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SECRETARY OF STATE  
FOR  
NORTHERN IRELAND

Rt Hon Norman Tebbit MP  
Secretary of State for Employment  
Caxton House  
Tothill Street  
LONDON SW1H 9NF

4 January 1982

*Dear Secretary of State*

FAIR WAGES RESOLUTION (FWR)

Thank you for copying to me your minute of 10 December to the Prime Minister.

I accept that it would be consistent with our approach on pay comparability and on unilateral access to arbitration to consider the abolition of the FWR. However, since we discussed the subject at E Committee last February there has been no evidence that the resolution has in practice had any effect on pay or employment levels generally. Before embarking on a course of consultation which would seem certain to arouse the opposition of the trade union movement, it would be helpful if we could review any available evidence of the current effect of the FWR in practice. Meanwhile I find significance in the arguments against the abolition of the FWR contained in your note and would welcome collective discussion.

I wonder whether it would be a practical alternative option to take administrative action to ensure that, where cases are referred to CAC, that body takes full account of the primacy of clause 1(a) of the resolution and does not, as it has in the past, pay undue regard to the general level provisions of clause 1(b)? It might also be possible to take the line that, while Government Departments are continuing to observe the Resolution, it should be regarded as less appropriate to public bodies which are not wholly dependent on public funds, and so we could suggest to nationalised industries and other trading bodies that they need no longer feel compelled to include the clause in their contracts. Whilst I recognise the difficulties of implementation a similar policy could be applied to local authorities.

*Yours sincerely*  
*James Prior*

PP JAMES PRIOR  
(Signed on behalf of the  
Secretary of State  
in his absence)

25 JAN 1982





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11 January 1982

*D. Tim,*

FAIR WAGES RESOLUTION (FWR)

Thank you for your letter of 4 January 1982 about the future of the Fair Wages Resolution.

The alternative that you suggest - action to ensure primacy of clause 1(a) over clause 1(b) - has in the past been considered by officials who have concluded that this objective could not be achieved by administrative action and the only means of achieving it involves amending the wording of the resolution itself. One of the consequences of not being able to secure this primacy is, as you know, that FWR claims made in the engineering industry are determined not on the nationally negotiated minimum time rates but on the general level paid in the industry. Although awards made there and elsewhere will not, in all probability, have affected pay or employment levels in general they do have consequences for individual employers, with repercussive effects on their internal differential pay rates, and as you recognise they are quite incompatible with several elements of Government policy, not least that the major determinant of pay rates should be market forces rather than enforced comparability.

I would be quite content for us to consider this collectively but wondered if, against this background and the fact that we cannot bring about change other than by a further resolution in the House, you wished to press your reservations or if we can proceed as outlined in my minute of 10 December to the Prime Minister.

*J. - e*  
*Norman*

*✓ AD*

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*E Folder?*

Michael Scholar Esq  
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*22* January 1982*See Michael*

## FAIR WAGES RESOLUTION (FWR)

... As you know, the FWR is to be discussed at E on 26 January. I enclose for the benefit of those Ministers attending that meeting correspondence between my Secretary of State and the Secretary of State for Northern Ireland which has not previously been copied to colleagues. I am copying this letter and enclosures to Private Secretaries to members of E Committee, the Secretaries of State for Scotland and Social Services, and Sir Robert Armstrong.

*Yours sincerely**John Anderson*

J ANDERSON  
Private Secretary