

CC: Econ Pol.

Inflation Proofed Pensions.

PT 41



File

Surf

AKROSPAK

cc

10 DOWNING STREET

From the Private Secretary

11 October 1982

BRITISH AIRWAYS

The Prime Minister has seen a copy of your Secretary of State's letter of 6 October to the Chief Secretary.

The Prime Minister feels that Ministers have been bounced by the action which British Airways have taken. She remains of the view that British Airways should have imposed a pay freeze, given the extent of their losses; and that the redundancy terms are too generous and the pensions scheme too costly. The Prime Minister enquires whether it would be possible to change the Trust Deed governing the British Airways' pensions scheme. If legislation would be required, the Prime Minister asks what other public sector pension funds would be involved.

B/P
I would be grateful if you would let me have this information as soon as possible, so that the Prime Minister can consider whether she can now agree to your Secretary of State's proposals. You will see from my letter of today's date to John Gieve in parallel, that the Prime Minister has asked the Treasury to let her have a note on the position of public sector pension schemes across the board.

I am sending a copy of this letter to John Gieve (HM Treasury) and Richard Hatfield (Cabinet Office).

John Whitlock, Esq.,
Department of Trade.

CONFIDENTIAL