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HL
Home Office

10 DOWNING STREET

From the Private Secretary

15 February 1982

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I enclose a copy of a letter which the Prime Minister has received from Baroness Trumpington, about her Bill relating to the 1950 Shops Act. The Prime Minister is aware of the line which your Ministers have taken in L Committee on this matter, but she has commented that she shares Lady Trumpington's view. She thinks that the Bill is desirable and that it would provide more business and possibly more jobs.

I should be grateful if you could let me have a draft reply for the Prime Minister's signature.

M. A. PATTISON

Andrew Jackson, Esq.,
Home Office.

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15 February, 1982.

I write on behalf of the Prime Minister
to thank you for your further letter of
15 February to her.

M. A. PATTISON

The Baroness Trumpington



5 Redington Road
London NW3 7PX

15.2.82,

Dear Prime Minister,

I wrote to you on 11th
February concerning my Bill
to repeal most parts of the
1950 Shops Act.

I enclose as further ammunition
for my cause, copies of the
relevant parts of last Thursday's
Guardian and the latest edition
of The Economist.

Referring to my previous letter
I did not notice until too late
that the typist had mispelt 'consensus'!

Yours sincerely,

Alan Trumpton

Ideally, Sir Geoffrey Howe, the chancellor of the exchequer, would like just enough delayed taxes to come through in the final quarter to hit his PSBR target, with the rest spilling into 1982-83. If it happens, between £1 billion and £2 billion would be left as a bonus for the budget. Even without it, the treasury reckons it could still raise income tax thresholds (and excise duties) in line with inflation and end up with a 1982-83 PSBR within its £9 billion target.

No such accuracy when it comes to monetary targets. Sterling M3 increased by 1½-1¾% in January, bringing the rise since February, 1981, to 15¼% at an annual rate—so far above the 6-10% target that even zero growth in the remaining months would not bring it below the ceiling.

The financial markets were hoping the January rise would be 1% or less. Had that happened, interest rates might have continued their recent gentle slide. Instead, the money men had to content themselves with slower wholesale price inflation. Prices paid by manufacturers for raw materials and fuel rose by ¾% in January, bringing the 12-monthly increase to 13¼% (after 15¼% in December). Factory gate prices rose 1%, up 11% on January, 1981, with the year-on-year rate showing the first fall for six months.

Shopping

Black Sabbath

You can buy prawn balls and rice from a takeaway on Sundays, yet it is unlawful in England and Wales to buy fish and chips from a chippy. You may buy carrots tinned, but not fresh; spare parts for your aircraft, but not new shoes for your children; a girlie magazine from a newsagent, not a bible from a bookshop.

These anomalies would be swept aside if a private member's bill introduced by Lady Trumpington in the house of lords—to update Britain's Shops Act, 1950—becomes law. Existing legislation is based on regulations dating from the turn of the century, and meant to protect shopworkers from exploitation. In consequence, as soon as the vast majority of people finish work, the shops close. A public opinion poll earlier this month showed that more than 60% of the public think this is daft. Prosecutions for illegal opening have become rare; thousands of Mr Patels in corner-shops regularly flout the law by opening when they should stay shut, and they serve the public well. So do London trousers-shops and Yorkshire mobile fish-fryers. The law is an ass, pushed into action only when local puritans, or non-enterprising shopkeepers'

groups anxious to keep down the competition, call for its enforcement.

Yet the Thatcher government's zeal for freer competition and fewer silly rules seems to be having a Sunday rest. At best ministers are lukewarm, more usually they are confused. Shortly after the home secretary, Mr William Whitelaw, had told the commons that there was not sufficient consensus for change, his colleague in the upper house, Lord Belstead, was offering government help with drafting Lady Trumpington's bill. It will need more than Mr Whitelaw's "benevolent neutrality" if the bill is not to founder in parliament as its predecessors have done on obstacles laid by unions, lazy retailers and the churches. Most of the vested interests are against this bill. Only the people are for it, which is why the Tories should champion it.

Local government

Foiled again

The Thatcher government has conceded yet another battle in its war with high-spending local authorities. Mr Tom King, the local government minister, put down an amendment on Tuesday night to the infamous clause four of the new version of the local government finance bill. The original clause would have allowed the government to remove extra chunks of central government grants in the middle of the financial year from councils that spend more than their target. Since other parts of the bill ban supplementary rates, the effect would have been to make

spending cuts compulsory. This was just what the treasury wanted. It proved too much for three Tory backbenchers on the committee examining the bill, who were prepared to vote with the opposition to defeat the government. But the local government lobby is still unhappy. Its warriors point out that Mr King's amendment still allows the government to reduce the total level of rate support grant. Mr King has promised such powers will be reserved for dire emergency.

