

22 December 1981

Prime Minister

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MR SCHOLAR ✓

To see. You will see

cc Mr Hoskyns

WAGES COUNCILS

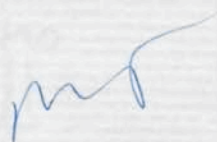
Considering the issue on Wages Councils

in a meeting of E to be arranged on the basis of Mr Tebbit's paper E(81)27. Mrs 22/12

1. You asked whether we were content with the reply from D/Em to your letter of 15 December.
2. The answer is yes. The next stage is a substantive discussion of the issue on Wages Councils at E Committee. This correspondence has been useful in registering:
 - (a) That the Prime Minister is still disposed to consider more radical action on Wages Councils.
 - (b) That the need to denounce another ILO convention is one of the factors involved. (It was not mentioned in the E paper circulated by Mr Tebbit.)



ANDREW DUGUID





Mr Dykes

Content to rest

on this?

MCS 19/12

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Michael Scholar Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON
SW1

18 December 1981

Dear Michael,

FAIR WAGES RESOLUTION

Thank you for your letter of 15 December recording the Prime Minister's agreement to the course of action on the Fair Wages Resolution proposed in my Secretary of State's minute of 10 December.

As regards the separate issue of wages councils, it is true that if Ministers were to decide, for example, to go for legislation to abolish the councils it would be necessary to denounce a further ILO Convention. However, the procedure dictated by our international obligations would involve a different time-scale for that denunciation. The next opportunity to notify the ILO of intention to denounce the relevant Convention would be in June 1985, with the denunciation becoming effective 12 months later. Ministers are, of course, due to discuss the substantive issues on wages councils on the basis of my Secretary of State's memorandum E(81)27 circulated on 8 December.

Copies of this letter go to the recipients of yours.

Yours ever

Richard Dykes

R T B DYKES
Principal Private Secretary



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10 DOWNING STREET

From the Private Secretary

24 December 1981

Dear Richard

Fair Wages Resolution

Many thanks for your letter of 18 December in reply to mine of 15 December.

As you point out, Ministers are to discuss the substantive issues of Wages Councils at a forthcoming meeting of E Committee.

No doubt the points raised in both our letters will be raised at that meeting.

I am sending copies of this letter to the Private Secretaries to the members of E Committee and to David Wright (Cabinet Office).

Yours

Wilkie Rickett

pp M. Scholar

Richard Dykes, Esq.,
Department of Employment.

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10 DOWNING STREET

From the Private Secretary

15 December 1981

Dear Richard,

FAIR WAGES RESOLUTION

The Prime Minister was grateful for your Secretary of State's minute of 10 December. She is content with the course of action he is proposing and, subject to the views of colleagues, with his suggestion that this matter could be dealt with in correspondence.

She has also enquired about the possibility of taking action in parallel on the future of wages councils. The Prime Minister understands that Mr. Tebbit's present proposal on this subject is that the councils should be left intact, and that there should merely be a specification of the maximum percentage that young people's wages council awards should represent of the adult rate. If Ministers were to decide that there should be radical action on wages councils this would, the Prime Minister understands, require a further ILO convention to be denounced. If this were so, there would be, clearly, a strong case for acting on the Fair Wages Resolution and wages councils at the same time. Both changes could be presented as removing obstacles to employment.

I am copying this letter to the Private Secretaries to Members of E Committee and to David Wright (Cabinet Office).

Yours sincerely,

Michael Scholar

Richard Dykes, Esq.,
Department of Employment.

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