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BRITISH EMBASSY  
BONN

30 September 1983

J Graham Esq  
EF2  
HM Treasury  
Parliament Street  
London SW1P 3AG

Prime Minister  
It seems that Chancellor  
Kohl misled you.

*M*  $\frac{3}{16}$

Dear John,

FRG: PUBLIC SECTOR PAY INCREASES

1. When the Prime Minister was here last week she was told by Chancellor Kohl that he had frozen public sector pay increases. This is not quite the case and I attempt to set the record straight below.

2. It is not possible to find a figure for those employed by the state which would equate with the British civil service. In West Germany there are 3 categories of public sector employee, the Beamte, Angestellte and Arbeiter. All 3 categories can be employed by Federal, Land or Local Government. In all 3 categories are to be found analogues of certain categories of British established civil servants.

3. The numbers of those employed full time by Bund, Land and Local Government, in each category, are as follows:

	<u>Beamte</u>	<u>Angestellte</u>	<u>Arbeiter</u>	<u>Total (including part-time employees)</u>
1980	1,694,400	1,295,000	811,100	4,419,800
1981	1,712,224	1,315,535	818,867	4,498,079
1982	1,726,621	1,313,477	809,813	4,531,399

4. Among the Beamte only a small proportion (about 10%) are doing jobs done by the UK civil service. The majority are members of the armed forces (number not available), rail (185,000) and post (288,000) employees, teachers (600,000), judges (17,000) etc. The Beamte cannot strike or conduct formal wage negotiations and their pay is determined by Cabinet. In 1982 they received an increase of 2% to cover the period 1 July 1983 - 30 June 1984. The increase, which was due on 1 May 1983 was postponed for 2 months. In addition the Government said that a further increment from 1 July 1984 would be postponed until 1 April 1985. The increase to be offered to the Beamte has still to be confirmed by Cabinet.



5. The Angestellte (office workers) and Arbeiter (manual workers) negotiate pay increases and have the right to strike. They were awarded increases to cover the period 1 March 1983 - 31 August 1984 as follows:

1 March - 30 June 1983	2%
1 July 1983 - 29 February 1984	2.5%
1 March 1984 - 31 August 1984	3%

6. These increases should be seen against the present and projected levels of cost of living indexed inflation, which is expected to be around 3% in 1983 and between 2.5 and 3% in 1984

*Yours ever*  
*JW*

J W Forbes-Meyler

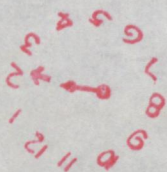
cc:

A J Coles Esq  
No 10 Downing Street

J Jolly Esq  
OA1, Dept of Employment

C Munro Esq  
WED, FCO

S H Broadbent Esq  
ESID, FCO



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