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10 DOWNING STREET

From the Private Secretary

23 March 1983

Dear Margaret,

The Prime Minister and the Chancellor had a word this evening about non-industrial civil service pay.

The Chancellor spoke on the lines of his minute to the Prime Minister of today's date (which the Prime Minister had not yet read). The Prime Minister said that she thought that the Scottish teachers settlement, and the likely settlement for teachers in England and Wales suggested that it would be right for Mr. Le Cheminant to seek a settlement not above 4½%. The Prime Minister also said that she would be prepared to accept, in the interests of reaching an agreement without recourse to arbitration, a minimum tilting towards the low paid, providing that it did not apply to juveniles (she added by this she did not just mean 16-year olds). The Prime Minister noted that a settlement on this basis could be met with existing cash limits.

I would be grateful if you would neither photocopy nor circulate this letter outside the Private Office.

Yours sincerely,

Michael Scholar

Miss Margaret O'Mara,  
HM Treasury.

BPP