In December the environment secretary, Mr Michael Heseltine, was forced by a backbench revolt to withdraw his original bill, which aimed to make high-spending councils' budgets subject to local referendum. Now he has been upset again. Assuming Mr King keeps his promise, there is little the government can do to stop local authorities spending around £1 billion over the targets that Mr Heseltine has set for them. This is the level suggested by early estimates of 1982-83 budgets. A similar massive overspend started the ill-fated legislative merry-go-round last summer.

About half this figure comes from the difference between the guesses made by central and local government experts about impending pay and price increases. What it will mean for ratepayers depends on where you live and if your council faces an election in May. Labour-controlled West Yorkshire, which does not, has voted for a 66% increase in rates; Labour-controlled Birmingham, where all the councillors are up for re-election, has decided on a modest 9.5% increase. The Tory-controlled counties are weighing in around the rate of inflation.

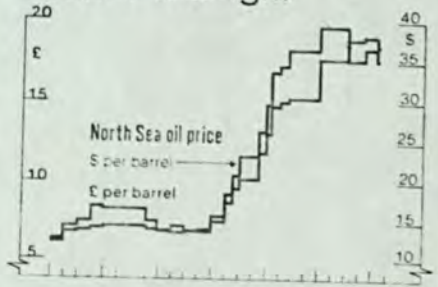
Oiling coffers

North Sea oil prices, officially reduced by \$1.50 a barrel this week, have fallen about 11% from their February, 1981, peak of \$39.25 a barrel. They will go down more. In theory each \$1-a-barrel fall cuts the tax take by £200m. In practice, as oil is priced in dollars, the exchange rate matters more. The pound has fallen 22% against the dollar over the past year. The government's sterling revenues have therefore risen more than if both sterling and oil prices had been stable. In 1981-82, the government should pull in around £5 billion and more than £8 billion next year.

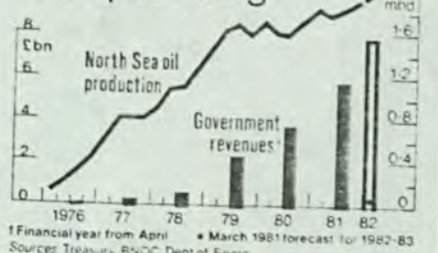
The latest price reduction follows tough pressure from the oil companies on the British oil price-setter, the state-owned British National Oil Corporation.

Weak oil demand and high crude oil costs have combined to pile up losses in refining and marketing. Many still think North Sea oil is priced too high, and companies are pressing for further falls.

Prices fading...



... output rising



Financial year from April. March 1981 forecast for 1982-83. Sources: Treasury, BNOC, Dept of Energy.

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best available.**

World War II because of the obvious threat of retaliation. They have, however, been used since Britain used them as defoliants in the Malayan emergency, as did the United States on a large scale during the Vietnam war. It is now alleged, with circumstantial evidence but not proof, that the Americans have used them in Afghanistan and the Vietnamese in Kampuchea. That the weapons types now vary — some being powerful versions of garden herbicides and some being toxins (like anthrax spores) of the kind used by natural organisms — has led to attempts to update the 1925 convention and make more precise the range of substances banned. Yet in every case the most obvious use for the chemical or biological device is not against signatory opponents who are equipped to defend themselves or to retaliate but against non-signatory opponents who are not.

The prime military advantage of the mustard gas (which is only one of several categories of weapon in a potential chemical arsenal) is that it overcomes many of the difficulties of storage. The current controversy about whether or not mustard gas munitions are buried under the proposed M40 between Oxford and Birmingham illustrates the hazards and longevity of conventional chemical weapons. In binary munitions two components which are relatively harmless in themselves are combined through a membrane into gases of the most deadliness only at the moment when the shell or bomb is used. The resulting gas itself, however, is far more deadly in concentrations than anything produced in a conventional munition and if used would cause many and terrible deaths wherever the wind might carry it among unprotected civilian populations.

