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cc BG



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John R MacGregor Esq MP  
Chief Secretary to the Treasury  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

*NBR*

25 October 1985

*Dear John*

BA PAY

Thank you for your letter of 14 October about BA's pay negotiations.

There is little I can add to my letters of 18 September and 7 October to Nigel Lawson and Kenneth Clarke respectively. BA have been made well aware of the points you make. Negotiations are currently centring on the restructuring aspects of the package. I am keeping closely in touch with developments and will let you know when anything significant occurs.

I am copying this letter to the Prime Minister, members of E(PSP) and to Sir Robert Armstrong.

*John - em*

*NBR*

NICHOLAS RIDLEY

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cc ~~P~~

Treasury Chambers, Parliament Street, SW1P 3AG 2

The Rt Hon Nicholas Ridley AMICE MP  
 Secretary of State for Transport  
 Department of Transport  
 2 Marsham Street  
 London SW1P 3EB

Prime Minister

To write. The Treasury &  
 others remain very concerned  
 about this. (You will remember  
 that it came up at Disc 66.)  
 They fear the repercussions of  
 P8 or more. BA and B. Ridley  
 14 October 1985  
 want it to help prepare for  
 privatisation.

Dear Nicholas,

BA PAY for engineers.

You wrote to Kenneth Clarke on 7 October about BA's pay negotiations.

As you know, I share Kenneth's concern at the level of the pay settlement which BA envisage, and indeed at their opening offer; we discussed this following our PES meeting on 21 September. I agree that it is extremely important to highlight the "productivity element" of any final outcome. But even presented as 4 per cent on basic rates plus a productivity deal worth 4 per cent, a settlement at the level of the opening offer would be unhelpful for other public trading sector negotiations; and anything much higher could be very damaging. It is important, too that the second year of the deal should give a significantly lower increase than the first year.

I am copying this letter to the Prime Minister, members of E(PSP) and to Sir Robert Armstrong.

Yours etc,  
 JH

JOHN MacGREGOR

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AEROSPACE PT 4

Future of BA

