

PREM 19/3043

SECRET



Confidential filing

Wages Councils

INDUSTRIAL POLICY

PREM 19/3043

Re 1: MARCH 1980

Re 3: JULY 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>46.7.85</del>		<del>14.7.85</del>					
<del>17.7.85</del>		<del>20.9.88</del>					
<del>25.7.85</del>		<del>27.9.88</del> PA					
<del>14.10.85</del>		<del>30.9.88</del>					
<del>21.10.85</del>		19.10.88					
<del>31.10.85</del>		<del>2.11.88</del>					
<del>17.12.85</del>		7.11.88					
<del>19.12.85</del>		<del>9.11.88</del>					
<del>8.1.86</del>		<del>30.11.88</del>					
<del>13.1.86</del>		<del>7.12.88</del>					
<del>21.1.86</del>		<del>9.1.89</del>					
<del>26.1.86</del>		<del>2.3.89</del>					
<del>7.3.86</del>		<del>6.3.89</del>					
<del>19.3.86</del>		<del>2.6.89</del> F					
<del>7.4.86</del>		23.6.89					
<del>19.5.86</del>		26.1.90					
<del>21.5.86</del>		PT 3					
<del>29.5.86</del>		ENOS					
<del>3.6.86</del>							
<del>5.6.86</del>							
<del>24.10.86</del>							
<del>3.11.86</del>							
<del>5.11.86</del>							
<del>11.7.88</del>							

PART 3 ends:-

Pa to D/GMP. 29.1.90

PART 4. begins:-

SS/GMP to PM 5.2.90.



CONFIDENTIAL



*Handwritten:*  
D  
S  
cc Andrew  
Ombro

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

29 January 1990

FUTURE OF WAGES COUNCILS

The Prime Minister was grateful for your Secretary of State's minute of 24 January. She is content with his proposed approach and for him to put this to members of E(A).

I am sending a copy of this letter to Sir Robin Butler.

PAUL GRAY

Clive Norris Esq  
Department of Employment

*Handwritten:* CTS

CONFIDENTIAL

26 January 1990

b B

WAGES COUNCILS

Michael Howard's note supports the case for abolition. But on political grounds he advises against abolition. He is concerned that the Government should not - in the run-up to a General Election - be charged with exposing people to low pay at a time when unemployment may be rising.

I question this conclusion on three grounds:

First, the link between pay and jobs. This is a central message for the Government. Abolition of the remaining Wages Councils would assist the creation of jobs. If unemployment is expected to rise again that is a strong reason to further free up the labour market. To retreat from abolition would create the impression that the Government had lost confidence in its own economic policies.

Second, tackling low pay. A statutory system of Wages Councils is not the way to tackle low pay:

- the system is full of anomalies. For example workers in laundries are covered, but those in launderettes are not;
- for many the availability of low paid jobs, particularly for those women working part-time, provides a very welcome supplement to family income;
- in-work benefits (eg Family Credit) should be the major way in which the Government tackles the issue of low pay.

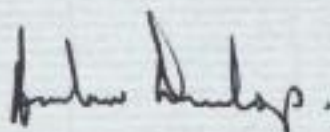
CONFIDENTIAL

Third, political considerations. The extent to which abolition of the Wages Councils will stir up political controversy can be overstated:

- I was struck by how little public comment there was when the Government announced originally its intentions in the Employment White Paper in December 1988;
- the threat of prolonged industrial action is remote. The groups covered by Wages Councils are scattered and not well organised;
- abolition would be widely welcomed on the Government backbenches. I suspect that while the Parliamentary debates would be hard fought, they would also be shortlived.

Conclusion

The case for abolition is not in dispute. The political anxieties over abolition can often be overstated. Moreover there are clear political penalties to be paid for not abolishing Wages Councils. I believe that they should be abolished at the earliest opportunity. But we need to examine what legislative vehicles are available, and in what timescale.



ANDREW DUNLOP

F0525

- 26/11
1. Mr Monger
  2. Mr Wilson RJ-261
  3. Mr Gray

#### FUTURE OF WAGES COUNCILS

You asked for comments on the minute from the Secretary of State for Employment to the Prime Minister on the future of wages councils.

2. The possibility of abolishing Wages Councils has been an issue for a number of years. In mid-1988 Mr Fowler reviewed the operation of the Wages Councils system and concluded that it still continued to militate against the achievement of Government objectives on pay, largely because a system of national statutory rates of pay was inconsistent with the need for pay to reflect individual and local circumstances. He minuted the Prime Minister saying he would be putting a paper to E(A) colleagues in the Autumn, but in the meantime requested agreement to his instructing Parliamentary Counsel to draft on a contingent basis clauses designed to achieve abolition, which could be held ready for inclusion in the 1988/89 Employment Bill.

3. He minuted the Prime Minister again on 3 November 1988, and a small group of ministers discussed his proposal for abolition. It was agreed that the arguments for abolishing the Wages Councils were in principle overwhelming. However it was thought wrong to disregard a number of statements which were made by Government spokesmen in 1986-87 which implied that the Government saw a useful continuing role for the Councils. In order to proceed to abolition it would be necessary to show that something had changed since those statements had been made. This might be done by issuing a consultative document marshalling the arguments in favour of abolition. If the response showed an overwhelming majority of business opinion in favour then the Government could proceed to abolition.

4. The subject was discussed at E(A) on 1 December 1988, at which it was agreed that the consultation document on wages councils should make it clear that the Government had not taken a final decision on abolition, but that it believed the case for Wages Councils should be re-examined, and that comments were being invited from consultees so that a final decision could be taken in the light of them.

5. On 14 February 1989 there was another meeting at No 10 with Mr Fowler, at which it was agreed that in view of other priorities he should not come forward at that stage with proposals on Wages Councils. However it was noted that he intended to introduce legislation in the next session's Employment Bill.

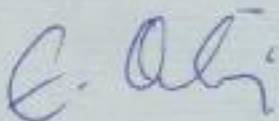


6. During the autumn of last year No 10 and Cabinet Office asked Mr Fowler whether he was going to seek policy clearance for the inclusion of a measure on wages councils in the forthcoming Employment Bill. Mr Fowler declined to take the opportunity.

7. Mr Howard's latest minute argues that the last political opportunity for action in this Parliament was the introduction of the Employment Bill. His argument for not proceeding is therefore a political one.

8. In terms of the remit from E(A) we would have expected him to make a case for abolition only if the results of the consultation suggested that an 'overwhelming majority of business opinion' was in favour of abolition. The information he gives about the results of the consultation suggest that support among those employers most closely concerned with the Councils' operations has gone from a quarter to a half since 1985. It could be argued that this does not constitute an overwhelming majority in favour of abolition, and therefore his decision not to seek abolition is consistent with the general policy line taken in E(A).

9. Subject to clearance with E(A), perhaps by correspondence, we would see no reason to question Mr Howard's judgements on this issue. You may wish to write back suggesting that the Prime Minister is content with what he proposes, subject to clearance by E(A). I attach the draft of a possible letter.



E QUILTY

26 January 1990

CONFIDENTIAL

DRAFT LETTER FROM NO 10 TO THE PRIVATE SECRETARY, DEPARTMENT OF  
EMPLOYMENT

FUTURE OF WAGES COUNCILS

The Prime Minister has seen your Secretary of State's minute of  
24 January. Subject to the agreement of E(A) colleagues she  
would be content with his proposals.

CONFIDENTIAL

PRIME MINISTER

FUTURE OF WAGES COUNCILS

You will recall that there was a consultation exercise about the possible abolition of the Wages Councils. This produced a reasonable, though far from conclusive, measure of support for abolition. It was decided not to include any provision in the 1989 Employment Bill, but no final decision has yet been taken on whether to proceed with abolition in the near future.

Michael Howard (Flag A) now argues that, although there is a strong case for abolition, the last politically acceptable opportunity in this Parliament has now been lost; and that he should announce the decision not to proceed with abolition for the time-being but to keep the position for the next Parliament under review.

Andrew Dunlop (Flag B) questions this conclusion. He continues to feel the Councils should be abolished at the earliest opportunity and that possible legislative vehicles should be considered.

The Cabinet Office note (Flag C) sets out the history of the discussions in 1988 and 1989 and suggests that you might want to support Mr. Howard's judgement.

This is however an essentially political issue. It seems to me the difference between Michael Howard's approach and Andrew Dunlop's boils down to whether or not you want to keep open the possibility of legislation on this issue in the 1990-91 Parliamentary session.

- i) Content, subject to views of colleagues with Michael Howard's approach. *I thought this approach right - no final decision, subject not off (on still on)*  
or
- ii) Prefer to explore the possibility of action to abolish the Councils at the earliest opportunity, as Andrew Dunlop recommends? *W. J.*

*PLG.*

(PAUL GRAY)

26 January 1990



Secretary of State  
for Employment

CONFIDENTIAL

PRIME MINISTER

#### FUTURE OF WAGES COUNCILS

At E(A) (1988) 15th Meeting it was agreed that my predecessor should publish a consultative document on abolishing the wages councils system. That exercise was completed last year. This minute sets out the present position and puts forward my own views on the issue.

Norman Fowler had not reached a final view on the councils' future before publishing the 1989 Employment Bill but had concluded that this was not, in any case, the moment to abolish the system. In answering questions from the press when the Bill was launched last month he explained the absence of a provision on wages councils by referring to the pressure on Parliamentary time and the Government's desire to avoid a repetition of the unduly long 1988/89 Parliamentary session. But he emphasised that no final decision had been reached on the councils' future, and made it plain that the subject was not "off the agenda".

The arguments for abolition are strong. In particular the consultations had revealed a significant increase in employer support for abolition compared with 1985 when opinions were last sought. Of the responding employer bodies which are most closely concerned with the councils' operations half had supported abolition compared with a quarter in 1985. On the other hand, a strong commitment to the councils persists in some quarters, including among some employers. In several councils the employers favour retention.

CONFIDENTIAL



Secretary of State  
for Employment

**CONFIDENTIAL**

My own view is that the balance of argument supports abolition and that the continued existence of the councils is clearly incompatible with our strategy on pay and jobs. In practice, however, I believe that the last political opportunity for action in the present Parliament was the Employment Bill which is currently progressing through the House. We shall not want to be perceived as exposing more people to the risk of very low pay in the approach to a general election, particularly if, as is possible, unemployment begins to rise again.

I am being pressed by both proponents and opponents of abolition to announce the Government's decision on the future of the wages councils. With your agreement, and following subsequent consultation with EA colleagues, I propose to say that I have decided not to proceed with the abolition of the councils for the present, but that the consultation exercise shows that our concern about their adverse effects is widely shared by employers and has confirmed the Government's view that the system should have no permanent place in the labour market. We therefore propose to keep the operation of the system under close review.

If asked about our intentions for next session, I propose to say that the Government will make its judgement in the light of circumstances prevailing nearer the time including the continued development of employer opinion, any further evidence of the impact of wages councils settlements on the labour market, and the availability of legislative time.

M. H.

M H

24<sup>th</sup> January 1990

**CONFIDENTIAL**



Foreign and Commonwealth Office

London SW1A 2AH

23 June 1989

CA

Dear Sir

Draft White Paper on Instruments  
Adopted at 75th ILC

Thank you for your letter of 16 June addressed to Richard Gozney. As I told you on the telephone yesterday, we are content with the draft White Paper as attached to that letter. *request is required.*

I am copying this letter to the Private Secretaries to the Prime Minister, Private Secretaries to other members of the Cabinet, the Attorney General, the Lord Advocate and to Sir Robin Butler's Private Secretary.

Yours ever

R N Peirce

(R N Peirce)  
Private Secretary

Ms E Smith  
PS/Secretary of State for Employment  
Department of Employment  
Caxton House, Tothill Street  
LONDON SW1H 9NF

070



CCPA

Department of Employment  
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5803  
Telex 915564 Fax 01-273 5821

Secretary of State

NBIM  
C.D.P.  
17/6

Richard Gosney Esq  
Private Secretary to the  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
LONDON  
SW1A 2AL

16 June 1989.

Dear Richard

INTERNATIONAL LABOUR INSTRUMENTS ADOPTED BY THE 75TH SESSION  
OF THE INTERNATIONAL LABOUR CONFERENCE 1988

It is necessary to issue a White Paper on the instruments adopted at the 75th Session of the International Labour Conference in 1988 in accordance with our obligations under the constitution of the International Labour Organisation to bring these instruments before Parliament. There are 4 instruments: 2 covering safety and health in construction and 2 covering employment promotion and social security.

... The enclosed draft White Paper has been prepared after consultation at official level with Departments most concerned, that is, the FCO, the Department of Social Security and the Home Office.

My Secretary of State would be glad to know whether the Foreign Secretary and the other Ministers concerned are content with the draft. In order to meet our obligations, the White Paper needs to be laid before the end of this month. I should therefore be grateful if you and the others to whom this letter is copied for comment could please let me have any comments by 22 June.





Secretary of State  
for Employment

I am sending copies of this letter and its enclosures for comment to the Private Secretaries to the Home Secretary and the Secretary of State for Social Security. Copies of this letter and enclosures go for information only to the Private Secretary to the Prime Minister, Private Secretaries to other members of the Cabinet, the Attorney General, the Lord Advocate, and to Sir Robin Butler's Private Secretary.

*Yours sincerely*

*Liz Smith*

**LIZ SMITH**  
Private Secretary



## DRAFT WHITE PAPER

### INTERNATIONAL LABOUR CONFERENCE 1988

At its 75th Session in 1988 the International Labour Conference adopted a Convention and Recommendation relating to Safety and Health in Construction and a Convention and Recommendation concerning Employment Promotion and Protection Against Unemployment. The full texts of these Conventions and Recommendations are set out in the Annex to this White Paper. The Government's conclusions on these Conventions and Recommendations are as follows.

#### CONVENTION NO 167 AND RECOMMENDATION NO 175 CONCERNING SAFETY AND HEALTH IN CONSTRUCTION

The Convention and Recommendation are intended to replace the Safety Provisions (Building) Convention 1937 (No 62), the Safety Provisions (Building) Recommendation 1937 (No 53), and the Co-operation in Accident Prevention (Building) Recommendation 1937 (No 55). The Convention covers all construction activities involved in building works, works of civil engineering and working with prefabricated structures and includes demolition, excavation, underground work, work at heights, and over water and using electricity and explosives. The Convention confers on employers, workers and others a number of rights and duties, to ensure that those involved at every stage of each construction project co-operate fully to ensure health and safety on site. Specific provision is also made for adequate information and training, first aid and welfare, the use of protective equipment, and further precautions required when undertaking other construction activities involving particular danger. Governments

ratifying the Convention must adopt binding measures to enforce it, including penalties, corrective measures and inspection.

The Recommendation introduces a number of additional specific measures to implement the broader principles outlined in the Convention. It also extends coverage to the fabrication and erection of oil rigs and offshore installations. In addition it calls for stringent safety regulations to protect construction workers engaged in the nuclear power industry.

The Government has asked the advice of the Health and Safety Commission on whether or not the United Kingdom Government should ratify the Convention and accept the Recommendation, and will defer its decision until the Commission's advice is available.

#### CONVENTION NO 168 AND RECOMMENDATION NO 176 CONCERNING EMPLOYMENT PROMOTION AND PROTECTION AGAINST UNEMPLOYMENT

In the field of social security the Convention and Recommendation bring together and revise the provisions of two earlier Conventions - the Unemployment Provision Convention 1934 (No 44) and the Social Security (Minimum Standards) Convention 1952 (No 102) - both of which the Government has already ratified, and the associated Recommendations. The employment promotion provisions of the Convention require Governments that ratify it to declare as a priority objective the promotion of full, productive and freely chosen employment by appropriate means, including employment services, vocational training and vocational guidance. It also requires Governments to establish special programmes to promote additional job opportunities and employment assistance for identified categories of people who are disadvantaged in finding work such as women, young workers, disabled people, older workers, long-term unemployed, migrant workers and workers affected by structural change.

On a preliminary examination it would seem that the United

Kingdom system of benefits for unemployed people meets the standards set out in the new Convention. However, the structure of the Convention does not leave it open to the <sup>United Kingdom</sup> to consider the social security provisions in isolation and there are aspects on the employment promotion side of the Convention which the Government does not accept.

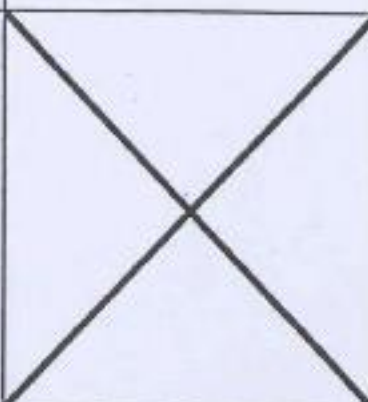
While the Government has developed a wide range of employment services and training measures, it believes that promotion of employment is best achieved through its economic policies rather than through special job creation programmes. For this reason the Government does not intend to ratify the Convention. The special groups of people listed cover a wide field, and all have access to the help of the public employment services, and most to the Government-funded vocational guidance and training offered such as the Youth Training Scheme and the Employment Training programme. Special provision is made for most of these groups within these services and programmes - generally including relaxed entry conditions for the training schemes.

