



10 DOWNING STREET

From the Private Secretary

Prime Minister ①

E(psp) in principle favours raising employee contributions to 8 per cent while trying to negotiate pay increases which less than fully offset the increase in pensions but they doubted whether the savings would be large.

They recommend, however, putting the issue on ice until the Mr Fowler's pensions inquiry is complete.

Agree this procedure? Yes no

Or do you want this to be raised in Cabinet first?

AT

31/7