

RESTRICTED



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

PAY RESTRAINT AND ADDITIONAL CAPITAL INVESTMENT

The Secretary of State for the Environment sent me a copy of his minute to you dated 27 May. <sup>Tpm</sup>

2. The Scheme he proposes is larger, and less specific, than the one considered in my note to you of 10 May. Something of this kind has been considered in the past, but not pursued. I am sceptical about it, but should be ready to look at it again.

3. The best time to do this might be at the proposed meeting of E Committee to discuss the 1982-83 pay round. I shall be circulating a paper about this soon. If you agree, I suggest that Michael Heseltine arranges for his officials to work up his scheme in more detail, in consultation with officials from the Treasury, the Department of Employment and (if you wish) the CPRS. That would give Ministers a clearer and more precise set of proposals on which to focus.

4. I am sending a copy of this minute to the other members of E Committee and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'G.H.'.

(G.H.)

3 June 1982

03 JUN 1962



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