The Recommendation also asks Governments to declare as a priority objective the promotion of full, productive and freely chosen employment by means including employment services, vocational training and vocational guidance. In periods of economic crisis it recommends that policies should include measures to involve maximum use of labour on a large scale. It recommends that Governments should grant occupational or geographical mobility incentives, should encourage co-ordination of pension schemes to facilitate mobility, should offer facilities for temporary work to help people regain more permanent work, and should promote small businesses. It also recommends that assistance should be offered to help migrant workers to return to their previous homes.


While the Government certainly supports the promotion of small businesses, and makes a variety of assistance available to them,

there are three reasons why the Government cannot support this Recommendation. First, the Government does not agree that in periods of economic crisis it should necessarily encourage initiatives involving maximum use of labour on a large scale. Second, in the experience of the United Kingdom, occupational mobility schemes have not proved to be cost effective. And third, resettlement grants for migrants are contrary to Government policy and the Government does not intend to extend the provision of financial assistance for travel arrangements available to people who wish to return abroad.

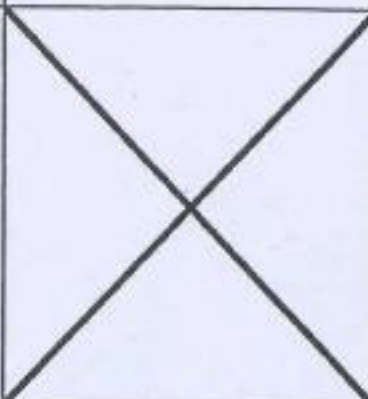
# **A** The National Archives

DEPARTMENT/SERIES ..... <i>PREM 19</i> ..... PIECE/ITEM ..... <i>3043</i> ..... (one piece/item number)	Date and sign
Extract details:  <i>Fowler to Howe dated 11 June 1989</i>	
CLOSED UNDER FOI EXEMPTION .....	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>19/8/2016</i> <i>G. Gray</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

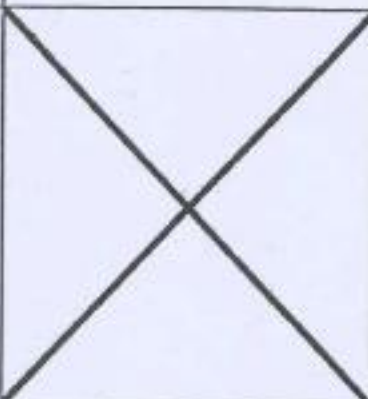
# **A** The National Archives

DEPARTMENT/SERIES ..... <i>PREM 19</i> ..... PIECE/ITEM ..... <i>3043</i> ..... (one piece/item number)	Date and sign
Extract details:  <i>Howe to Fowler dated 2 June 1989</i>	
CLOSED UNDER FOI EXEMPTION .....	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>19/8/2016</i> <i>S. Gray</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

# **A** The National Archives

DEPARTMENT/SERIES ..... <i>PREM 19</i> ..... PIECE/ITEM ..... <i>3043</i> ..... (one piece/item number)	Date and sign
Extract details:  <i>Powell to Wall dated 27 May 1989</i>	
CLOSED UNDER FOI EXEMPTION .....	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>19/8/2016</i> <i>G. Gray</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

# **A** The National Archives

DEPARTMENT/SERIES ..... <i>PREM 19</i> ..... PIECE/ITEM ..... <i>3043</i> ..... (one piece/item number)	Date and sign
Extract details:  <i>Fowler to Howe dated 25 May 1989</i>	
CLOSED UNDER FOI EXEMPTION .....	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>19/8/2016</i> <i>S. Gray</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	





CC. POK  
POST AIR ✓  
DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB  
01 276 3000

My ref C/PSO/3034/89  
Your ref

Ms E Smith  
Private Secretary to the  
Secretary of State for Employment  
Caxton House  
Tothill Street  
LONDON SW1H 9NF

com 7/13

7  
- 6 MAR 1989

Dear Ms Smith

INTERNATIONAL LABOUR INSTRUMENTS ADOPTED BY THE MARITIME SESSION  
OF THE INTERNATIONAL LABOUR CONFERENCE 1987

I refer to your letter of 27 February to Stephen Wall at the  
Foreign and Commonwealth Office.

My Secretary of State is content that the White Paper should be  
presented in the form of the draft which was enclosed with your  
letter. However, while immediate ratification is not possible, it  
is our intention to work towards an early ratification of  
Convention No 164 (Health Protection and Medical Care of  
Seafarers) and the United Kingdom already follows some of the  
recommendations concerning seafarers' welfare at sea and in port.

/ Copies of this letter go to the recipients of yours.

Yours sincerely  
Katherine Orrell

KATHERINE ORRELL  
Private Secretary

IND POL = Wages Council Prs .





Foreign and Commonwealth Office

London SW1A 2AH

2 March 1989

*Deu Liz*

*CRP/B*

International Labour Instruments Adopted by the  
Maritime Session of the International Labour Conference 1987

*Attached*  
Thank you for your letter of 27 February enclosing a copy of the draft White Paper setting out the text of the Instruments adopted at the 74th (Maritime) Session of the International Labour Conference 1987, together with the Government's proposals for action by way of ratification and acceptance of the Instruments.

The Foreign Secretary has no objection to your laying the White Paper, as drafted, before Parliament. He notes that you have decided not to take up the suggestion put by our United Nations Department to your Overseas Division in January that we might explore the possibility of making an interpretative statement, or introducing a reservation on ratification, to enable us to ratify Convention No 166.

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

*Yours ever*

*R N Peirce*

(R N Peirce)  
Private Secretary

Ms E Smith  
Department of Employment

JW/W/76



Department of Employment  
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5803  
Telex 915564 Fax 01-273 5821

Secretary of State

Stephen Wall Esq  
Private Secretary to the  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
LONDON  
SW1A 2AL

cc

27 February 1989

Dear Stephen

**INTERNATIONAL LABOUR INSTRUMENTS ADOPTED BY THE MARITIME  
SESSION OF THE INTERNATIONAL LABOUR CONFERENCE 1987**

In pursuance of our obligations under the Constitution of the International Labour Organisations, my Secretary of State has to present to Parliament a White Paper containing the texts of instruments adopted at the 74th (Maritime) session of the International Labour Conference 1987, together with a statement of the action the Government proposes to take by way of ratification and acceptance of the instruments. The instruments concerned are:

- Seafarers Welfare Convention 1987 (No. 163)
- Seafarers Welfare Recommendation 1987 (No. 173)
- Health Protection and Medical Care (Seafarers) Convention 1987 (No. 164)
- Social Security (Seafarers) Convention Revised 1987 (No. 165)
- Repatriation of Seafarers Convention (Revised) 1987 No. 166)
- Repatriation of Seafarers Recommendation 1987 (No. 174)

... The enclosed draft White Paper entitled "International Labour Conference 1987" has been prepared after consultation at official level with the Department of Transport and the



Employment Department · Training Agency  
Health and Safety Executive · ACAS



Secretary of State  
for Employment

Department of Social Security. The Government's position on the instruments has been approved by Department of Transport Ministers. For the reasons set out in the draft White Paper the Government does not propose to ratify these Conventions or to accept these Recommendations.

My Secretary of State would be glad to know whether the Foreign Secretary and the other Ministers concerned are content with the draft. We propose to lay the White Paper shortly and, I should therefore be grateful if you and the others to whom this letter is copied could please let me have any comments by 3 March.

I am sending copies of this letter and its enclosure to the Private Secretaries to the Secretaries of State for Transport and for Social Security. Copies of this letter only go for information to the Private Secretaries to other members of the Cabinet, the Attorney General, the Lord Advocate, Secretary to the Cabinet and Chief Press Secretary at No 10 Downing Street.

*Yours sincerely*

*Liz Smith*

LIZ SMITH  
Private Secretary

ccjk



Foreign and Commonwealth Office

London SW1A 2AH

9 January 1989

From The Minister of State

The Rt Hon Norman Fowler MP  
Secretary of State for Employment  
Department of Employment  
Caxton House  
Tothill Street  
London SW1H 9NF

1071

*Dear Norman,*

**INTERNATIONAL LABOUR ORGANISATION: DIRECTOR GENERAL**

Thank you for your letter of 29 December <sup>1988</sup> to Geoffrey Howe, who is currently in the Middle East, about the election for the post of Director General of the ILO.

As Tim Eggar said in his letter of 23 November to John Cope, the situation is unsatisfactory. It is a great pity that a post of this importance has not attracted a stronger field of candidates. But we share your assessment that the chances of new candidates coming forward at this stage are very slim and that Hansenne is preferable to the two other candidates in the field. In the light of the assurances which Hansenne has given John Cope that he fully understands our concerns about labour market issues, we agree that we should vote for him in the first ballot on 13 February.

Clearly we should reap the maximum benefit in goodwill from the Belgians and other EC partners by telling them of our decision in advance. But it would be a significant departure from our normal practice in UN elections to convey an indication of our voting intentions for a secret ballot in writing. Your proposal to write to Hansenne would set an unfortunate precedent and might prejudice our practice in future elections. We should therefore much prefer you to convey your message to Hansenne by telephone or through our Embassy in Brussels and not to put it in writing. This should have the additional advantage of encouraging M. Hansenne while still protecting our position with the new Director General if Hansenne is not successful.

I am copying this letter to PS/The Prime Minister.

*Lynda*  
Mrs Lynda Chalker  
*Lynda*

Ind Pd - Wages Commis Pr 3





Department of Employment  
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5817  
Telex 915564 Fax 01-273 5821

Secretary of State

The Rt Hon Sir Geoffrey Howe QC MP  
Foreign Secretary  
Foreign and Commonwealth Office  
Downing Street  
LONDON  
SW1A 2AL

*Geoffrey*

*December 77*

DIRECTOR-GENERAL OF ILO

... I enclose a copy of a minute from John Cope recommending that we back the candidature of M Hansenne from Belgium in the election for Director-General of the ILO due on February 13th. As you may know, I have until now had reservations about supporting M Hansenne's candidature, partly on the grounds that if he were successful the "European social dimension" proposals which Belgium supports might be unduly reflected in the ILO's programmes. However, John Cope was satisfied in the light of his discussion with M Hansenne that he has now fully registered our concerns on the ILO front, and I agree with John Cope's view that M Hansenne is clearly preferable to the two other candidates in the field. As the opportunity for new candidates to come forward at this the late stage must now be pretty slim, it seems to me we now have everything to gain from indicating our support for Hansenne.

... I therefore have in mind to write to M Hansenne telling him of our support. I enclose a draft which I intend to send as soon as possible. I am anxious to clear this matter quickly in



Employment Department · Training Agency  
Health and Safety Executive · ACAS



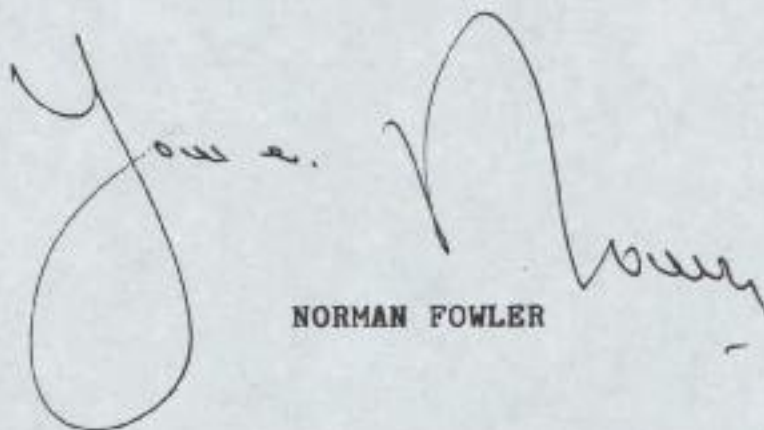
CONFIDENTIAL



Secretary of State  
for Employment

order to give M Hansenne the maximum opportunity for canvassing. We have difficult issues ahead on the Social Affairs Council and should take every opportunity to promote goodwill.

I am copying this letter to the Prime Minister.

*Yours,*  
A large, stylized handwritten signature in black ink, appearing to read 'Norman Fowler'.

NORMAN FOWLER

CONFIDENTIAL

## SECRETARY OF STATE

I.L.O./HANSENNE

1. As requested I met Hansenne in Brussels to discuss his candidature for the ILO director - generalship. Later the matter was raised over lunch at the Social Affairs Council meeting. I recommend that we should now let it be known as soon as possible that we will vote for Hansenne in the first round of voting in February.
  
2. At the meeting (a separate note of which is being circulated) Hansenne showed that he had read and understood clearly the notes given to him by Rhys Robinson about our concerns and expressed sympathy for the lines taken. He has clearly been working on his English although he is not yet fluent. I judge that he will not be a dynamic director-general (which is an advantage); that he will carry into the job the Belgian political habits of talking on and on until all parties agree if at all possible; and that he will understand our position. That seems to me the best we can hope for and preferable to the alternative candidates on offer by a large margin. It seems highly unlikely that any new candidates will emerge at this stage (the election is in mid-February). It is therefore in our interests to do what we can to assist his candidature.
  
3. Over lunch at the Council (my note is also available) all the other Ministers reported support for the Hansenne and it was emphasised that full E.C. support would assist his candidature (particularly it was thought with the U.S. and Japan). Conversely it was believed that half-hearted or incomplete support would be likely to be fatal to his

chances. For the UK to be seen as preventing agreement would be bad for EC relations and for Anglo-Belgian relations (I understand they have supported some candidates of ours at various times). At this stage a delayed decision is just as bad because canvassing is at an advanced stage world-wide.

4. The voting procedure has been set in motion. The voting is done by the Governing Body and a list of the members is attached. The first round of voting is on 13 February and if no candidate wins an overall majority then there is a second round at a later stage. Blanchard, the present director-general has firmly said to the French and others that he is not a candidate, unless for some reason the first round voting proves inconclusive. The other candidates are therefore Ennaceur for Tunisia and Galer from Argentina.

Jc

JC

19 December 1988

DRAFT LETTER FROM SECRETARY OF STATE TO M HANSENNE

John Cope has told me about your meeting in Brussels last week, and I am writing to confirm that in the forthcoming election for Director General of ILO on the basis of the candidates as they are now known the United Kingdom's vote will be cast for you. I am informing our colleagues on the Social Affairs Council and also the United Kingdom's Embassies overseas about this decision. I wish you the best of good fortune in the election.

4 cc ~~84~~

WAGES COUNCILS

The overwhelming arguments in favour of abolition have been well rehearsed already. The key outstanding issue is the consultative process and the draft consultation paper which Norman Fowler has attached to his EA paper.

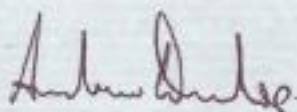
Given the background of past Ministerial statements it will be important that the consultation paper strikes the right balance. First, it must marshal the facts and arguments which demonstrate the case for abolition in a convincing way. Second, it must do so in a way which does not suggest that the consultative process is a sham or that the Government has made up its mind already. This would leave the Government open to as much criticism as pressing ahead with abolition without any consultation at all.

Norman Fowler's paper achieves the first objective well. But on the second objective the paper's conclusion gives the impression that the Government has already made up its mind to abolish Wages Council come what may. This could be counter-productive and play into the hands of the Government's opponents. It would be an invitation to them to mount a campaign opposing abolition.

We recommend therefore that paragraph 22 of the Consultation Document be amended along the following lines:

"The evidence suggests that Wages Councils will continue to impede the development of optimum arrangements for pay determination in the 1990s on which job growth depends. For this reason the Government believes the time has come to reconsider the

role of the Wages Councils. To this end the Government invites views on a proposal that the Wages Council system should be abolished altogether. The Government will make its final decision in the light of responses received."



ANDREW DUNLOP

F

F

CONFIDENTIAL

P 03289

PRIME MINISTER

## FUTURE OF WAGES COUNCIL SYSTEM

E(A)(88)51

## DECISIONS

Mr Fowler proposes to publish a consultation document recommending abolition of the system of Wages Council on Monday 5 December, alongside his Employment White Paper. In view of the statements made by Government spokesmen in 1986 and 1987 about the role of Wages Councils, he recommends publication of a consultation document rather than an announcement of outright abolition in the first instance. The option of providing for abolition of the Wages Councils during the passage of this session's Employment Bill would remain open, if this was appropriate following consultation.