Chemical warfare, though its history goes back to the poisoning of the wells, is a highly repugnant idea. Moreover, at the dawn of the molecular biological era it will become ever more likely that scientists discover techniques on which military planners

will seize for some temporary advantage until the other side catches up. In our perhaps naive opinion this entire area is one from which NATO and all its component countries should steer clear, whatever happens in the Soviet Union. It is immoral in itself. It is a wicked misuse of resources. And it adds nothing to the credibility of our defences. Let us by all means provide protective clothing, or prophylactics, for troops who might face the perils on the battlefield, for that is our duty and their right. Let us not, however, pretend that there is any military or negotiating advantage to be gained from possessing the weapons. Their very existence is an offence.

The family will survive

Lady Trumpington's Bill is the splendidly Wildean designation for a thoroughly up to date measure designed to remove the archaic and anomalous and widely evaded restrictions on Sunday shopping, which for example, permit the sale of Chinese prawns in batter from your neighbourhood takeaway but not the purchase of cod in batter from the chip shop next door. The Bill was given an unopposed second reading in the Lords on Monday. Even so, the combined armies of the Lord and the shopworkers' union USDAW could yet unite to kill the Bill. Compulsory Sunday closure provokes strong feeling, much of it expressed in turn of the century terms which The Divine Oscar could have incorporated into any one of his comedies of manners. Thus the Bishop of Norwich claims that Sunday opening would be "one more nail in the coffin of family life" while USDAW warns of the dangers of "opening the floodgates to a retail free-for-all which is socially and morally unnecessary."

The family survives, battered and more

than a little bemused, after more than a decade of divorce by consent, legalised homosexuality, relaxed attitudes to extra-marital escapades and a growing tendency to abandon marriage vows civil, or religious, in favour of "living-in liaisons." It would surely survive the continental (which really means Catholic) Sunday. Family life in Italy, France and Poland is at least as healthy as here. By a retail free-for-all, USDAW means the freedom of shop keepers to open and close as they see, fit and the freedom of the rest of us to patronise them as and when we see fit. That freedom may not be socially and morally necessary nor, on the same chop-logic is the freedom of USDAW members to hop on a bus or watch the box on the Sabbath but that is not the point. It is for USDAW to demonstrate the social and moral necessity for denying a freedom.

USDAW is, in reality, worried about the exploitation of a poorly unionised work force. But the answer to that is a legal limit on working hours, as Lady Trumpington accepts. And, in the spirit of Mr Tebbit's closed shop legislation, it should be an offence to force a shop assistant with religious scruples to work on a Sunday. Beyond that, the free-for-all of the free market is the best way of distributing cod and chips, cut price jeans, DIY tools and the rest.

History, set to repeat itself?

The decision of the SDP to back, though with many reservations, Mr Tebbit's trade union reforms, has thrown the Labour Party into a state of noisy jubilation — not least because they see it as sealing the claim they will increasingly make between now and the next election that they, and they alone, will be able to work harmoniously with the unions.

But there remains the all-important question of the terms which the unions will

want to exact for that co-operation. A full publication today of the political memoirs of Mr Joel Barnett, Chief Secretary to the Treasury in the last Labour Government, conveniently underlines the danger that the price will once again be too high. "In conditioning our policies" he says of the 1974 Wilson governments "we accepted what were literally the self-imposed pressures of the TUC. Of course any government must work closely with the TUC, but apart from the pressures that naturally flowed from our historic relationship with the trade unions, we went much further in the way we operated under the terms of the quantity-titled 'social contract,' supposedly establishing a new relationship between government and unions. To my mind, the only give-away in the contract was that the government gave and the unions took."

Mr Barnett thinks the late days of the Heath government might alone have ensured a pay explosion. But he also says "The disastrous social contract may not have helped to secure our election victory, but did nothing to prevent — some would argue that it ensured — the 27 per cent growth in earnings that followed."

Mr Barnett, though much coveted by the SDP, remains firmly installed within the Labour Party. His present constituency threatened with near-extinction by boundary revisions but there has been no sign that he does not mean to stand somewhat as a Labour candidate next time. If that assumption is right, here are some questions for Mr Barnett to answer in the meantime. When he says that "some better Labour's dealings with the unions helped pave the way for rampant inflation, do you, he, in his heart of hearts, wholly agree with them? What evidence can he now see that things will be any different next time? When he assures the voters of Lancashire in 1983 or 1984 that lessons have been learned and things will be better managed in future, is there really any good reason why they should believe him?

15 FEB 1982

