	1983/84	1984/85	Cumulative
Private Sector	5¼	5¼-5½	6	18-18¼
Public Trading Sector	5½	5.0	5½	17

AEROSPACE PT4

Bntn Airways