2. You discussed the issues with colleagues most closely concerned on 3 November. The purpose of this discussion is to give other Ministers a chance to comment and to secure collective endorsement of what is proposed. You will in particular wish to satisfy yourself that you and other members of E(A) are content with the draft consultation document. It states categorically that the Government takes the view that the correct course is to proceed to total abolition of the system, which rather suggests that the decision has been taken without waiting for the outcome of the consultation process. An alternative approach would be to build up the case for abolition step-by-step: on this basis, all that might need to be said at this stage was that the Government believed that the case for abolition should be re-examined. The decision could then come later. You may also wish to consider whether the reference to more employers now being in favour of abolition could be strengthened, as an explanation of why the consultation document is being issued.

CONFIDENTIAL

CONFIDENTIAL

## BACKGROUND

3. At your meeting on 10 November with Mr Fowler, Mr Lawson, Sir Geoffrey Howe, Mr MacGregor, Mr Wakeham and Mr Waddington, it was agreed that in principle the arguments for abolishing the Wages Councils were overwhelming, but that in view of statements (attached) made by Government spokesman in 1986 and 1987 the Government could only proceed to abolition, without being open to criticism, if it could demonstrate that the arguments, or opinion generally, had changed since 1986. Mr Fowler was asked to prepare a consultation document marshalling the facts and arguments in favour of abolition. If responses to the consultation document showed that there was an overwhelming majority of business opinion in favour of abolition, Government could legitimately decide to give effect to it. It was also agreed that, although the arguments for abolishing the Agricultural Wages Boards were equally strong in principle, it would be appropriate to defer consideration of abolition of these Boards until 1993, when the next opportunity arose to denounce the ILO Convention covering them.

## ISSUES

### Timing of an Announcement

4. The small group of Ministers agreed that a consultation document published at the same time as the Employment White Paper was the best way of taking forward the abolition of Wages Councils. Other Ministers with an earlier involvement in policy in this area - primarily Lord Young (if he is present), Mr King (who was Employment Secretary when the decision to reform Wages Councils rather than abolish them was taken in 1985), Mr Rifkind, Mr Walker and Mr Moore - will have an interest. You will wish to check that they agree. You might also wish to check that the Sub-Committee are content for the document to be published on the same day as the White Paper.

CONFIDENTIAL



CONFIDENTIAL

Consultation Document

5. The draft consultation document has not previously been circulated. You may wish to invite members of E(A) to say whether they have any major comments on it (minor points can be dealt with on the telephone or in correspondence). The text will need to be settled quickly if it is to be published next Monday. Two points you may wish to raise are:

- and in para 8.2 of the White Paper*
- i. Decision on Abolition. You may wish to consider whether it is appropriate for the consultation document to say categorically in paragraphs 2 and 22 that the Government's view is that the time has come for Wages Councils to be abolished. An alternative at this stage would be to say merely that the Government believed it was appropriate to reconsider the future of Wages Councils. Given the Government views expressed in 1986 and 1987, the idea of having a consultation document was to allow employers' views to be known and to build up the arguments for abolition, before the Government's decision was announced. The firm views expressed might be taken rather to pre-empt this.
  - ii. Views of Employers. You emphasised at the meeting on 10 November that obtaining an overwhelming majority of business support for abolition was crucial to being able to adopt a different policy on abolition to that expounded in 1986. The only references to changes in employers' views are the relatively weak ones contained in paragraph 9. You may wish to ask Mr Fowler if there are any grounds for strengthening these references to greater employer support for abolition.

HANDLING

6. You may wish to ask the Secretary of State for Employment to introduce his paper. The Chancellor of the Exchequer and then other Ministers not involved in the earlier meeting may wish to comment. The Foreign Secretary will be present for this item, although the issue of international obligations can probably be left until any discussion of the results of the consultation.

R T J WILSON  
Cabinet Office  
30 November 1988

CONFIDENTIAL

David Trippier

"The Government have clearly recognised the need for a wages council system for those 21 and over."

"..... the Government clearly recognise that built-in protection through the wages council system is necessary for those over 21."

"We took the decision because we believed that there was a strong and compelling case for keeping people over 21 protected in respect of minimum wages."

(in reply to suggestion from Clare Short that the logic of the Government arguments pointed to total abolition) "Because this is not only a caring Government, but a listening Government. We said that we would respond to the consultations. I know that not only this Government but successive Governments have been accused of not listening. We went through a very elaborate consultation procedure and we took the view of the majority. That should be welcomed not only in this Committee but throughout the country."

"..... the protection covered by the wages councils which is right, fair and proper for those aged 21 and over ....."

"There is some merit in saying that if we have to take some political flak because of our plans to take the under-21s from the purview of wages councils, why not go the whole hog? The Opposition should accept that we did not wish to do so. We accepted that the existing protection should remain for those over 21. When we conducted the consultation exercise we listened carefully and thought that to be fair and reasonable."

"..... we responded to the consultation exercise, and to a certain extent we alienated some of our supporters, both on the Back Benches and outside. Perhaps we should be given some credit for responding in that way."

"I apologise for repeating that we believe that these matters are best left to negotiations between employers and their workers. The honourable Member for Bow and Poplar has heard me say that on many occasions. I happen to believe that it is true. What role, therefore, has a wages council to play?"

As I have explained on a number of occasions, it has a role. There is a difference of opinion between the honourable Gentleman and myself about what the role should be. But there is a role. There should be a minimum set ....."

"..... we ..... considered it important to build into the Bill additional protection for those who might be affected by the provision of accommodation .... In the absence of such protection, workers would have been vulnerable to exploitation, as many are required by their contracts of employment to live in the hotel. It is, therefore, an important safeguard."

"It is important to remember that we are removing only the under-21s from the purview of the wages councils, and that we are still concentrating on the most important principle enshrined in existing legislation, which is the minimum wage, although that has been forgotten in debates on various amendments. In addition, there is the overtime rate. I mention that solely because the hon. Member for Bow and Poplar (Mr Mikardo) talked about workers who are expected to work extremely long hours. The hon. Gentleman was referring to those who work through the night.

I am convinced that exploitation exists. We have talked about it in amendments which we have considered previously. I am as anxious as all hon. Members who haven't spoken this morning to make sure that it is stamped out."

David Trippier

"..... the Opposition are wittingly trying to mislead the public, because they talk constantly as if we are scrapping wages councils. Nothing could be further from the truth. We took notice of the consultation exercise, for which we were responsible."

".....This Government or any Government would face a dilemma in considering whether they should go for complete abolition or whether they should try to remove youngsters under 21 from the purview of the legislation. Contrary to the comments of the hon. and learned Member for Leicester, West (Mr Janner) no subterfuge is involved in the Government's intention to keep protection just for those over 21. We were convinced, following the consultation exercise, that protection for adult workers had to remain."

"I am sure that hon. Members listened carefully to my hon. Friend the Member for Langbaugh. If we scrapped the whole of the wages council system, as he suggested, we would be taking an incredible risk. Labour Members would never be prepared to take such a risk and, on this occasion, I agree with them. It would be too big a risk."

WAGES BILL: REPORT (LORDS)

8 JULY 1986

Lord Young

"Our proposals for reform of the wages council system are based on the responses received to the consultative exercise we conducted last year. These showed that most employers and unions in the industries concerned wanted the system to be retained in some form."

● Lord Young

(in reply to a Question about protection for low paid part-time workers, especially women) "I believe that wages councils today do an adequate job. They get the balance right between conditions which allow jobs to grow in the community and the necessary protections for those in employment."

---



SECRET

File EAMA GC.  
SUBJECT  
CCMASTER

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

10 November 1988

*Dear Sir,*

#### WAGES COUNCILS

The Prime Minister this morning held a meeting to discuss your Secretary of State's minute of 3 November about the future of Wages Councils. Those present were the Secretary of State for Foreign and Commonwealth Affairs, the Chancellor of the Exchequer, the Secretary of State for Employment, the Minister of Agriculture, the Lord President of the Council, the Chancellor of the Duchy of Lancaster, the Chief Whip, Mr Wilson and Mr Monger (Cabinet Office) and Mr Dunlop (No 10 Policy Unit).

I should be grateful if you and copy recipients would ensure this record of the discussion is circulated on a strict need to know basis.

Your Secretary of State, opening the discussion, said that the case for abolition of the Wages Councils was clear. The system was inconsistent with the need for pay to reflect individual and local circumstances. It reduced employers' freedom of action to arrange their pay structures to meet their own needs. It was shot through with anomalies. Moreover, the changes made in 1986 had not had the desired effect. Increases awarded in the first two years after they were made had been at rates of 8.6 per cent and 6.3 per cent respectively. The old habits of basing awards on 'reasonableness' rather than on a market test survived. The views of employers, though still not unanimous, had hardened against continuation of the Councils.

Continuing, your Secretary of State said he had earlier drawn attention to the statements made by Government spokesmen in 1986-87 which implied Government acceptance of the need to continue with Wages Councils as reduced in scope by the 1986 changes. Nevertheless, there was a strong case for announcing the intention to abolish the Councils in the White Paper which he hoped to publish in early December, and for including the necessary provisions in the Employment Bill which should be published immediately after the White Paper and carried into legislation during the coming Session.

In discussion, the following were the main points made:

a. Although the case in logic for abolition was very strong, the statements made by Government spokesmen in 1986-87 could not be disregarded. For the Government simply to go back on these statements would be wrong and might undermine its credibility more generally. Any change of policy would need to be justified by demonstrating that circumstances had changed since 1986, for example because new facts or arguments had emerged or because the balance of opinion had shifted. The case for change would have to be steadily built up.

b. There were arguments for the view that circumstances had indeed changed. The withdrawal of the under-21s from the scope of the Wages Councils had certainly done no harm to the employment prospects of that age group, and had indeed been followed by a fall in youth unemployment. Most significantly, there was now evidence that opinion among employers was more strongly opposed to keeping the Councils than in 1986. Some major trade associations were strongly in favour of abolition and so were senior figures in the CBI. Small business opinion generally would also support abolition.

c. One possibility would be to undertake a new round of consultation. The Government could produce a consultative document designed to bring out the very convincing arguments for abolition. The response, although uncertain, should show that a majority of business opinion was in favour of abolition. No doubt those who supported abolition could be encouraged to make their views known. Even now, however, it was not realistic to think that employers would be unanimous, and the Government might still need, at the end of the period of consultation, to give a strong lead in response to majority opinion.

d. The arguments for abolition of the Agricultural Wages Boards were in principle as strong as those for abolition of the industrial Wages Councils. But they could not be abolished before 1993 without breaching a separate ILO Convention. If the Government launched a new round of consultations on the industrial bodies, they would certainly be asked about their intentions towards the agricultural bodies. This question might be answered by saying that the decision could not be taken until 1993, and the Government would need at the due time to follow the appropriate procedures and consult with all those interested.

The Prime Minister, summing up the discussion, said that the group accepted that the arguments for abolishing the Wages Councils were in principle overwhelming. But it would be wrong to disregard the statements made by Government spokesmen in 1986-87 which implied that the Government saw a useful continuing role for the Councils. The Government could only proceed to abolition, without being open to criticism, if it

could demonstrate that the arguments, or opinion generally, had changed since 1986. The group had therefore agreed that, subject to the agreement of E(A) at its meeting on 1 December, the next step should be the issue of a consultative document on the subject, at the same time as the White Paper. This should marshal the facts and arguments in favour of abolition. If the response to the consultative document showed that there was an overwhelming majority of business opinion in favour of abolition, the Government could legitimately decide to give effect to it. In discussion, it had been suggested that a two months' consultation period would be appropriate. If the outcome of the consultation was satisfactory, it would then be open to the Government to decide to insert the necessary provisions by way of amendment to the Employment Bill as it was going through Parliament, although there could be no commitment to this approach at this stage. If the consultation led to questions about the Government's intentions on the Agricultural Wages Boards, they should be answered along the lines suggested in the discussion.

I am sending copies of this letter to the Private Secretaries of the other Ministers at the meeting, and to the others present.

Yours,  
Paul

PAUL GRAY

Clive Norris, Esq.,  
Department of Employment



WPA

JAMAGC

10/11

- 1. Mr Wilson
- 2. Mr Gray

Date Today

G W Monger 10/11/88

BA

Draft letter for Mr Gray to send to  
Principal Private Secretary, Department of Employment

*Clue Norris*

Wages Councils

The Prime Minister this morning held a meeting to discuss your Secretary of State's minute of 3 November about the future of Wages Councils. Those present were the Secretary of State for Foreign and Commonwealth Affairs, the Chancellor of the Exchequer, the Secretary of State for Employment, the Minister of Agriculture, the Lord President of the Council, the Chancellor of the Duchy of Lancaster, Mr Wilson and Mr Monger (Cabinet Office) and Mr Dunlop (No 10 Policy Unit).

*the Chief Whip,*

*[underline]*

*IP I told to publish it - as all copy recipients would receive this  
revised of the discussion is secured by those with a secret violation as a draft  
need to have been*

Your Secretary of State, opening the discussion, said that the case for abolition of the Wages Councils was clear. The system was inconsistent with the need for pay to reflect individual and local circumstances. It reduced employers' freedom of action to arrange their pay structures to meet their own needs. It was shot through with anomalies. *Moreover,* the changes made in 1986 had not had the desired effect. Increases awarded in the first two years after they were made had been at rates of 8.6% and 6.3% respectively. The old habits of basing awards on 'reasonableness' rather than on a market test survived. The views of employers, though still not unanimous, had hardened against continuation of the Councils. *IP Containing, your Secretary of State said he* had earlier drawn attention to the statements made by Government spokesmen in 1986-87 which implied Government acceptance of the need to continue with Wages Councils as reduced in scope by the 1986 changes. Nevertheless, there was a strong case for announcing the intention to abolish *for* in the White Paper which he hoped to publish in early December, and including the necessary provisions in the Employment

*the Councils*

Bill which should be published immediately after the White Paper and carried into legislation during the coming Session.

In discussion the following were the main points made:

*Although the case in logic for abolition was very strong,*

- a. *↳* The statements made by Government spokesmen in 1986-87 could not be disregarded. For the Government simply to go back on these statements would be wrong and might undermine its credibility more generally. Any change of policy would need to be justified by demonstrating that circumstances had changed since 1986, for example because new facts or arguments had emerged or because the balance of opinion had shifted. *The case for change would have to be steadily built up.*
- b. There were arguments for the view that circumstances had <sup>indeed</sup> changed. The withdrawal of the under-21s from the scope of the Wages Councils had <sup>certainly</sup> done no harm to the employment prospects of that age group, and had indeed been followed by a fall in youth unemployment. Most significantly, there was now evidence that opinion among employers <sup>was</sup> ~~were~~ more strongly opposed to keeping the Councils than in 1986. Some major trade associations were strongly in favour of abolition and so were senior figures in the CBI. Small business opinion generally would also support abolition.
- c. One possibility would be to undertake a new round of consultation. The Government could produce a consultative document designed to bring out the very convincing arguments for abolition. The response *should* show that a ~~clear~~ majority of business opinion was in favour of abolition. No doubt those who supported abolition could be encouraged to make their views known. Even now, however, it was not realistic to think that employers would be unanimous, and the Government might still need, at the end of the period of consultation, to give a lead <sup>strong</sup> *in response to majority opinion.*

*, although uncertain,*

- d. The arguments for abolition of the Agricultural Wages Boards were in principle as strong as those for abolition of the industrial Wages Councils. But they could not be abolished before 1993 without breaching a separate ILO Convention. If the Government launched a new round of consultations on the industrial bodies, they would certainly be asked about their intentions towards the agricultural bodies. This question might be answered by saying that the decision could not be taken until 1993, and the Government would ~~then~~ need to consult with all those interested.

to follow the appropriate procedures and

at the due time

The Prime Minister, summing up the discussion, said that the group accepted that the arguments for abolishing the Wages Councils were in principle overwhelming. But it would be wrong to disregard the statements made by Government spokesmen in 1986-87 which implied that the Government saw a useful continuing role for the Councils. The Government could only proceed to abolition, without being open to criticism, if it could demonstrate that the arguments, or opinion generally, had changed since 1986. The group had therefore agreed that the next step should be the issue of a consultative document on the subject, at the same time as the White Paper. This should marshal the facts and arguments in favour of abolition. If the response to the consultative document showed that there was ~~an~~ an overwhelming majority of business opinion in favour of abolition the Government could legitimately decide to give effect to it. In discussion, it had been suggested that a two months' consultation period would be appropriate. If the outcome of the consultation was satisfactory, it would then be open to the Government to decide to insert the necessary provisions by way of amendment to the Employment Bill as it was going through Parliament, } If the consultation led to questions about the Government's intentions on the Agricultural Wages Boards, they should be answered along the lines suggested in the discussion.

I am sending copies of this letter to the Private Secretaries of the other Ministers at the meeting, and to the others present.

Although there could be no commitment to this approach at this stage.

5a-5

PRIME MINISTER

MEETING ON WAGES COUNCILS: 10 NOVEMBER

You are having a meeting tomorrow morning for an hour before Cabinet. Those attending are: Mr. Fowler, Chancellor of the Exchequer, Foreign Secretary, Minister of Agriculture, Chancellor of the Duchy of Lancaster, Lord President and the Chief Whip. Lord Young is not now able to attend as he will be making his announcement about the Elders/Scottish and Newcastle issue.

