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No papers in GR



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10 DOWNING STREET

THE PRIME MINISTER

23 January 1985

Dear James.

I was most grateful to you and Sir Terence Beckett for coming to Downing Street to show me the CBI's Presentation on Pay. I endorse wholeheartedly the message you are seeking to put across on the need to increase productivity, restrain wage costs, and increase profitability. This message was extremely well put and should do a great deal to reinforce the ability of companies to bring their costs under better control. I was pleased to see that you reminded companies that our competitors are not standing still.

I am grateful, therefore, for the effort the CBI have put into this exercise.

Yours sincerely
Rajaratnam

Sir James Cleminson, MC, DL.

801



10 DOWNING STREET

Prime Minister

Please could you sign this again. Although Terry Beckett did most of the work, I think it would be better to send the letter to James Clemenson.

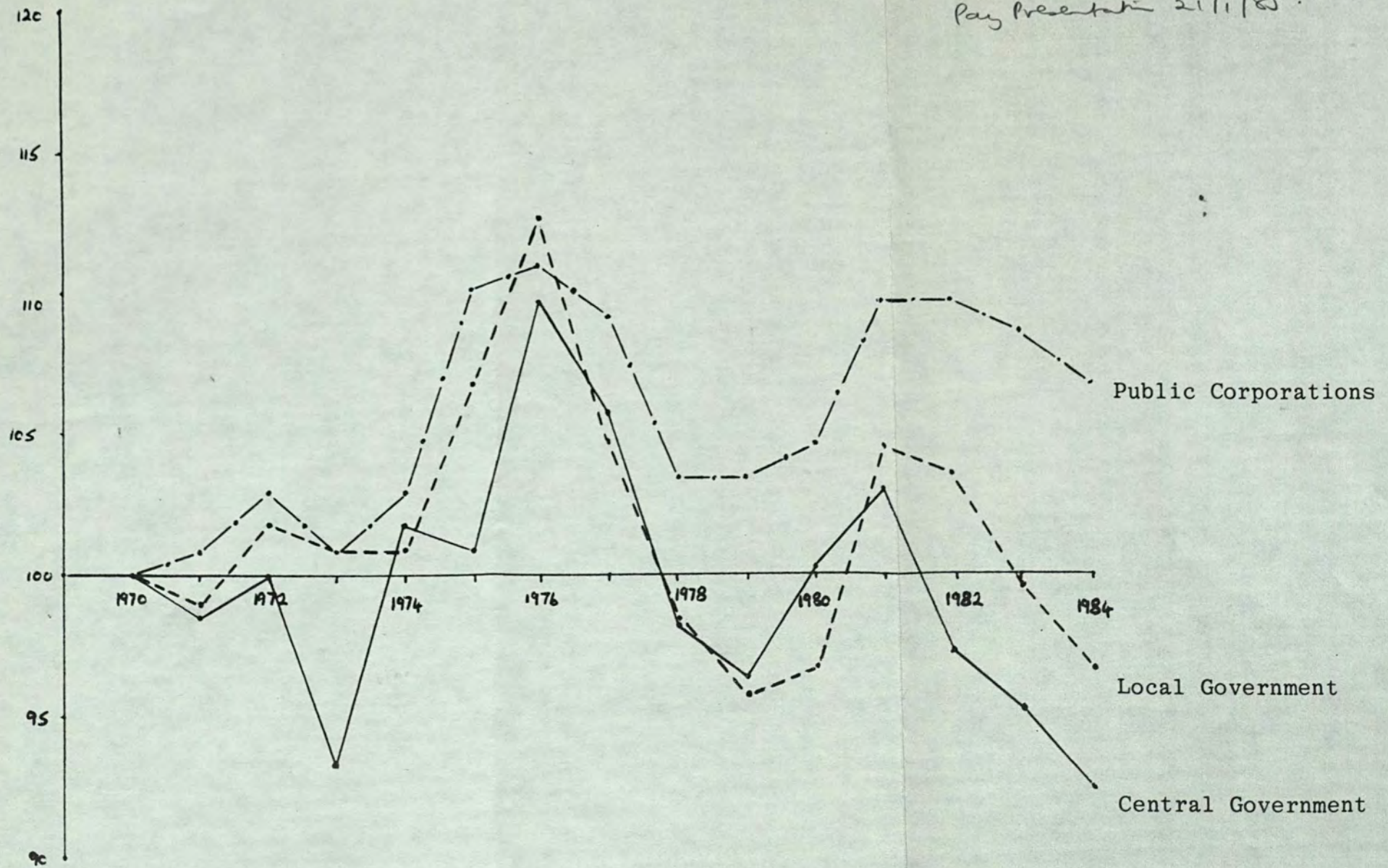
AT

22/1

TRENDS IN RELATIVITY OF PUBLIC TO PRIVATE SECTOR PAY : NON-MANUAL EMPLOYEES (1970 = 100)

