



From the Secretary of State

Prime Minister ²

MCS 10/12

CONFIDENTIAL

John Kerr Esq
Private Secretary to the
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
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WJ
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Dear John

NATIONALISED INDUSTRY PAY

My Secretary of State has seen Michael Scholar's letter of 8 November to you and also the Chancellor's of 19 November to the Secretary of State for Energy.

Lord Cockfield has now written to the Chairman of both British Airways and the British Airports Authority, stressing the main points made in the attachment to the Chancellor's letter. (He thinks this will be more effective than meetings.)

As you know, British Airways negotiated a pay settlement a few months back for the whole of the two years 1982 and 1983, and no new settlement is due until early 1984. They should not therefore give any further trouble for the next year or so. However, Lord Cockfield has once again stressed to Sir John King the need to keep in close touch and to consult him in advance about pay settlements.

The Secretary of State has made the same point to Mr Payne. The British Airports Authority pay negotiations have just started and Mr Payne has assured Lord Cockfield that the Authority has the Government's message about the need for low pay settlements firmly on board and will now seek a lower settlement than was assumed a few months ago. Lord Cockfield has nevertheless stressed again the importance of not allowing a low offer to drift upwards.

I am copying this letter to the Private Secretaries to the recipients of the Chancellor's letter of 19 November.

*Yours sincerely
John Whitlock*

JOHN WHITLOCK
Private Secretary

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