You saw over the weekend Mr. Fowler's paper (Flag A). I now also enclose:

Flag B: Cabinet Office brief, to which is attached the key past statements made by Government Ministers on this issue;

Flag C: Policy Unit note, which strongly supports early action.

You will recall that when Mr. Fowler approached you earlier in the autumn about timing you expressed doubts about pressing ahead with an announcement to abolish Wages Councils while the GCHQ issue was still around.

The Cabinet Office brief sets out the key points to discuss. The basic issues to settle are:

- whether now to plan on abolition of the Wages Councils;
- if so, whether to make an early announcement;
- what approach to take on the Agricultural Wages Boards, which are not covered by Mr. Fowler's proposals.

Subject to tomorrow's discussion, you may want the issue to go next to E(A). There is a timing problem here. Given the pressures on your diary, the next E(A) slot is not until 1 December. But Mr. Fowler wants to publish his Employment White Paper on 5 December and he may press for an early meeting of E(A). That would be very disruptive in diary terms. If he raises the point, I suggest you press him to delay publication for a day or two.

On a separate matter, you will recall you recently resisted Mr. Fowler's proposal to establish a National Training Board. He has just this evening sent in a further minute - Flag D - returning to the charge. He has, however, modified his proposal to a National Training Task Force; he says there could be no question of this becoming bureaucratic or acting as a lobby. I am including this note in the folder, since he may try to have a word with you about this at the end of tomorrow's meeting.

PKC.

Paul Gray

9 November 1988

C

PRIME MINISTER

9 NOVEMBER 1988

WAGES COUNCILS

Norman Fowler proposes the abolition of the 26 remaining Wages Councils rather than further reform. This course is certainly right. All the alternative options - selective abolition or the exclusion of certain groups of workers from the system - would provoke just as much outrage as complete abolition without reaping the full benefits.

A. THE CASE FOR ABOLITION

The 1986 Wages Act placed on Councils a new duty to take account of employment effects in reaching their decisions. The intention was to avoid pricing people out of jobs.

Experience (average increases in lowest rates of 8.6 per cent in 1986/87 and 6.3 per cent in 1987/88) suggests that councils have paid little attention to this requirement. The rates set may be appropriate to labour conditions in the South East; they are not to more remote areas such as Mid-Wales or the Highlands of Scotland.

Abolition is, therefore, right in principle. And it can - and should - be advocated on its own merits as a positive measure of deregulation:

- to improve labour market flexibility still further;
- to put more unskilled people - often trapped in welfare dependency - into low paid jobs and onto the first rung of the employment ladder.

The highly deregulated US labour market offers a good example. It provides twice as many jobs paying below half the median wage than in the UK.

Citing employer attitudes is a much less convincing argument for abolition. The hardening in opinion since 1985 has not been large, while those employers' associations favouring retention often do so to frustrate competition.

## B. REBUTTING THE CRITICS

The Opposition will make a row. But it will largely be a political row confined to Parliament. Serious industrial action is unlikely given that the groups covered by Wages Councils are by their very nature poorly organised. The Government will, in any case, have some strong arguments with which to rebut criticism:

- First, the link between low pay and poverty is much weaker than the Opposition make out. Two thirds of those covered by Wages Councils work part-time, often from choice, to provide a second wage for the family.
- Second, the charge of creating 'sweatshop' conditions is a gross distortion. As Norman Fowler points out, two thirds of the workers covered by Wages Councils are paid above the minimum rate. And in the clothing industry - most commonly cited as sweatshop prone - a Health and Safety Executive survey in 1985 of 300 clothing factories revealed only two instances requiring referral to the Wages Inspectorate.
- Third, there are other means of dealing with poverty and poor working conditions, including in-work benefits and the provisions of the Health and Safety Act.

# CONFIDENTIAL

## C. AGRICULTURAL WAGES BOARD (AWB)

Norman Fowler's proposals do not apply to the Agricultural Wages Board (nor the separate boards for Scotland and Northern Ireland).

The AWB covers 211,000 workers and the scope of its powers are far wider than those of the Wages Councils. In addition to setting minimum rates of pay, it also determines the duration of holidays, holiday pay, sick pay, payments for night work and various other allowances. Its orders run to nearly 40 pages in length and are an administrative nightmare as a result.

If the case for abolishing Wages Councils is strong, the case for abolishing the AWB is equally strong.

But our freedom to act on the AWB is constrained because we did not take the opportunity of denouncing the relevant ILO convention governing AWBs in 1983. This was largely because of opposition of the then Minister of Agriculture and certain Cabinet colleagues. The next opportunity for denouncing the convention is not until 1993.

John MacGregor dislikes all Wages Councils, including the AWB. The NFU does not appear to have any deep attachment to the AWB. And many farmers are having to pay significantly above the minimum rates set by the Board to recruit and retain staff. For example in 1987/88 average weekly earnings for a full-time farm labourer were £153.62 compared with the minimum set by the AWB of £104.20 per week.

The main issue is, therefore, our international obligations.

It would clearly be wrong to breach our international obligations, not least because it would put the UK in a



# CONFIDENTIAL

weaker position to criticise other countries when they ignore international obligations of which we are particularly supportive.

## One solution might be:

- to state publicly that we favour abolishing the AWB;
- to point out that because of a desire to uphold our international obligations we are not free to do so;
- to say that when the time comes in 1993 we will follow the appropriate procedures (including the consultations with employers and employees that are required prior to formally denouncing a convention) before taking a final decision.

## D. TIMING

The two options are a) to announce the Government's intentions in the Employment White Paper in early December to be followed by early legislation b) to delay legislation for two months for a further round of consultations.

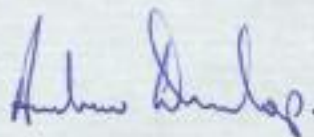
We agree with Norman Fowler that an early announcement is preferable. Delay for further consultations would allow the Opposition time to whip up a campaign against abolition. And it is not clear what these consultations would achieve other than invite an answer which the Government might not welcome.

## Conclusion

We strongly support Norman Fowler's proposals to abolish the Wages Councils. Abolition should be advocated on the basis of its inherent economic benefits, not on the basis of a

**CONFIDENTIAL**

hardening in employer opinion. A formula should be devised which gives a broad indication of the Government's desire to abolish the AWB as well, while making clear our observance of international obligations. An early announcement of intent is politically desirable.



ANDREW DUNLOP

SECRET

SECRET

4a-f  
B

P 03263

PRIME MINISTER

WAGES COUNCILS

(Meeting of Ministers on Thursday 10 November at 9.30am)

(Minute by Mr Fowler of 3 November)

DECISIONS

Mr Fowler proposes to abolish the system of Wages Councils. He wishes to announce the decision in his Employment White Paper in early December, and to legislate in his forthcoming Employment Bill.

2. In reaching a decision, you may wish to consider the following:

a. views of employers. In 1985 a majority of employers favoured reform and retention rather than abolition. Mr Fowler reports that they remain divided but that the major clothing manufacturers have now turned against the Councils. You may wish to ask whether there would still be a majority of employers against retention;

*attached.* b. previous Ministerial Statements. Mr Fowler has sent you a list of statements made by Mr Trippier and Lord Young when the Wages Bill 1986 was passing through Parliament and subsequently. These are likely to make public presentation of abolition more difficult. Although no categorical assurance ruling out abolition of Wages Councils as a future option appears to have been given, the statements all point against such a course and will be quoted against the Government if it proceeds with Mr Fowler's proposals. You will wish to consider what weight to give to this;

c. international obligations. Mr Fowler reports that the Government is already vulnerable to criticism for non-compliance with two provisions of the Council of Europe's Social Charter as a result of the Wages Act 1986. He says that abolition would widen the scope for criticism. One option would be to denounce the two provisions so that we would be free of any international

SECRET

b

SECRET

obligations by February 1990. Mr Fowler prefers to implement abolition and review the international position in the light of any criticism from the Council of Europe;

d. agricultural Wages Boards. The separate Agricultural Wages Boards cannot be abolished before 1993 without breaching International Labour Organisation (ILO) Convention 99. We denounced the relevant ILO Convention 26 covering Wages Councils generally in 1985. The anomaly of abolishing Wages Councils but retaining Agricultural Wages Boards could therefore be defended on grounds of differing international obligations. You may wish to ask Mr MacGregor about his future intentions towards the Agricultural Boards;

e. reactions to an announcement of abolition. We understand Mr Fowler believes that employees covered by Wages Councils would be unlikely to take industrial action following an announcement of abolition. You will wish to weigh up the likely strength of reaction to abolition alongside other current industrial relations issues.

3. If you decide to proceed with abolition, you may wish to ask Mr Fowler to provide a paper for discussion at E(A). This would allow other Ministers with an interest - primarily Mr King (who was Employment Secretary when the decision to reform Wages Councils was taken), Mr Rifkind, Mr Walker and Mr Moore - to be associated with the decision. The next meeting of E(A) has been fixed for 1 December. We understand that Mr Fowler wishes to publish his White Paper on 5 December and introduce his Bill on 7 December.

#### BACKGROUND

4. In 1985 E(A) decided to reform the Wages Councils rather than abolish them outright (E(A)(85)13th Meeting). This decision reflected extensive consultation with employers and other parties represented on Wages Councils. Powers were taken in the Wages Act 1986 to remove young people under 21 from the remit of the Councils, and to simplify the Councils' remaining duties. In July this year

SECRET

C

SECRET

you agreed that Mr Fowler could have drafting authority to prepare legislation on abolition of the Wages Councils, on a contingent basis. Mr Fowler now wants authority to proceed, for the reasons summarised in paragraph 6 of his note.

5. On agriculture E(A) decided in 1984 not to denounce ILO Convention 99 requiring minimum wage-fixing machinery in agriculture (E(A)(84)8th Meeting). This decision was taken in the light of support for the Agricultural Wages Boards in the farming community, and because there was considerable concern amongst farmers at that time about the future of the Common Agricultural Policy.

## ISSUES

### Views of Employers

6. In 1985 a majority of the employers represented on Wages Councils favoured reform of the Councils rather than abolition. Mr Fowler reports that although there has been some hardening of employers against retention, opinions are still divided. We understand that he has recently been told informally by the CBI that they would not offer an overall reaction to any announcement of abolition; rather they would have to reflect the differing views of the different industrial sectors they represent. Given the presentational importance of employers' reactions to any announcement, you may wish to ask Mr Fowler about this, in particular whether there is any scope for safely making further informal contacts to prepare the ground.

### Previous Ministerial Statements

7. Mr Fowler has sent you a note (attached, not copied to others) setting out some statements made by other Ministers about Wages Councils in the last four years. The most relevant ones are the statements made by Mr Trippier, the junior Minister concerned, when the Wages Bill was before Parliament and, more recently, by Lord Young who told the House of Lords in July 1987 that he believed that "Wages Councils today do an adequate job. They get the balance right between conditions which allow jobs to grow in the community and the

SECRET

d

SECRET

necessary protections for those in employment." You will wish to consider what importance should be attached to these statements in reaching a decision on abolition.

### International Obligations

8. The Government denounced ILO Convention 26 about minimum wage fixing in 1985 as part of its package of reforms of the Wages Councils. Abolition of the Councils would not therefore seem to put us in breach of any ILO obligations. You may wish to ask Mr Fowler to confirm this.

9. Mr Fowler reports that the Government may already be vulnerable to criticism for non-compliance with two provisions in the Council of Europe's Social Charter as a result of the Wages Act 1986 (see Annex B of his note). The Council's Committee of Experts is due to examine the issues over the next four years, and Mr Fowler says that abolition of the Wages Councils would widen the scope for criticism. There appear to be two options:

either i. denounce the two provisions. Wages Councils could then be abolished in February 1990 without breaching international obligations;

or ii. take no action on denunciation at present, but proceed with abolition and see how the Council of Europe reacts.

Mr Fowler prefers the second option because he believes that denouncing the provisions would be controversial in the run up to 1992. You may wish to ask the Foreign Secretary and other Ministers for their views of this.

### Agricultural Wages Boards

10. The Agricultural Wages Boards cannot be abolished before 1993 without breaching a separate ILO Convention, number 99. You may wish to ask Mr MacGregor, as the responsible Minister, what proposals he has for the Agricultural Boards if Wages Councils are abolished. If he does not favour early abolition in view of the ILO obligation, it

SECRET

e

SECRET

seems likely that he will need to make some statement about the future of the Boards. The next opportunity to denounce the Convention will be in 1993: he might at least say that the Government will review the position then, perhaps adding that it will do so with a view to abolishing them.

#### Reaction to an Announcement of Abolition

11. We understand Mr Fowler believes that employees covered by Wages Councils would be unlikely to take industrial action following an announcement of abolition. You may wish to ask Mr Fowler to confirm this. The decision would be likely to be controversial in the field of industrial relations. You may therefore also wish to check with Mr Fowler whether any other major industrial relations issues are expected around the time of his proposed announcement. We understand that he is currently planning to publish his Employment White Paper on Monday 5 December, and to introduce the Employment Bill containing the Wages Council provisions on 7 December.

#### Alternative Option

12. If you decide not to pursue early abolition, an alternative approach would be to reduce the number of Wages Councils under the Wages Act 1986. Mr Fowler refers to this possibility in paragraph 5 of his note. You may wish to ask him how far the powers in the 1986 Act could be used to accomplish what he wants without the need for legislation. We understand that there would be a risk of judicial review if the powers were used to abolish all the Councils, but a certain amount could be achieved without going that far.

#### VIEWS OF OTHER MINISTERS

13. The Chancellor of the Exchequer and Lord Young are expected to support Mr Fowler's proposal to abolish the Wages Councils. Lord Young may point, in particular, to the boost which abolition would give to the Government's deregulation initiative. The Foreign Secretary will wish to comment on the implications of abolition for our international obligations. The Minister for Agriculture will wish

SECRET

SECRET

f

to comment on the future of the Agricultural Wages Boards. The Lord President and Lord Privy Seal may wish to comment on the parliamentary handling of an announcement and the subsequent legislation.

*Act 1988*

*R.T.J.*

R T J WILSON  
Cabinet Office  
8 November 1988

SECRET



## WAGES COUNCILS : KEY GOVERNMENT STATEMENTS 1986/87

After consultations in 1985, the 1986 Wages Act reduced the powers of Councils and excluded young people from their scope but kept the system as a whole with 26 Councils. The decision to reform rather than abolish the system was justified on the grounds that it was the course preferred by a sizeable majority of employers and one which would benefit young people. This line was generally followed by David Young and Ken Clarke as the Bill passed through Parliament, eg Ken Clarke said:

"I have to make it clear that I do not see a great role for statutory minimum wage fixing, at all, in today's society. It was only after consultation that we decided to retain them in those industries where both the employer and the trade unions did not feel ready to embark on the kind of world that we are used to in other industries, where these things are freely negotiated and entered into by both parties."

In Committee, however, we went beyond that. David Trippier consistently suggested that the Government accepted the underlying case for a continuing system. To give just a few examples:

"The Government have clearly recognised the need for a Wages Council system for those 21 and over. We need to discriminate in favour of young people."

"The Government clearly recognise that built-in protection through the Wages Council system is necessary for those over 21."

"I reject [the] suggestion that we should abolish Wages Councils. We took the decision because we believed that there was a strong and compelling case for keeping people over 21 protected in respect of minimum wages."

"Although I could perhaps give him my personal assurance, I cannot see, despite what he said that a Conservative Government in the near or medium term future would be minded to legislate in this sector, having gone through a very complicated consultation procedure and the introduction of primary legislation."

All the above quotes are from the Commons consideration of the Bill. Subsequently though, as late as JULY 1987, in answer to a supplementary on a question on low pay, David Young said:

"I believe that Wages Councils today do an adequate job. They get the balance right between conditions which allow jobs to grow in the community and the necessary protections for those in employment."

David Trippiér

"The Government have clearly recognised the need for a wages council system for those 21 and over."

"..... the Government clearly recognise that built-in protection through the wages council system is necessary for those over 21."

"We took the decision because we believed that there was a strong and compelling case for keeping people over 21 protected in respect of minimum wages."

(in reply to suggestion from Clare Short that the logic of the Government arguments pointed to total abolition) "Because this is not only a caring Government, but a listening Government. We said that we would respond to the consultations. I know that not only this Government but successive Governments have been accused of not listening. We went through a very elaborate consultation procedure and we took the view of the majority. That should be welcomed not only in this Committee but throughout the country."

"..... the protection covered by the wages councils which is right, fair and proper for those aged 21 and over ....."

"There is some merit in saying that if we have to take some political flak because of our plans to take the under-21s from the purview of wages councils, why not go the whole hog? The Opposition should accept that we did not wish to do so. We accepted that the existing protection should remain for those over 21. When we conducted the consultation exercise we listened carefully and thought that to be fair and reasonable."