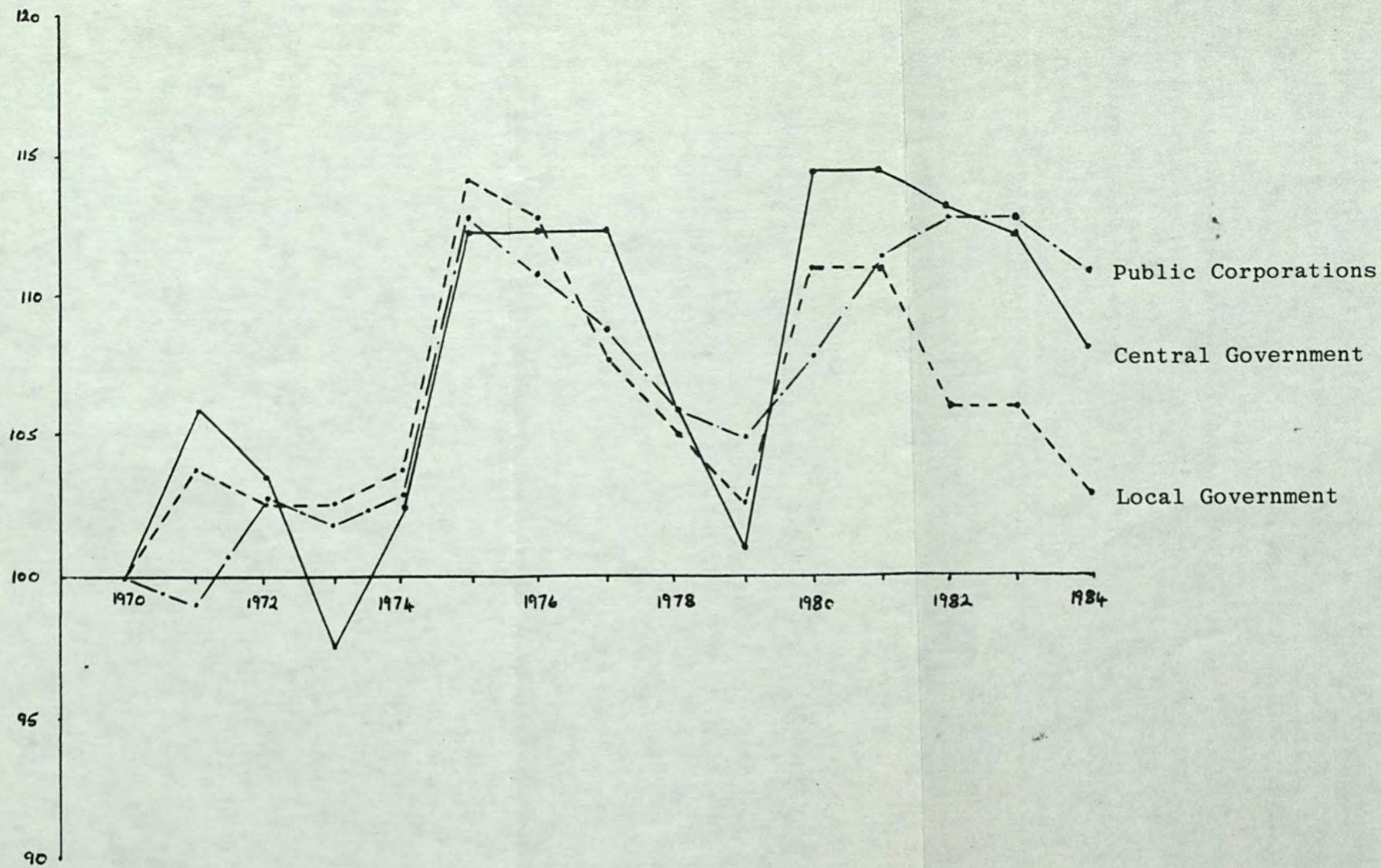
CHART 2

*Chart left with PM by
S. Terence Beckett at C&D
Pay Presentation 21/1/85.*



TRENDS IN RELATIVITY OF PUBLIC TO PRIVATE SECTOR PAY : MANUAL EMPLOYEES (1970=100)

CHART 1



Confederation of British Industry
Centre Point
103 New Oxford Street
London WC1A 1DU
Telephone 01-379 7400
Telex 21332

From
Sir James Cleminson MC DL
President

File

P2011



21st January 1985

Dear Prime Minister,

I would like to thank you very much for giving up so much of your time this morning to Terry and myself on our presentation on the pay round. I am so glad that you felt that it had been well prepared and I am sure the fact that we are now following it up on a two-monthly basis with our Employment Affairs Report will strengthen our hand.

We shall be publishing the Budget Representations, which I gave you this morning, on Wednesday 23 January.

Yours

James

The Rt. Hon. Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
London, SW1

*Optimum
100%
Pay*



10 DOWNING STREET

From the Private Secretary

Prime Minister

Sir James Clemenson and Sir Terence Beckett will show you the presentation which the CBI makes to its members. This will take place in one of the reception rooms.

The presentation will not, as past form, take all the 45 minutes allocated to it. In whatever time is left Sir Terence may take up some of the current issues

- (i) interest rates - will they stay up for longer
- (ii) sterling - is the Government trying to peg the rate
- (iii) infrastructure - where the CBI have been a persistent Lobby.

AT
18/1

E. R.

ms

MR TURNBULL

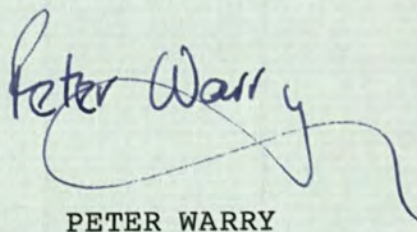
15 January 1985

MEETING WITH CBI ON PAY

