

PERSONAL AND

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Prime Minister (2)

To see

MCS 311

10 DOWNING STREET

The Right Honourable
Norman Tebbit, MP,
Department of Employment,
Caxton House,
Tothill Street,
London, SW1.

28 January 1983

Dear Norman,

I am sure you were appalled by the Retail Trades (Non-Food) Wages Council award of an 8% increase on 7 January. It looks as though also the Retail Food and Allied Trades Council will follow with a similar decision. These cover 1.9 million employees, that is to say about almost 10% of the total employment, of course a much larger fraction of private sector employment.

This 8% is some three percentage points above the going rates of 5% in the private sector. Furthermore the award seems to be above the average increase for other Wages Councils. In view of the enormous level of unemployment, one would have liked to have seen awards which were well below the going average rate in the private sector. But an 8% increase seems quite inexcusable.

It is difficult to conjecture how much this will add to the unemployment register. But it cannot fail to do so.

I was even more concerned when I learned that the Wages Councils have four recently appointed new members, who have been considered by the Minister of State and the Chief Whip's office. It turned out that two of them, that is to say one on each Council, were suggested by the British Multiple Retailers Association, and a Chairman of Tesco. It is fairly clear that the British Multiple Retailers, generally unionised, are quite anxious to keep out low wage competitors. It is not surprising that they voted a large increase. Nor is it surprising that another of the independent members, a retired personnel manager in General Motors, a firm dominated by unions, would vote for the higher wages. There do not seem to be any independent members who have in mind the interests of the consumer, and the small independent retailer.

I take all this as a confirmation of the difficulties of getting any sensible decisions out of the Wages Councils. The sooner we abolish them the better.

Your
Alan

ALAN WALTERS

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