"..... we responded to the consultation exercise, and to a certain extent we alienated some of our supporters, both on the Back Benches and outside. Perhaps we should be given some credit for responding in that way."

"I apologise for repeating that we believe that these matters are best left to negotiations between employers and their workers. The honourable Member for Bow and Poplar has heard me say that on many occasions. I happen to believe that it is true. What role, therefore, has a wages council to play."

As I have explained on a number of occasions, it has a role. There is a difference of opinion between the honourable Gentleman and myself about what the role should be. But there is a role. There should be a minimum set ....."

"..... we ..... considered it important to build into the Bill additional protection for those who might be affected by the provision of accommodation .... In the absence of such protection, workers would have been vulnerable to exploitation, as many are required by their contracts of employment to live in the hotel. It is, therefore, an important safeguard."

"It is important to remember that we are removing only the under-21s from the purview of the wages councils, and that we are still concentrating on the most important principle enshrined in existing legislation, which is the minimum wage, although that has been forgotten in debates on various amendments. In addition, there is the overtime rate. I mention that solely because the hon. Member for Bow and Poplar (Mr Mikardo) talked about workers who are expected to work extremely long hours. The hon. Gentleman was referring to those who work through the night.

I am convinced that exploitation exists. We have talked about it in amendments which we have considered previously. I am as anxious as all hon. Members who haven't spoken this morning to make sure that it is stamped out."

David Trippier

"..... the Opposition are wittingly trying to mislead the public, because they talk constantly as if we are scrapping wages councils. Nothing could be further from the truth. We took notice of the consultation exercise, for which we were responsible."

".....This Government or any Government would face a dilemma in considering whether they should go for complete abolition or whether they should try to remove youngsters under 21 from the purview of the legislation. Contrary to the comments of the hon. and learned Member for Leicester, West (Mr Janner) no subterfuge is involved in the Government's intention to keep protection just for those over 21. We were convinced, following the consultation exercise, that protection for adult workers had to remain."

"I am sure that hon. Members listened carefully to my hon. Friend the Member for Langbaugh. If we scrapped the whole of the wages council system, as he suggested, we would be taking an incredible risk. Labour Members would never be prepared to take such a risk and, on this occasion, I agree with them. It would be too big a risk."

## WAGES BILL: REPORT (LORDS)

8 JULY 1986

Lord Young

"Our proposals for reform of the wages council system are based on the responses received to the consultative exercise we conducted last year. These showed that most employers and unions in the industries concerned wanted the system to be retained in some form."

Lord Young

(in reply to a Question about protection for low paid part-time workers, especially women) "I believe that wages councils today do an adequate job. They get the balance right between conditions which allow jobs to grow in the community and the necessary protections for those in employment."

---

---

Paul Chw, CoB + LF addres.  
NF knows + will send  
papers. J. Wilson also knows

TG 8/11

PRIME MINISTER

MEETING ON WAGES COUNCILS

You saw over the weekend Norman Fowler's paper for the  
Ministerial meeting on Thursday.

I should be grateful for your guidance on attendance. In  
addition to Mr. Fowler, I have invited the Chancellor, the  
Foreign Secretary, Lord Young and Mr. MacGregor.

Chancellor of Exchequer

Do you also want the Business Managers - either the Lord  
✓ President or Chief Whip - to attend this meeting, or would you  
prefer to leave their involvement until the issue comes to  
E(A)?

PLC6


mt

PAUL GRAY

7 November 1988

PM2AGQ

# **A** The National Archives

DEPARTMENT/SERIES ..... <i>PM 19</i> ..... PIECE/ITEM ..... <i>3043</i> ..... (one piece/item number)	Date and sign
Extract details:  <i>Copy to PM dated 4 November 1988</i>	
CLOSED UNDER FOI EXEMPTION .....	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>19/8/2016</i> <i>G. Gray</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

3a-e  
PERSONAL AND SECRET

ccp.v.  
Blup  
A Blup  
(Copy No. 1...)



PRIME MINISTER

**WAGES COUNCILS**

As you know I have been reviewing the future of Wages Councils. With your agreement, clauses which would abolish the entire system have been drafted on a contingency basis for inclusion in the Employment Bill agreed for the coming Session.

Arrangements have been made for the issue to be discussed with you and a few colleagues directly concerned at 9:30 am on 10 November.

...As background to that discussion I attach a note setting out my views and proposals.

I am copying this to the Chancellor of the Exchequer, the Foreign Secretary, the Secretaries of State for Agriculture and for Trade and Industry and Sir Robin Butler.

N F

3 November 1988

PERSONAL AND SECRET



SECRET AND PERSONAL

FUTURE OF WAGES COUNCIL SYSTEM

NOTE BY THE SECRETARY OF STATE FOR EMPLOYMENT

1 I have recently reviewed the operation of the Wages Council System. I conclude that, while the changes made in the 1986 Wages Act had welcome deregulatory benefits, the system continues to militate against the achievement of our objectives on pay and we should abolish it in the Employment Bill agreed for the next Session.

Present position

2 There are still 26 Councils. Some like those covering Hotels and Catering are large; some like the Coffin Furniture Making Council and Cotton Waste Reclamation Council are small. (See Annex A). Workers under 21 years of age are excluded but some 2½ million, or 11% of all employees, are covered. Administration of the system costs the taxpayer alone £2.5 million a year and employs 154 staff.

3 Councils can impose a single national minimum rate of pay, a minimum overtime rate payable after a set number of hours it decides on, and a limit of any accommodation charge. They are intended to consider the employment effects of their decisions in areas where workers were generally paid below the average for their trade or occupation.

4 A Council consists of two "sides" normally appointed by employers associations and trade unions, nominated by me as Secretary of State, together with three independent members appointed directly by me. The task of the independents is primarily to mediate and bring the two sides to agreement. Where agreement proves impossible the independents exercise a casting vote either in favour of the employer's final offer or the workers' final claim.

5 I have no powers to determine or amend the content of Wages Orders but there are powers to reduce the coverage of the system by secondary legislation. These powers could, for example, be used to reduce the number of Councils.

SECRET AND PERSONAL

C

SECRET AND PERSONAL

The case for change

6 Aside from releasing the resources already mentioned the key arguments for abolishing the Wages Council System are:

(i) The system of national statutory rates of pay is inconsistent with the need for pay to reflect individual and local circumstances. The minimum rates councils set (see Annex A) are equivalent to only just over half the average wage paid to manual workers generally but

- percentage changes in minimum rates have a knock-on effect throughout the pay structure;
- statutorily imposed pay levels for even a small proportion of its workforce restricts a company's ability to structure its system of rewards and incentives to match its own priorities;

(ii) These pay effects, and the associated administrative burdens on employers, are bound to hit jobs - particularly in those sectors with potential for expansion like the tourism and service industries which account for the bulk of Wages Council employees.

(iii) The 1986 changes have not had the desired effect.

- Increases fixed by Councils in their first year of operation under the new regime (1986/87) meant that the lowest rates were raised by an average of 8.6%. Given particular transitional and estimation difficulties\* this may by itself not be unduly significant but,

-----  
\* Comparisons are difficult because most councils previously set more than one minimum rate. Councils generally selected one rate, not always the lowest, as the "negotiating rate" on which to focus negotiations. They then applied any percentage increase agreed for that rate to all other rates. Calculated by reference to the previous "negotiating rate" - (whether or not it was lowest) the level of increase averaged 6.4%. Calculated by reference to the previous lowest rate it averaged 8.6%.

d

SECRET AND PERSONAL

- in the second year 1987/88 with no significant transitional problems increases have nonetheless averaged 6.3% on a weighted basis. The outturn is not consistent with the intention of the reform to ensure that the councils set a rate which was a minimum rate relevant to depressed areas where jobs were in short supply;
- moreover some employers say that bargaining habits in the councils have not changed; independent members give more weight to their concept of reasonableness than to the impact of settlements on jobs.

(iv) The system is still full of anomalies. Laundries are in scope but launderettes are generally not; sale of cooked meat is in but of raw meat is out; ostrich feathers work is in but the major new areas of private security and contract cleaning are not.

(v) The attitudes of employer bodies though clearly divided, are not crucial and have hardened somewhat against retaining councils since 1985 (when our decision to reform rather than abolish the system reflected the preference of the majority of employers concerned). Greater hostility and disquiet is evident in the catering and retailing trades; the major clothing manufacturers have also swung against the Councils.

(vi) The world has changed since Winston Churchill introduced the predecessors of the Councils in 1909. Two-thirds of those now covered work part-time, and two-thirds are paid above the minimum rate.

(vii) In areas of the economy not covered by either wages councils or voluntary collective bargaining instances of unreasonably low pay are not widespread.

(viii) So far as families in real need are concerned, wages councils have become less relevant with the introduction of in-work benefits; and one of the main achievements of the Social Security Act (1986) is to provide more cash help to working families on low wages.

The opposition to change

7 The announcement of any proposals for further change would be met by a well orchestrated campaign of opposition focusing on the impact of abolition on women and part-timers who form the majority of wages council employees. Attention would be drawn to the continued existence of the Agricultural

e

SECRET AND PERSONAL

Wages Board and to the continuing scale of employer support for wages councils, support based not always on the desire to frustrate competition but often on a belief in paying a "decent wage" and seeing that others do likewise. Statements defending our earlier decision to reform rather than abolish the system will be used against us.

8 We should be accused of acting contrary to the spirit of the social dimension to 1992 as most EC countries have some system of statutory minimum rates of pay. Also we should almost certainly face allegations that we are in breach of the European Social Charter (see Annex B), to which our response would be to point out that our observance of the Charter is monitored by the Council of Europe's supervisory machinery and that at the appropriate time we would, of course, give careful consideration to any observations which the supervisory body might take.

#### Options and Conclusion

9 I could use the power provided in the 1986 Act to introduce secondary legislation to mitigate the adverse effects of the Councils on our pay strategy. Particular councils, or groups of workers in particular areas or with limited service could be removed from the system. All such options either reintroduce the very complexities from which we have sought to free employers, or to be effective would be almost as controversial as total abolition yet still leave undesirable rigidities in the 50% of the system which would remain. I do not recommend any of them and conclude that we should abolish the entire system.

10 Subject to the views of colleagues I propose to announce this decision in a White Paper to be published in early December. The possibility of such a decision was envisaged in my bid which colleagues accepted for a place in the legislative programme for the coming Session. Clauses drafted on a contingency basis are now ready and the Bill could be introduced immediately after the White Paper is published.

WAGES COUNCILS : CURRENT MINIMUM RATES AND PERCENTAGE INCREASES  
1986/7 & 1987/8

Wages Councils	Number of workers covered (aged 21 or over)	Percentage increase		Current hourly rate (£)	Current Weekly rate (39 hours) (£)
		1986/7(a) (%)	1987/8(b) (%)		
Retail Trades (Non-Food)	745,000	7.3	5.9	2.33	90.87
Licensed Non-Residential	492,000	6.7	5.9	2.16	84.24
Retail Food and Allied Trades	465,000	7.3	6.4	2.33	90.87
Licensed Residential Establishment and Licensed Restaurant	379,000	9.7	8.1	2.00	78.00
Clothing Manufacturing	147,000	4.5	6.0	1.99	77.54
Unlicensed Place of Refreshment	96,000	7.7	4.8	2.20	85.80
Hairdressing Undertaking	64,000	46.5	5.1	2.05	79.95
Laundry	26,000	5.0	5.2	2.21	86.19
General Waste Materials Reclamation	13,000	4.4	5.8	2.00	78.00
Toy Manufacturing	11,000	40.9	5.4	2.02	78.78
Aerated Waters	5,500	4.6	5.8	2.19	85.41
Boot and Shoe Repairing	5,000	6.5	6.3	2.18	85.02
Hat, Cap and Millinery	4,000	10.7	6.5	1.98	77.22
Retail Bespoke Tailoring	4,000	8.4	5.9	2.33	90.87
Made-Up Textiles	3,000	7.0	6.5	1.88	73.32
Linen and Cotton Handkerchief & Household Goods & Linen Piece Goods	2,500	26.1	5.7	2.04	79.56
Rope Twine and Net	2,500	10.5	5.2	2.02	78.78
Perambulator and Invalid Carriage	2,000	5.8	5.9	2.34	91.26
Fur	1,500	56.0	7.7	2.10	81.90
Button Manufacturing	1,000	5.1	5.4	1.96	76.44
Sack and Bag	1,000	5.6	5.3	2.00	78.00
Lace Finishing	900	(c)			
Flax and Hemp	500	(c)			
Ostrich and Fancy Feather & Artificial Flower	500	6.8	6.9	2.01	78.39
Cotton Waste Reclamation	300	5.4	6.2	1.98	77.03
Coffin Furniture and Cerement Making	200	6.7	6.7	2.22	86.58

Notes: (a) Settlement in the year commencing 1 August 1986 (on lowest previous rate - sometimes applicable only to a small group of workers).

(b) Settlement in the year commencing 1 August 1987 (on the single minimum implemented the previous year).

(c) Council adjourned indefinitely - the two sides negotiate voluntary agreements.

Weighted averages for the 1986/7 and 1987/8 settlements

	<u>1986/7</u>	<u>1987/8</u>
Average percentage increase -	8.6%	6.3%
Average minimum hourly rate -	£2.08	£2.21

## EUROPEAN SOCIAL CHARTER

1. The UK is one of 14 member states of the Council of Europe which have ratified the Council's Social Charter. All EC countries have done so except Belgium, Portugal and Luxembourg. Ratifying countries undertake to accept a minimum number of the Charter's provisions.

2. Amongst the provisions accepted by the UK are -

- (a) the requirement to provide public holidays with pay, a minimum of two weeks annual holiday with pay, and a weekly rest period; and
- (b) the requirement to recognise the right of workers to "remuneration such as will give them and their families a decent standard of living" and to "an increased rate of remuneration for overtime work".

3. Compliance with (a) may be by legislation, collective agreements or general practice. The UK has cited wages councils as one of the means through which it complies. However, as the Wages Act 1986 removed the power of wages councils to fix minimum holidays and rest periods the UK may well be found not to be complying fully with these provisions when the "Committee of Experts" (which monitors these matters for the Council) reports next year. Total abolition of the wages councils should not expose us to any additional criticism, though any announcement that such a course is to be pursued might cause the Experts to look even more closely at our record on these provisions.

4. Compliance with (b) may be by collective agreements, statutory wage fixing machinery, or other means appropriate to national conditions. Again, it has been our practice to cite wages councils as one of the means by which we comply. We are already vulnerable to criticism because the Wages Act 1986 removed the right of wages councils to set overtime (or any other) rates for young people under 21. Total abolition would obviously widen the scope for criticism (though the cycle of activity followed by the Experts means they would not be in a position to comment until late 1991).

Whilst in other areas we have sometimes declined to accept the Experts' conclusions that we are not complying with particular provisions it is more difficult to do so where we are removing one of the specific means which we have previously cited as implementing our obligations. One option would be to denounce the provisions in respect of which action already taken, or which may be taken, on wages councils makes us vulnerable. This route would bar us from removing the statutory minimum rates imposed by wages councils until February 1990. Moreover we have recently denounced a provision relating to night work for women and are proposing to denounce another prohibiting women from working in underground mining (albeit for reasons generally accepted). Rather than decide now on a further tranche of denunciations, which would not be well received, it might be preferable for us to await reactions in the Council of Europe and review the situation in the light of such criticisms as may arise.

6. Inability to satisfy the provisions governing holidays and minimum pay would not reduce the number of provisions accepted by the UK to the point where we were no longer able to ratify the Charter. However, any adverse finding by the Council of Europe bodies arising from the abolition of wages councils could give domestic critics of abolition a further platform from which to criticise the Government, and arguably lend force to the charge that the Government is selective in its observance of its international obligations. -

*file etc*

PRIME MINISTER

WAGES COUNCILS

It had originally been intended that E(A) should discuss Wages Councils on 10 November. But I have now arranged for you to take a meeting with a similar group of Ministers on the subject at that time, with full E(A) discussion being left until later.

I have invited all those with a direct interest - Mr Fowler, Lord Young, the Chancellor, Mr MacGregor and the Foreign Secretary. Mr Fowler sees advantage in the Business Managers attending, but I am not sure that is necessary at this stage; the key priority is to settle what the policy is and the broad timetable for implementing it. But would you like to have either the Lord President or the Chief Whip present?

PAUL GRAY

2 November 1988

66/DAS



CF

MRS. GAISMAN

TWO DIARY POINTS

First, we have an E(A) booked in for 10 November. This was to discuss a Department of Employment paper on Wages Councils. I have now agreed with Employment and the Cabinet Office that this issue needs to go first to a small group of Ministers. So Cabinet Office are cancelling E(A) on that date, and will be bidding for another time later. Can you please try to fix up a small meeting in the E(A) slot now vacated. Let us have a word on Monday about who should come.