The attachment to this note sets out the pay settlements and earnings increases over the last three years for the whole economy and the various public and private sector groups. The figures show that whilst settlements have been broadly the same in all sectors over these years, increases in earnings have been more widely dispersed: earnings for the manufacturing sector outstripping the economy generally by 1.25% to 1.5% each year. The non-manufacturing sector and the public trading sector, which the CBI also represent have had earnings increases very much more in line with the economy as a whole.

The Engineering Employers Federation has just settled a national rate increase at 5.16% (slightly less than the going rate) and have staved off a reduction in hours probably to April 1987 at the earliest. Local rate negotiation at company level will now proceed against this background.

Of course, the principle message must remain that increases in earnings above the rise in the rate of inflation can only be financed at the expense of future investment, company profitability and by lost jobs.


PETER WARRY

	July 1981 - July 1982		July 1982 - July 1983		July 1983 - July 1984	
	Settlements	Earnings	Settlements	Earnings	Settlements	Earnings
Whole Economy	7	9.25	5.5	7.5	5.25	7.5
Public Sector	6.5	8	5.25	6.5	5.25	7
- public trading	7	9.5	5.5	7.25	5	7
- public services	6.5	7.25	5.25	6.25	5.25	7*
Private Sector	7	10	5.75	8.25	5.5	7.75
- manufacture	6.5	10.5	5.75	8.75	5.5	9
- non-manufacturing	7.5	9	6	7.5	5.25	7.25

Source: Average Earnings Index and DE Settlement Information

* Without the miners' dispute creating excessive police overtime, the earnings increase for the public services sector during the year 1983/4 would be nearer 6½ per cent than 7 per cent.