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10 DOWNING STREET

From the Private Secretary

14 June 1979

The Prime Minister would like a further discussion on pay in the Ministerial Committee on Economic Strategy soon after she returns from the Tokyo Summit.

The Chancellor of the Exchequer was invited at the E Committee meeting on 1 June to circulate a paper setting out the possibilities for a "forum" in which pay matters could be discussed with interested parties in a wider context. This is one paper which the Committee will need to discuss. But in addition, the Prime Minister has asked for two further papers to be commissioned.

The Prime Minister would like the Secretary of State for Industry to circulate a paper on the questions of pay, prices and efficiency in the nationalised industries. She would also like the Chancellor to bring forward a paper on the question of the pay element in future cash limits for central and local government and the nationalised industries, together with an indication of the timetable against which decisions must be taken.

I am sending copies of this letter to the Private Secretaries to the members of E Committee and Martin Vile (Cabinet Office).

TIM LANKESTER

Tony Battishill, Esq.,
H.M. Treasury.

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