81A 1/11  
Nt CUG  
Ag 93  
SFI  
Wages Council

Second, we need to arrange another meeting on Housing Flexi-ownership. (We had a number of meetings early in the year.) Can we have 1½ hours in either the week beginning 28 November or 5 December? Again, let us have a word about who should come.

arranged for after Cabinet on  
81A December. 31/10

PG

PG

28 October, 1988.

JD77

cc BUP

Note  
Spoke Chris Norris (DE) and told him the PM's reaction.

REC 6  
21/10



Prime Minister

No immediate action on the issues will be coming to E(A)

when you return from Poland. But you may wish to note the potential <sup>new</sup> problem over earlier Ministerial statements.

PRIME MINISTER

It may be better to just use the EC HQ matter as the way forward

REC 6  
20/10

WAGES COUNCILS

In my minute of 7 July, I said I would be putting a paper to colleagues on E(A) in the Autumn seeking a decision to abolish all Wages Councils. On the strength of that it was agreed that on a contingency basis clauses with that effect could be drafted for inclusion in the 1988/89 Employment Bill. Those clauses are now ready.

I will shortly be putting the paper to E(A). Basically we have two options on timing. The first involves an immediate announcement of a decision to abolish the Councils and giving effect to it in legislation introduced at the start of the new Session. The second involves delaying the introduction of the legislation until the New Year to allow two months for a further round of consultations.

The only real argument in favour of the second option is that it might help to head off the criticism that many statements were made by colleagues during the passage of the 1986 Wages Act, and indeed some since the 1987 election, suggesting that we are content to retain the minimum level of wage regulation that remained after the ...1986 Act. I attach the key examples of such statements.

I have discussed this with the Chief Whip and we are agreed that while the statements may be used against us, the arguments for abolition are sufficiently robust to rebut criticism based on the statements. Nevertheless, I thought you should be aware of them.



I have carefully considered the arguments and my paper to E(A) will seek agreement to the first option - that is immediate action. I believe that a further round of consultations could be inconclusive and make it more difficult to present the case for abolition.

*N.F.*

N F

19 October 1988

## WAGES COUNCILS : KEY GOVERNMENT STATEMENTS 1986/87

After consultations in 1985, the 1986 Wages Act reduced the powers of Councils and excluded young people from their scope but kept the system as a whole with 26 Councils. The decision to reform rather than abolish the system was justified on the grounds that it was the course preferred by a sizeable majority of employers and one which would benefit young people. This line was generally followed by David Young and Ken Clarke as the Bill passed through Parliament, eg Ken Clarke said:

"I have to make it clear that I do not see a great role for statutory minimum wage fixing, at all, in today's society. It was only after consultation that we decided to retain them in those industries where both the employer and the trade unions did not feel ready to embark on the kind of world that we are used to in other industries, where these things are freely negotiated and entered into by both parties."

In Committee, however, we went beyond that. David Trippier consistently suggested that the Government accepted the underlying case for a continuing system. To give just a few examples:

"The Government have clearly recognised the need for a Wages Council system for those 21 and over. We need to discriminate in favour of young people."

"The Government clearly recognise that built-in protection through the Wages Council system is necessary for those over 21."

"I reject [the] suggestion that we should abolish Wages Councils. We took the decision because we believed that there was a strong and compelling case for keeping people over 21 protected in respect of minimum wages."

"Although I could perhaps give him my personal assurance, I cannot see, despite what he said that a Conservative Government in the near or medium term future would be minded to legislate in this sector, having gone through a very complicated consultation procedure and the introduction of primary legislation."

All the above quotes are from the Commons consideration of the Bill. Subsequently though, as late as July 1987, in answer to a supplementary on a question on low pay, David Young said:

"I believe that Wages Councils today do an adequate job. They get the balance right between conditions which allow jobs to grow in the community and the necessary protections for those in employment."

WAGES BILL: COMMONS COMMITTEE STAGE

APRIL 1986

David Trippier

"The Government have clearly recognised the need for a wages council system for those 21 and over."

"..... the Government clearly recognise that built-in protection through the wages council system is necessary for those over 21."

"We took the decision because we believed that there was a strong and compelling case for keeping people over 21 protected in respect of minimum wages."

(in reply to suggestion from Clare Short that the logic of the Government arguments pointed to total abolition) "Because this is not only a caring Government, but a listening Government. We said that we would respond to the consultations. I know that not only this Government but successive Governments have been accused of not listening. We went through a very elaborate consultation procedure and we took the view of the majority. That should be welcomed not only in this Committee but throughout the country."

"..... the protection covered by the wages councils which is right, fair and proper for those aged 21 and over ....."

"There is some merit in saying that if we have to take some political flak because of our plans to take the under-21s from the purview of wages councils, why not go the whole hog? The Opposition should accept that we did not wish to do so. We accepted that the existing protection should remain for those over 21. When we conducted the consultation exercise we listened carefully and thought that to be fair and reasonable."

"..... we responded to the consultation exercise, and to a certain extent we alienated some of our supporters, both on the Back Benches and outside. Perhaps we should be given some credit for responding in that way."

"I apologise for repeating that we believe that these matters are best left to negotiations between employers and their workers. The honourable Member for Bow and Poplar has heard me say that on many occasions. I happen to believe that it is true. What role, therefore, has a wages council to play?"

As I have explained on a number of occasions, it has a role. There is a difference of opinion between the honourable Gentleman and myself about what the role should be. But there is a role. There should be a minimum set ....."

"..... we ..... considered it important to build into the Bill additional protection for those who might be affected by the provision of accommodation .... In the absence of such protection, workers would have been vulnerable to exploitation, as many are required by their contracts of employment to live in the hotel. It is, therefore, an important safeguard."

"It is important to remember that we are removing only the under-21s from the purview of the wages councils, and that we are still concentrating on the most important principle enshrined in existing legislation, which is the minimum wage, although that has been forgotten in debates on various amendments. In addition, there is the overtime rate. I mention that solely because the hon. Member for Bow and Poplar (Mr Mikardo) talked about workers who are expected to work extremely long hours. The hon. Gentleman was referring to those who work through the night.

I am convinced that exploitation exists. We have talked about it in amendments which we have considered previously. I am as anxious as all hon. Members who haven't spoken this morning to make sure that it is stamped out."

David Trippier

"..... the Opposition are wittingly trying to mislead the public, because they talk constantly as if we are scrapping wages councils. Nothing could be further from the truth. We took notice of the consultation exercise, for which we were responsible."

".....This Government or any Government would face a dilemma in considering whether they should go for complete abolition or whether they should try to remove youngsters under 21 from the purview of the legislation. Contrary to the comments of the hon. and learned Member for Leicester, West (Mr Janner) no subterfuge is involved in the Government's intention to keep protection just for those over 21. We were convinced, following the consultation exercise, that protection for adult workers had to remain."

"I am sure that hon. Members listened carefully to my hon. Friend the Member for Langbaugh. If we scrapped the whole of the wages council system, as he suggested, we would be taking an incredible risk. Labour Members would never be prepared to take such a risk and, on this occasion, I agree with them. It would be too big a risk."

WAGES BILL: REPORT (LORDS)

8 JULY 1986

Lord Young

"Our proposals for reform of the wages council system are based on the responses received to the consultative exercise we conducted last year. These showed that most employers and unions in the industries concerned wanted the system to be retained in some form."

Lord Young

(in reply to a Question about protection for low paid part-time workers, especially women) "I believe that wages councils today do an adequate job. They get the balance right between conditions which allow jobs to grow in the community and the necessary protections for those in employment."



12/10/02  
Wages Com. Pr 3

The following information is for your information only. It is not intended to constitute an offer of insurance or any other financial product. The information is provided for your information only and should not be relied upon as a basis for any investment decision. The information is provided for your information only and should not be relied upon as a basis for any investment decision.

Document

**PRIME MINISTER'S  
PERSONAL MESSAGE**  
SERIAL No. T149/8



10 DOWNING STREET  
LONDON SW1A 2AA

*cite DSG*

*'T' CC PRO  
SUBJECT  
COOPS  
MASTER*

THE PRIME MINISTER

30 September 1988

*Dear Mr. President,*

Thank you for your letter of 26 August about the candidature of Monsieur Mohamed Ennaceur, President of the Economic and Social Council, for the post of Director General of the International Labour Organisation (ILO).

At its meeting in June 1988, the Governing Body of the ILO decided to postpone the date of the election of a new Director General from November 1988 until 13 February 1989. In view of this delay we believe that it is too soon for us to take any decisions about individual candidates. We have however taken note of the personal qualifications of Monsieur Ennaceur; and I can assure you that we will give his candidature full and careful consideration nearer the time.

I take this opportunity to send you my best wishes.

*Yours sincerely  
Margaret Thatcher*

His Excellency President Zine El Abidine Ben Ali

*80*



Foreign and Commonwealth Office

London SW1A 2AH

27 September 1988

Dear Charles,

ILO: Director General Elections

I enclose a copy of a letter which the President of Tunisia has addressed to the Prime Minister seeking her support for the candidature of the Tunisian candidate for the post of Director General of the International Labour Organisation (ILO).

Two candidates, Mr Ennaceur (Tunisian) and Mr Hansenne (Belgian) have declared an interest in succeeding M. Blanchard (France) as Director General of the ILO in Geneva in February 1989. We have taken a non-committal line in response to lobbying on behalf of both candidates. We do not consider either candidate as of sufficient calibre to warrant early declarations of support. The election has now been postponed until February 1989, and we expect other candidates to come forward between now and then. We have consistently said that we will not take decisions until nearer the time.

The draft reply has been cleared with the Department of Employment; I am accordingly copying this letter to Nick Wilson.

Yours ever,

(L. Parker)  
Private Secretary

C D Powell Esq  
10 Downing Street

DSR 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:  
Prime Minister

Reference

DEPARTMENT:

TEL NO:

Your Reference

BUILDING:

ROOM NO:

SECURITY CLASSIFICATION

Top Secret

Secret

Confidential

Restricted

Unclassified

TO:

Copies to:

His Excellency

President Zine El Abidine Ben Ali

President of the Republic of

SUBJECT:

PRIVACY MARKING

..... In Confidence

CAVEAT .....

Tunisia

Tunis

*Handwritten signature*

Thank you for your letter of 26 August about the candidature of M. Mohamed Ennaceur, President of the Economic and Social Council, for the post of Director General of the International Labour Organisation (ILO).

At its meeting in June 1988, the Governing Body of the ILO decided to postpone the date of the election of a new Director General from November 1988 until 13 February 1989. In view of this delay we believe that it is too soon for us to take any decisions about individual candidates. We have however taken note of the personal qualifications of M. Ennaceur; and I can assure you that we will give his candidature full and careful consideration nearer the time.

I take this opportunity to send you my best wishes.

ABCAAH

*Handwritten initials*

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T144/88

SUBJECT cc OPS  
MASPER



cc: FCO  
PC

EAM

NOT APPTS

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

20 September 1988

Dear Prime Minister,

Thank you for your letter, which I received on 16 September, about the candidature of Monsieur Michel Hansenne for the post of Director-General of the International Labour Organisation (ILO).

At its meeting in June, the Governing Body of the ILO decided to postpone the date of the election of a new Director-General from November 1988 until 13 February 1989. The closing date for nominations will be 13 January 1989. In view of this delay, we believe that it is too soon to take any decisions about individual candidates. We do however attach importance to the election of a Director-General who fully understands Western interests and concerns at the ILO. It will certainly be against this background that we shall take our decision nearer the time. I can therefore assure you that we will give Monsieur Hansenne's candidature very full and careful consideration.

Yours sincerely

Margaret Thatcher

His Excellency De heer Wilfried Martens

all



Copy filed in FOR POLICY:  
PM visit to Belgium etc  
Aug 88

RESTRICTED  
Foreign and Commonwealth Office

London SW1A 2AH

19 September 1988

*Jan Charles*

The Prime Minister's visit to Belgium: 20 September

ILO

Thank you for your letter of 16 September 1988 enclosing a copy of Prime Minister Martens' letter about the candidature of M. Hansenne for the post of Director-General of the ILO. This does not materially affect our position as set out in paragraphs 8 and 9 of my letter of 16 September. I enclose a draft reply from the Prime Minister to Mr Martens for you to use as you see fit.

Two candidates, M Hansenne and Mr Ennaceur (Tunisia) have declared an interest in succeeding M. Blanchard (France) as Director-General of the International Labour Organisation in Geneva in February 1989. Mr Hansenne has been pressing EC colleagues for commitments of support for several months. We, and some others, have taken a non-committal line. This has not satisfied the Belgians, who see a UK commitment as the key to winning Commonwealth support, and fear that we may favour Mr Hawke, the Australian Prime Minister. Mr Hawke has given no indication that he is a likely candidate. But we prefer to wait to see whether stronger Western candidates emerge. We do not consider M Hansenne or Mr Ennaceur as of sufficient calibre to warrant early declarations of support. In addition M Hansenne's performance during the Belgian Presidency of the EC strongly suggests that he would favour increased intervention and regulation in labour markets, an approach in direct conflict with HMG's policy. We have therefore consistently given non-committal replies to Belgian requests for support, and have said that we will not take decisions until nearer the time.

Iran/Iraq

Matters have moved on somewhat from the situation described in my letter of 16 September. The Belgians have proposed a meeting with the Dutch and ourselves to discuss their involvement in the minesweeping force in the Gulf. The meeting will take place in the FCO at 1530 on Tuesday 20 September. We will telegraph a report to Brussels in advance of the Prime Minister's dinner with Martens and other Belgian Ministers.

RESTRICTED



RESTRICTED

Iraq has formally rejected the UN Secretary-General's request for a UN team to investigate the allegations of the use of chemical weapons against the Kurds. We are consulting with the UN Secretary-General on the way forward.

I am copying this letter to Nick Wilson (Department of Employment), Brian Hawtin (MOD) and Trevor Woolley (Cabinet Office).

*Yours ever*  
*R N Peirce*

(R N Peirce)  
Private Secretary

C D Powell Esq  
PS/No 10 Downing Street

RESTRICTED

DSP 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:  
PRIME MINISTER  
DEPARTMENT:

TEL. NO:

Reference  
TB5AAU

BUILDING:

ROOM NO:

Your Reference

ETM AAW

SECURITY CLASSIFICATION

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

TO:  
Mr Wilfred Martens  
Prime Minister  
Brussels

Copies to:

PRIVACY MARKING

..... In Confidence

SUBJECT:

Thank you for your letter, which I received on 16 September, about the candidature of M. Michel Hansenne for the post of Director-General of the International Labour Organisation (ILO).

CAVEAT .....

At its meeting in June, the Governing Body of the ILO decided to postpone the date of the election of a new Director-General from November 1988 until 13 February 1989. The closing date for nominations will be 13 January 1989. In view of this delay, we believe that it is too soon to take any decisions about individual candidates. We do however attach importance to the election of a Director-General who fully understands Western interests and concerns at the ILO. It will certainly be against this background that we shall take our decision nearer the time. I can therefore assure you that we will give M. Hansenne's candidature very full and careful consideration.

Enclosures flag(s) .....

*EQ.*



Belgian Ambassador



FILE  
SAM

cc: PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

16 September 1988

qf  
I assume the reply  
came in?  
D  
20/9

INTERNATIONAL LABOUR ORGANISATION

I enclose a copy of a letter handed to me by the Belgian Ambassador today about the candidature of M. Michel Hansenne to be Director General of the ILO. It is not clear to me where the original of the letter has gone.

I imagine it is possible the matter may come up when the Prime Minister sees M. Martens on Tuesday evening. I should be grateful for early advice on what she should say.

I am copying this letter and enclosure to Nicholas Wilson (Department of Employment).

CHARLES POWELL

R. N. Peirce, Esq.,  
Foreign and Commonwealth Office

DS



DE EERSTE MINISTER

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T137a/88

SUBJECT  
ce MASTER  
OPS

Brussels,

*Dear Prime Minister,*

You are aware of the fact that the International Labour Organisation (ILO) in Geneva is trying to find an appropriate candidate to succeed the present Director General, Mr. Francis Blanchard, who is 70 now and reaching the end of his mandate.

To safeguard the principle of a smooth co-operation between representatives of employees, employers and governments, which is the hallmark of the ILO, most of our Western governments, consider it of the utmost importance to elect a national from a country where this tripartite co-operation is a reality.

The twelve have sought a candidate in their midst and a number of them have suggested the name of Mr. Michel Hansenne who is a member of my cabinet in charge of the civil service. In previous cabinets he was in charge of the department for employment where he proved to be an excellent negotiator and mediator.

The twelve have not come up with any other name and the time is rapidly approaching when they will have to decide whether they can unite on this choice so that other Western countries and many developing countries associated with the Commonwealth or the Community decide on this choice.

The Rt Hon. Margaret THATCHER, MP  
Prime Minister  
10 Downing Street  
LONDON

. / . .

