



Statist

VMS

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M Hall Esq
Private Secretary to the Chancellor of the Exchequer
Treasury Chambers
Parliament Street
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SW1P 3AG

14 August 1979

Dear Martin

NEW TAX AND PRICE INDEX

I attach a copy of a letter we received today from Len Murray about the introduction of the new index.

As you will see he is arguing that no such new index should be introduced without full consultation with the TUC and other organisations concerned.

I understand that the decision has now been taken to go ahead with the index. In the circumstances, Treasury Ministers will no doubt wish to consider how Mr Murray's arguments should be handled in presenting the index.

I am sending copies of this letter and its enclosure to the Private Secretaries to the Members of E Committee, the Secretary of State for Social Services, the Financial Secretary and Sir John Hunt.

*Yours sincerely
I A W Fair*

I A W FAIR
Private Secretary

TRADES UNION CONGRESS

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August 14 1979

DEPT Secretary's

OUR REF LM/DL/MV

YOUR REF

2
PRIME MINISTER

Mr Lawson has a copy

Preparing the ground to
attack the new index
on Friday.

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14/8
4/10

The Rt Hon James Prior MP
Secretary of State for Employment
Department of Employment
St James's Square
London SW1Y 4LL



Dear Mr Prior

Indices of Living Standards

I have read a number of reports in recent weeks to the effect that the Government may be intending to introduce a new index of living standards taking account of changes other than earnings and prices.

We have, as you know, over the years, defended the composition of the Retail Prices Index against its critics and have always pointed to the fact that the RPI is based - unlike the corresponding series in many other countries - on agreed statistical methods based on the work of the RPI Advisory Committee. We would be very concerned if the Government were now to introduce another index without full consultation and agreement about the principles involved, as I am sure this would lead to controversy and the possibility of a proliferation of indices, with the ending of an agreed approach which governments would subsequently regret.

I trust you can give me the assurance that there will be no such development without us having the opportunity to have a full discussion before any final decision is taken.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Lionel Murray".

General Secretary