



Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury
Great George Street
LONDON SW1P 3AG

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Dear brother

Thank you for your letter of 31 January about the Fair Wages Resolution.

In earlier correspondence I think it was accepted that we cannot lightly set aside our international obligations. These are quite clear. ILO Convention No 94 provides that denunciation can take place only at 10 year intervals following the Convention's being brought into force; the next such occasion in relation to Convention 94 will come in September 1982. Short of simply disregarding our international commitments there is no way we can improve on that timetable.

I suggest therefore that we should continue to proceed on the lines agreed by Cabinet in November, and review the FWR in the light of debate on Schedule 11 during the progress of the Employment Bill. I expect the Standing Committee will reach the clause repealing Schedule 11 towards the end of this month, when the strength of feeling on both sides should become clearer.

I should add that I think there is perhaps a risk of getting the issue out of perspective. In the second half of 1979, for example, only 21 claims were made under the FWR compared with 240 in the second half of 1978. Rather more than half of claims heard last year were not contested by employers, or contested only in part; and a change in employers' attitudes would no doubt help to reduce still further the number of successful claims. In these circumstances I am doubtful whether the price effects of removing the FWR are really likely to be significant.

I am sending copies of this letter to other members of E Committee and Sir Robert Armstrong.

Yours

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