The interest of Australia's Prime Minister for the function seems to be waning and the only other known candidate comes from Tunisia.

In view of the coming European ministerial meetings, - the Social Affairs Council, the Foreign Affairs Council and the European Council -, the Belgian Government would feel grateful to you for your government's consideration of the issue and, hopefully, its support for Mr. Hansenne. He is able, I am convinced, to resolve some of the long standing problems of the ILO.

*Yours truly,  
Wilfried Martens*

Wilfried Martens

SUBJECT  
CL OPS  
MASTER

T



Republique Tunisienne  
Le Président

Tunis le 26 Aout 1988

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T131A/81

Madame le Premier Ministre,

L'élection dans les prochains mois du Directeur Général du Bureau International du Travail, me fournit l'occasion de vous écrire personnellement pour souligner l'intérêt particulier de la Tunisie pour ce poste, auquel j'ai présenté la candidature de Monsieur Mohamed ENNACEUR, Président du Conseil Economique et Social Tunisien et ancien Ministre du Travail.

La dernière conférence des Chefs d'Etat et de Gouvernement africains a décidé de soutenir cette candidature et de la présenter au nom de l'Afrique, qui aspire à retrouver sa place dans la direction des grandes organisations internationales.

Le candidat est particulièrement préparé et qualifié pour assumer cette responsabilité internationale. Il a occupé durant vingt-cinq ans de hautes fonctions au sein du Ministère des Affaires Sociales dont dix ans comme Ministre et a acquis de ce fait une longue expérience des domaines de la compétence du Bureau International du Travail, dont il a été le partenaire pendant toute cette période. Il est connu dans les milieux de l'Organisation Internationale du Travail ayant présidé à trois reprises ses conférences régionales et internationales.

... / ...

Les qualifications personnelles du candidat, l'aspiration légitime de l'Afrique à assumer son rôle dans le système des Nations-Unies, le caractère privilégié des relations qui existent entre nos deux pays, me permettent d'espérer un accueil favorable de votre part à la candidature tunisienne et de compter sur le vote positif du représentant de votre Gouvernement en sa faveur lors des élections qui interviendront au Conseil d'Administration du Bureau International du Travail en février prochain.

Je saisis cette occasion pour vous renouveler l'assurance de ma très haute considération et de mes sentiments les meilleurs.

Zine El Abidine BEN ALI



Président de la République  
Tunisienne

Son Excellence,  
Madame Margaret THATCHER  
Premier Ministre du  
Royaume-Uni.



MBPM

RACG

in

PRIME MINISTERFUTURE OF WAGES COUNCILS

*at 11.08*  
In his minute of 7 July Norman Fowler asked for agreement that, prior to his submitting the policy issue to E(A), he should instruct Parliamentary Counsel to draft, on a contingency basis, clauses abolishing the Wages Council system for inclusion in next Session's Employment Bill.

As Norman says, the original bid to QL made it clear that this addition was likely, and I am perfectly content to give Norman the drafting authority he seeks.

I am copying this to the Chancellor of the Exchequer, the Foreign Secretary, the Secretary of State for Employment, the Minister for Agriculture, Fisheries and Food, Sir Robin Butler, and to First Parliamentary Counsel.

JW

14.7.88

Ino Pl: Lager Canal  
Pr J



GEOMETRIE

1892



2

File  
to 21  
cc A. DUNLOP

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

11 July, 1988.

**FUTURE OF WAGES COUNCILS**

The Prime Minister was grateful for your Secretary of State's minute of 7 July.

I should be grateful if you and copy recipients would ensure that no further copies are taken of this letter without authority from this office.

The Prime Minister has noted that your Secretary of State will be putting a paper to E(A) in the autumn. Meantime she is content that he should send instructions to Parliamentary Counsel to draft clauses for inclusion in the 1988/89 Employment Bill, on condition that tight security is maintained on the drafting process.

I am sending copies of this letter to Alex Allan (HM Treasury), Tony Galsworthy (Foreign and Commonwealth Office), Shirley Stagg (Ministry of Agriculture, Fisheries and Food), Alison Smith (Office of the Lord President) and Trevor Woolley (Cabinet Office).

Paul Gray

Nicholas Wilson, Esq.,  
Department of Employment.



CC A. DUNNOP 1  
Prime Minister (A-D)



A sensitive area. Mr.

Foster is recommending abolition

of the Councils (though this does not cover the Agricultural Wages Board).

PRIME MINISTER

FUTURE OF WAGES COUNCILS

But at this stage he only seeks authority for Council to draft the legislation; he will come back to E(A) for a final decision in the autumn. Content for him to proceed on this basis, subject to tight security on the drafting process?

I have recently reviewed the operation of the Wages Councils system. I conclude that, while the changes made in the 1986 Wages Act had welcome deregulatory benefits, the system continues to militate against the achievement of our objectives on pay and we should prepare clauses abolishing it for inclusion in the Employment Bill agreed for the next Session.

Rec 6  
8/7  
Yes  
MT

There are still 26 Councils. Some like those covering Hotels and Catering are large; some like the Coffin Furniture Making Council are small. There are numerous anomalies in coverage eg laundries are covered, launderettes are not. Workers under 21 years of age are excluded but some 11% of employees are covered. Administration of the system costs £2.5m a year and employs 154 staff.

Councils can impose a single national minimum rate of pay; a minimum overtime rate payable after a set number of hours it decides on; and a limit of any accommodation charge. A Council consists of two "sides" together with three independent members appointed by me. Where agreement between the sides proves impossible the independents exercise a casting vote either in favour of the employer's final offer or the workers' final claim. I have no powers to alter their decisions.



The system of national statutory rates of pay is inconsistent with the need for pay to reflect individual and local circumstances; percentage changes in minimum rates have a knock-on effect throughout the pay structure; and statutorily imposed pay levels for even a small proportion of its workforce restricts a company's ability to structure its system of rewards and incentives to match its own priorities.

These pay effects are bound to hit jobs particularly in those sectors with potential for expansion like the tourism and service industries which account for the bulk of Wages Council employees.

The 1986 changes have not had the desired effect. The annexed table shows increases fixed by Councils in their first two years of operation. These (8.6% on lowest rates in 1986/87 and 6.3% in 1987/88) are not consistent with the intention of the changes to ensure that Councils set a rate which was the minimum relevant to depressed areas where jobs were in short supply.

The attitudes of employer bodies to Wages Councils, though clearly divided, are not crucial and have hardened somewhat against retaining them since 1985 (when our decision to reform rather than abolish the system reflected the preference of the majority of employers concerned).

The announcement of any proposals for further change would be met by a well orchestrated campaign of opposition focusing on the impact of abolition on women, part-timers and vulnerable minorities in ethnic communities. We should almost certainly face allegations that we are in breach of the European Social Charter, to which our response would be to point out that our observance of the Charter is monitored by the Council of



Europe's supervisory machinery and that at the appropriate time we would, of course, give careful consideration to any observations which the supervisory body might make. Attention would be drawn to the continued existence of the Agricultural Wages Board and to the continuing scale of employer support for Wages Councils.

I have considered options short of total abolition. We could use powers provided with the 1986 Wages Act to abolish particular Councils or reduce their coverage in other ways. The CBI have advocated abolition of some of the large Councils. All such options either reintroduce the very complexities from which we have sought to free employers, or are almost as controversial as total abolition and yet still leave us defending undesirable rigidities in the rump that would remain. I cannot recommend any of them.

This is a politically sensitive issue and I have given careful thought to its handling. To date our stance has been that all Government policies are subject to review from time to time and while "no decision has been taken Wages Councils are not sacrosanct". I wish to be in a position to maintain that stance and announce any decision to abolish in the White Paper which I now propose to publish in the Autumn. The Employment Bill, agreed for the next Session, would, as envisaged in my original bid, be the vehicle for achieving abolition.

I therefore propose putting a paper to colleagues on E(A) in the Autumn detailing the arguments and seeking a decision on my proposal. In the meantime I would welcome agreement to my



sending instructions to Parliamentary Counsel to draft, on a contingency basis, clauses abolishing the Wages Council system for inclusion in the 1988/89 Employment Bill.

I am copying this to the Chancellor of the Exchequer, the Foreign Secretary, the Secretary of State for Agriculture and the Lord President, and to Sir Robin Butler.

*[Handwritten signature]*  
July 7. NF

**WAGES COUNCILS : CURRENT MINIMUM RATES AND PERCENTAGE INCREASES**  
**1986/7 & 1987/8**

Wages Councils	Number of workers covered (aged 21 or over)	Percentage increase		Current hourly rate (£)	Current Weekly rate (39 hours) (£)
		1986/7(a) (%)	1987/8(b) (%)		
Retail Trades (Non-Food)	745,000	7.3	5.9	2.33	90.87
Licensed Non-Residential	492,000	6.7	5.9	2.16	84.24
Retail Food and Allied Trades	465,000	7.3	6.4	2.33	90.87
Licensed Residential Establishment and Licensed Restaurant	379,000	9.7	8.1	2.00	78.00
Clothing Manufacturing	147,000	4.5	6.0	1.99	77.54
Unlicensed Place of Refreshment	96,000	7.7	4.8	2.20	85.80
Hairdressing Undertaking	64,000	46.5	5.1	2.05	79.95
Laundry	26,000	5.0	5.2	2.21	86.19
General Waste Materials Reclamation	13,000	4.4	5.8	2.00	78.00
Toy Manufacturing	11,000	40.9	5.4	2.02	78.78
Aerated Waters	5,500	4.6	5.8	2.19	85.41
Boot and Shoe Repairing	5,000	6.5	6.3	2.18	85.02
Hat, Cap and Millinery	4,000	10.7	6.5	1.98	77.22
Retail Bespoke Tailoring	4,000	8.4	5.9	2.33	90.87
Made-Up Textiles	3,000	7.0	6.5	1.88	73.32
Linen and Cotton Handkerchief & Household Goods & Linen Piece Goods	2,500	26.1	5.7	2.04	79.56
Rope Twine and Net	2,500	10.5	5.2	2.02	78.78
Perambulator and Invalid Carriage	2,000	5.8	5.9	2.34	91.26
Fur	1,500	56.0	7.7	2.10	81.90
Button Manufacturing	1,000	5.1	5.4	1.96	76.44
Sack and Bag	1,000	5.6	5.3	2.00	78.00
Lace Finishing	900	(c)			
Flax and Hemp	500	(c)			
Ostrich and Fancy Feather & Artificial Flower	500	6.8	6.9	2.01	78.39
Cotton Waste Reclamation	300	5.4	6.2	1.98	77.03
Coffin Furniture and Crematorium Making	200	6.7	6.7	2.22	86.58

Notes: (a) Settlement in the year commencing 1 August 1986 (on lowest previous rate - sometimes applicable only to a small group of workers).

(b) Settlement in the year commencing 1 August 1987 (on the single minimum implemented the previous year).

(c) Council adjourned indefinitely - the two sides negotiate voluntary agreements.

Weighted averages for the 1986/7 and 1987/8 settlements

	1986/7	1987/8
Average percentage increase -	8.6%	6.3%
Average minimum hourly rate -	£2.08	£2.21



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Stephen Ratcliffe Esq  
Private Secretary to the Secretary  
of State for Employment  
Caxton House  
Tothill Street  
London  
SW1H 9NF

5 November 1986

N 8M

Dear Stephen

INTERNATIONAL LABOUR INSTRUMENTS ADOPTED BY THE  
INTERNATIONAL LABOUR CONFERENCES 1985 AND 1986

I refer to your letter of 24 October to Tony Galsworthy about the draft White Paper, entitled 'International Labour Conferences 1985 and 1986', regarding the Government's intention to ratify and accept the instruments relating to Labour Statistics and to defer decisions on Safety in the Use of Asbestos until advice is received from the Health and Safety Commission.

My Secretary of State has no objections to the courses of action proposed and is content with the draft White Paper.

I am copying this letter to the Private Secretaries to the Prime Minister, other members of the Cabinet, the Attorney General, the Lord Advocate, the Secretary to the Cabinet and the Chief Press Secretary at No 10 Downing Street.

Yours etc

Robert Gordon

ROBERT GORDON  
Private Secretary

FRID POL  
WAGES CONVENTS  
PT 3





DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET

LONDON SW1H 0ET 5422

Telephone (Direct dialling) 01-215

GTN 215

(Switchboard) 01-215 7877

PS/ Secretary of State for Trade and Industry

5 November 1986

Stephen Ratcliffe Esq  
Private Secretary to the  
Secretary of State for Employment  
Department of Employment  
Caxton House  
Tothill Street  
LONDON  
SW1H 9NF

Dear Stephen,

Thank you for sending me a copy of your letter of 27 October to Tony Galsworthy about international labour instruments adopted by the International Labour Conferences 1985 and 1986.

My Secretary of State is content with the draft White Paper which you enclosed.

I am copying this to the Private Secretaries to the Prime Minister, the other members of the Cabinet, the Attorney General, the Lord Advocate, the Secretary of the Cabinet and the Chief Press Secretary at No.10 Downing Street.

Yours sincerely

Bradley

CATHERINE BRADLEY  
Private Secretary

JF1AAZ

17  
19  
86  
BOARD OF TRADE  
BICENTENARY



cc BG ✓

From: THE PRIVATE SECRETARY



HOME OFFICE  
QUEEN ANNE'S GATE  
LONDON SW1A 9AT

3 November 1986

*Len Robert*

*N B M*

INTERNATIONAL LABOUR INSTRUMENTS ADOPTED  
BY THE INTERNATIONAL LABOUR CONFERENCES  
1985 AND 1986

Thank you for your letter of 24 October. The Home Secretary is content with the draft White Paper.

I am copying this letter to the recipients of yours.

*Yours sincerely  
W R Fittall*

W R FITTALL

Robert Culshaw, Esq.,

In D Pd  
Wales  
Cantons  
PT 3





Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460  
Switchboard 01-213 3000 GTN Code 213  
Facsimile 01-213 5465 Telex 915564

NBPM  
(DN seen)

Tony Galsworthy Esq  
Private Secretary to the Secretary of State  
For Foreign and Commonwealth Affairs  
Foreign and Commonwealth Office  
LONDON SW1

24 OCTOBER 1986

Dear Tony,

**INTERNATIONAL LABOUR INSTRUMENTS ADOPTED BY THE INTERNATIONAL LABOUR CONFERENCES 1985 AND 1986**

In pursuance of our obligations under the Constitution of the International Labour Organisation, my Secretary of State has to present to Parliament a White Paper giving a statement on the action the Government proposes to take with regard to the ratification or acceptance of instruments adopted at the 71st session (1985) of the International Labour Conference, together with the texts of instruments adopted at the 72nd session (1986) of the International Labour Conference. The instruments concerned are:

- Convention No 160 on Labour Statistics )
- Recommendation No 170 on Labour Statistics ) 1985
- Convention No 162 on Safety in the Use of Asbestos )
- Recommendation No 172 on Safety in the Use of Asbestos ) 1986

The enclosed draft White Paper entitled "International Labour Conferences 1985 and 1986" contains a statement on the Government's intention to ratify Convention No 160 on Labour Statistics and accept the related Recommendation (No 170). It also contains the texts of the instruments on Safety in the



Use of Asbestos. The texts of the instruments on Labour Statistics were included in an earlier White Paper published on 31 January (Cmd 9727) which was circulated in draft with Christopher Snell's letter of 17 December 1985 to Peter Ricketts and other colleagues.

My Secretary of State would be glad to know whether the Foreign Secretary and other Ministers concerned are content with the draft. We propose to lay the White Paper shortly, so we should appreciate replies from yourself and copy recipients by 5 November.

I am sending copies of this letter and its enclosure to the Private Secretaries to the Prime Minister, the other members of the Cabinet, the Attorney General, the Lord Advocate, the Secretary to the Cabinet and the Chief Press Secretary at No 10 Downing Street.

*Yours ever*

*Stephen Ratcliffe*

STEPHEN RATCLIFFE  
Private Secretary

INTERNATIONAL LABOUR CONFERENCE

Proposed action by Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland on a Convention and a Recommendation adopted at the 71st Session (1985) of the International Labour Conference and presentation of a Convention and a Recommendation adopted at the 72nd Session (1986) of the International Labour Conference.

Presented to Parliament by the Secretary of State for Employment by command of Her Majesty.

- -

INTERNATIONAL LABOUR CONFERENCE

PROPOSED ACTION by Her Majesty's Government in the United Kingdom and Northern Ireland regarding:

Labour Statistics Convention (No 160)

Labour Statistics Recommendation (No 170)

PRESENTATION by Her Majesty's Government in the United Kingdom and Northern Ireland of:

Safety in the Use of Asbestos Convention (No 162)

Safety in the Use of Asbestos Recommendation (No 172)

## INTERNATIONAL LABOUR CONFERENCE 1985

### CONVENTION NO 160 AND RECOMMENDATION NO 170 CONCERNING LABOUR STATISTICS

The decisions of Her Majesty's Government on a Convention and a Recommendation adopted by the International Labour Conference at its 71st Session 1985 are set out below. The full texts of the instruments were set out in Cmnd 9727 which was presented to Parliament in January 1986.

