



10 DOWNING STREET

THE PRIME MINISTER

6 October 1983

Dear Sir Campbell,

I was very grateful to you and Sir Terence for giving me an opportunity to see the CBI's presentation on Pay and Productivity. It was extremely well argued and illustrated and its message came across with great force.

It is very clear that though there are a number of positive signs in the economy there is still a long way to go to regain the ground lost over many years. It will be fatal to ease up in the control of costs at the first sign of improvement in the economic climate.

Yours sincerely  
Margaret Thatcher

Sir Campbell Fraser

Table handed to Prime Minister by  
 Sir Terence Beckett on 5/10/83, as  
 background to Vauxhall's 7.7% settlement

✓ ce Mr Owen  
 Miss Simpson (Tsy)

	<u>Public Services</u>	<u>NB Pay Factor</u>	<u>% Pay Increases Private Manufacturing</u>	<u>Vauxhalls</u>
78/79 estimate <sup>(1)</sup>	11½		15½	na
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79/80	25 <sup>(2)</sup>	-	16½	11
80/81	8½	6.0	9½	7½
81/82	7	4.0	7	5
82/83	4½-6	3.5	5½	8
Total increase <sup>(3)</sup> 78/79 and years to 82/83	51½-53½		44	36

- (1) From DE New Earnings Survey
- (2) Including Clegg
- (3) Cumulative Increase