



(MS POZ)

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

✓MS

31 January, 1980 -

Jim

R 1/2

Thank you for sending me a copy of your letter of 17th December to Keith Joseph about the Fair Wages Resolution.

Leaving aside the question of ILO Convention 94, I am not sure what further review is needed. The basic policy principle of abolition has been effectively determined by our decision on Schedule 11. As for Government contracting policy, I judge that the effects of abolishing the FWR should yield some price benefits. The chances, given abolition, of cases arising where the Government might reasonably be held to account for awarding business to firms paying unfairly low wages seem to me slight, and capable in any event of being dealt with on a case-by-case basis.

I am amazed that ILO Convention 94 apparently means that we cannot abolish the FWR before 1983. I am very reluctant to accept this. I suggest that officials should look at this again with a view to finding a way of terminating the FWR by the end of 1980 at the latest. This should be done as a matter of urgency: if the conclusion really is, as I hope it will not be, that there is no alternative to waiting until 1983, then we must presumably set the necessary steps under the Convention in hand as soon as possible before the timetable slips behind any further.

I am sending copies of this letter to the recipients of yours.

[Signature]
(GEOFFREY HOWE)

The Rt. Hon. James Prior, MP

8
7
6
5
4
3
2
1

31 JAN 1980