The Government proposes to ratify in full International Labour Convention No 160 concerning Labour Statistics. It welcomes the new Convention, which is concerned with basic labour statistics as a whole and revises the more limited earlier Convention (No 63), ratified by the United Kingdom in 1947, which dealt only with wages and hours of work and is now in some respects out-of-date.

The scope of the Convention corresponds with that of official labour statistics in the United Kingdom and other countries where labour statistics are at a comparable level. It should accordingly provide a good basis for the compilation of labour statistics on a consistent international basis and provide a useful framework for countries which are developing their labour statistics. The Government welcomes the flexibility provided by the provisions of the Convention which rightly take account of the resources available in each country and the need to adapt labour statistics to changing policy requirements. Ratification of the Convention will not entail any extension of the range of labour statistics currently collected in the United Kingdom.

The Recommendation (No 170) which supplements the Convention provides helpful guidelines for developing basic labour statistics. In most respects these guidelines correspond to current United Kingdom practice, and will be taken into consideration as the present system of labour statistics is adopted to changing needs. The Government accordingly proposes to accept the Recommendation.

## INTERNATIONAL LABOUR CONFERENCE 1986

### CONVENTION NO 162 AND RECOMMENDATION NO 172 CONCERNING SAFETY IN THE USE OF ASBESTO

At its 72nd session the International Labour Conference adopted the following instruments, the texts of which are set out in the Annex to this White Paper

Safety in the Use of Asbestos Convention (No 162)

Safety in the Use of Asbestos Recommendation (No 172)

The Government has asked the advice of the Health and Safety Commission on whether or not the United Kingdom Government should ratify the Convention and accept the Recommendation, and will defer its decision until the Commission's advice is available.



CONVENTION CONCERNING SAFETY IN THE USE OF ASBESTOS

The General Conference of the International Labour Organisation,  
Having been convened at Geneva by the Governing Body of the International  
Labour Office, and having met in its Seventy-second Session on 4 June  
1986, and

Noting the relevant international labour Conventions and Recommendations,  
and in particular the Occupational Cancer Convention and Recommendation,  
1974, the Working Environment (Air Pollution, Noise and Vibration)  
Convention and Recommendation, 1977, the Occupational Safety and  
Health Convention and Recommendation, 1981, the Occupational Health  
Services Convention and Recommendation, 1985, the list of occupational  
diseases as revised in 1980 appended to the Employment Injury Benefits  
Convention, 1964, as well as the *Code of practice on safety in the use of  
asbestos*, published by the International Labour Office in 1984, which  
establish the principles of national policy and action at the national level,

Having decided upon the adoption of certain proposals with regard to safety in  
the use of asbestos, which is the fourth item on the agenda of the session,  
and

Having determined that these proposals shall take the form of an international  
Convention;

adopts this twenty-fourth day of June of the year one thousand nine hundred and  
eighty-six the following Convention, which may be cited as the Asbestos  
Convention, 1986:

PART I. SCOPE AND DEFINITIONS

*Article 1*

1. This Convention applies to all activities involving exposure of workers to  
asbestos in the course of work.

2. A Member ratifying this Convention may, after consultation with the most  
representative organisations of employers and workers concerned, and on the basis  
of an assessment of the health hazards involved and the safety measures applied,  
exclude particular branches of economic activity or particular undertakings from  
the application of certain provisions of the Convention when it is satisfied that their  
application to these branches or undertakings is unnecessary.

3. The competent authority, when deciding on the exclusion of particular  
branches of economic activity or particular undertakings, shall take into account  
the frequency, duration and level of exposure, as well as the type of work and the  
conditions at the workplace.

*Article 2*

For the purpose of this Convention—

- (a) the term "asbestos" means the fibrous form of mineral silicates belonging to  
rock-forming minerals of the serpentine group, i.e. chrysotile (white asbestos),  
and of the amphibole group, i.e. actinolite, amosite (brown asbestos,  
cummingtonite-grunerite), anthophyllite, crocidolite (blue asbestos), tremo-  
lite, or any mixture containing one or more of these;
- (b) the term "asbestos dust" means airborne particles of asbestos or settled  
particles of asbestos which are liable to become airborne in the working  
environment;

- (c) the term "airborne asbestos dust" means, for purposes of measurement, dust particles measured by gravimetric assessment or other equivalent method;
- (d) the term "respirable asbestos fibres" means asbestos fibres having a diameter of less than 3  $\mu\text{m}$  and a length-to-diameter ratio greater than 3:1. Only fibres of a length greater than 5  $\mu\text{m}$  shall be taken into account for purposes of measurement;
- (e) the term "exposure to asbestos" means exposure at work to airborne respirable asbestos fibres or asbestos dust, whether originating from asbestos or from minerals, materials or products containing asbestos;
- (f) the term "workers" includes the members of production co-operatives;
- (g) the term "workers' representatives" means the workers' representatives recognised as such by national law or practice, in conformity with the Workers' Representatives Convention, 1971.

## PART II. GENERAL PRINCIPLES

### Article 3

1. National laws or regulations shall prescribe the measures to be taken for the prevention and control of, and protection of workers against, health hazards due to occupational exposure to asbestos.

2. National laws and regulations drawn up in pursuance of paragraph 1 of this Article shall be periodically reviewed in the light of technical progress and advances in scientific knowledge.

3. The competent authority may permit temporary derogations from the measures prescribed pursuant to paragraph 1 of this Article, under conditions and within limits of time to be determined after consultation with the most representative organisations of employers and workers concerned.

4. In granting derogations in pursuance of paragraph 3 of this Article, the competent authority shall ensure that the necessary precautions are taken to protect the workers' health.

### Article 4

The competent authority shall consult the most representative organisations of employers and workers concerned on the measures to be taken to give effect to the provisions of this Convention.

### Article 5

1. The enforcement of the laws and regulations adopted pursuant to Article 3 of this Convention shall be secured by an adequate and appropriate system of inspection.

2. National laws or regulations shall provide for the necessary measures, including appropriate penalties, to ensure effective enforcement of and compliance with the provisions of this Convention.

### Article 6

1. Employers shall be made responsible for compliance with the prescribed measures.

2. Whenever two or more employers undertake activities simultaneously at one workplace, they shall co-operate in order to comply with the prescribed measures, without prejudice to the responsibility of each employer for the health and safety of the workers he employs. The competent authority shall prescribe the general procedures of this co-operation when it is necessary.

3. Employers shall, in co-operation with the occupational safety and health services, and after consultation with the workers' representatives concerned, prepare procedures for dealing with emergency situations.

*Article 7*

Workers shall be required, within the limits of their responsibility, to comply with prescribed safety and hygiene procedures relating to the prevention and control of, and protection against, health hazards due to occupational exposure to asbestos.

*Article 8*

Employers and workers or their representatives shall co-operate as closely as possible at all levels in the undertaking in the application of the measures prescribed pursuant to this Convention.

PART III. PROTECTIVE AND PREVENTIVE MEASURES

*Article 9*

The national laws or regulations adopted pursuant to Article 3 of this Convention shall provide that exposure to asbestos shall be prevented or controlled by one or more of the following measures:

- (a) making work in which exposure to asbestos may occur subject to regulations prescribing adequate engineering controls and work practices, including workplace hygiene;
- (b) prescribing special rules and procedures, including authorisation, for the use of asbestos or of certain types of asbestos or products containing asbestos or for certain work processes.

*Article 10*

Where necessary to protect the health of workers and technically practicable, national laws or regulations shall provide for one or more of the following measures—

- (a) replacement of asbestos or of certain types of asbestos or products containing asbestos by other materials or products or the use of alternative technology, scientifically evaluated by the competent authority as harmless or less harmful, whenever this is possible;
- (b) total or partial prohibition of the use of asbestos or of certain types of asbestos or products containing asbestos in certain work processes.

*Article 11*

1. The use of crocidolite and products containing this fibre shall be prohibited.
2. The competent authority shall be empowered, after consultation with the most representative organisations of employers and workers concerned, to permit derogations from the prohibition contained in paragraph 1 of this Article when replacement is not reasonably practicable, provided that steps are taken to ensure that the health of workers is not placed at risk.

*Article 12*

1. Spraying of all forms of asbestos shall be prohibited.
2. The competent authority shall be empowered, after consultation with the most representative organisations of employers and workers concerned, to permit derogations from the prohibition contained in paragraph 1 of this Article when

alternative methods are not reasonably practicable, provided that steps are taken to ensure that the health of workers is not placed at risk.

#### *Article 13*

National laws and regulations shall provide that employers shall notify to the competent authority, in a manner and to the extent prescribed by it, certain types of work involving exposure to asbestos.

#### *Article 14*

Producers and suppliers of asbestos and manufacturers and suppliers of products containing asbestos shall be made responsible for adequate labelling of the container and, where appropriate, the product, in a language and manner easily understood by the workers and the users concerned, as prescribed by the competent authority.

#### *Article 15*

1. The competent authority shall prescribe limits for the exposure of workers to asbestos or other exposure criteria for the evaluation of the working environment.

2. The exposure limits or other exposure criteria shall be fixed and periodically reviewed and updated in the light of technological progress and advances in technological and scientific knowledge.

3. In all workplaces where workers are exposed to asbestos, the employer shall take all appropriate measures to prevent or control the release of asbestos dust into the air, to ensure that the exposure limits or other exposure criteria are complied with and also to reduce exposure to as low a level as is reasonably practicable.

4. When the measures taken in pursuance of paragraph 3 of this Article do not bring exposure to asbestos within the exposure limits or do not comply with the other exposure criteria specified in pursuance of paragraph 1 of this Article, the employer shall provide, maintain and replace, as necessary, at no cost to the workers, adequate respiratory protective equipment and special protective clothing as appropriate. Respiratory protective equipment shall comply with standards set by the competent authority, and be used only as a supplementary, temporary, emergency or exceptional measure and not as an alternative to technical control.

#### *Article 16*

Each employer shall be made responsible for the establishment and implementation of practical measures for the prevention and control of the exposure of the workers he employs to asbestos and for their protection against the hazards due to asbestos.

#### *Article 17*

1. Demolition of plants or structures containing friable asbestos insulation materials, and removal of asbestos from buildings or structures in which asbestos is liable to become airborne, shall be undertaken only by employers or contractors who are recognised by the competent authority as qualified to carry out such work in accordance with the provisions of this Convention and who have been empowered to undertake such work.

2. The employer or contractor shall be required before starting demolition work to draw up a work plan specifying the measures to be taken, including measures to—

(a) provide all necessary protection to the workers;

- (b) limit the release of asbestos dust into the air; and
- (c) provide for the disposal of waste containing asbestos in accordance with Article 19 of this Convention.

3. The workers or their representatives shall be consulted on the work plan referred to in paragraph 2 of this Article.

#### *Article 18*

1. Where workers' personal clothing may become contaminated with asbestos dust, the employer, in accordance with national laws or regulations and in consultation with the workers' representatives, shall provide appropriate work clothing, which shall not be worn outside the workplace.

2. The handling and cleaning of used work clothing and special protective clothing shall be carried out under controlled conditions, as required by the competent authority, to prevent the release of asbestos dust.

3. National laws or regulations shall prohibit the taking home of work clothing and special protective clothing and of personal protective equipment.

4. The employer shall be responsible for the cleaning, maintenance and storage of work clothing, special protective clothing and personal protective equipment.

5. The employer shall provide facilities for workers exposed to asbestos to wash, take a bath or shower at the workplace, as appropriate.

#### *Article 19*

1. In accordance with national law and practice, employers shall dispose of waste containing asbestos in a manner that does not pose a health risk to the workers concerned, including those handling asbestos waste, or to the population in the vicinity of the enterprise.

2. Appropriate measures shall be taken by the competent authority and by employers to prevent pollution of the general environment by asbestos dust released from the workplace.

### **PART IV. SURVEILLANCE OF THE WORKING ENVIRONMENT AND WORKERS' HEALTH**

#### *Article 20*

1. Where it is necessary for the protection of the health of workers, the employer shall measure the concentrations of airborne asbestos dust in workplaces, and shall monitor the exposure of workers to asbestos at intervals and using methods specified by the competent authority.

2. The records of the monitoring of the working environment and of the exposure of workers to asbestos shall be kept for a period prescribed by the competent authority.

3. The workers concerned, their representatives and the inspection services shall have access to these records.

4. The workers or their representatives shall have the right to request the monitoring of the working environment and to appeal to the competent authority concerning the results of the monitoring.

#### *Article 21*

1. Workers who are or have been exposed to asbestos shall be provided, in accordance with national law and practice, with such medical examinations as are

necessary to supervise their health in relation to the occupational hazard, and to diagnose occupational diseases caused by exposure to asbestos.

2. The monitoring of workers' health in connection with the use of asbestos shall not result in any loss of earnings for them. It shall be free of charge and, as far as possible, shall take place during working hours.

3. Workers shall be informed in an adequate and appropriate manner of the results of their medical examinations and receive individual advice concerning their health in relation to their work.

4. When continued assignment to work involving exposure to asbestos is found to be medically inadvisable, every effort shall be made, consistent with national conditions and practice, to provide the workers concerned with other means of maintaining their income.

5. The competent authority shall develop a system of notification of occupational diseases caused by asbestos.

#### PART V. INFORMATION AND EDUCATION

##### *Article 22*

1. The competent authority shall make appropriate arrangements, in consultation and collaboration with the most representative organisations of employers and workers concerned, to promote the dissemination of information and the education of all concerned with regard to health hazards due to exposure to asbestos and to methods of prevention and control.

2. The competent authority shall ensure that employers have established written policies and procedures on measures for the education and periodic training of workers on asbestos hazards and methods of prevention and control.

3. The employer shall ensure that all workers exposed or likely to be exposed to asbestos are informed about the health hazards related to their work, instructed in preventive measures and correct work practices and receive continuing training in these fields.

#### PART VI. FINAL PROVISIONS

##### *Article 23*

The formal ratifications of this Convention shall be communicated to the Director-General of the the International Labour Office for registration.

##### *Article 24*

1. This Convention shall be binding only upon those Members of the International Labour Organisation whose ratifications have been registered with the Director-General

2. It shall come into force twelve months after the date on which the ratifications of two Members have been registered with the Director-General.

3. Thereafter, this Convention shall come into force for any Member twelve months after the date on which its ratification has been registered.

##### *Article 25*

1. A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Director-General of the International Labour

Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article.

#### Article 26

1. The Director-General of the International Labour Office shall notify all Members of the International Labour Organisation of the registration of all ratifications and denunciations communicated to him by the Members of the Organisation.

2. When notifying the Members of the Organisation of the registration of the second ratification communicated to him, the Director-General shall draw the attention of the Members of the Organisation to the date upon which the Convention will come into force.

#### Article 27

The Director-General of the International Labour Office shall communicate to the Secretary-General of the United Nations for registration in accordance with Article 102 of the Charter of the United Nations full particulars of all ratifications and acts of denunciation registered by him in accordance with the provisions of the preceding Articles.

#### Article 28

At such times as it may consider necessary the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall examine the desirability of placing on the agenda of the Conference the question of its revision in whole or in part.

#### Article 29

1. Should the Conference adopt a new Convention revising this Convention in whole or in part, then, unless the new Convention otherwise provides—

- (a) the ratification by a Member of the revising Convention shall *ipso jure* involve the immediate denunciation of this Convention, notwithstanding the provisions of Article 25 above, if and when the new revising Convention shall have come into force;
- (b) as from the date when the new revising Convention comes into force this Convention shall cease to be open to ratification by the Members.

2. This Convention shall in any case remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention.

#### Article 30

The English and French versions of the text of this Convention are equally authoritative.

The foregoing is the authentic text of the Convention duly adopted by the General Conference of the International Labour Organisation during its Seventy-second Session which was held at Geneva and declared closed the twenty-fifth day of June 1986.

IN FAITH WHEREOF we have appended our signatures this twenty-sixth day of June 1986.



The text of the Convention as here presented is a true copy of the text authenticated by the signatures of the President of the International Labour Conference and of the Director-General of the International Labour Office.

Le texte de la convention présentée ici est une copie exacte du texte authentiqué par les signatures du Président de la Conférence internationale du Travail et du Directeur général du Bureau international du Travail.

Certified true and complete copy,  
Copie certifiée conforme et complète,

*For the Director-General of the International Labour Office:  
Pour le Directeur général du Bureau international du Travail:*

Recommendation 172

**RECOMMENDATION CONCERNING SAFETY IN THE USE OF  
ASBESTOS**

The General Conference of the International Labour Organisation,  
Having been convened at Geneva by the Governing Body of the International  
Labour Office, and having met in its Seventy-second Session on 4 June  
1986, and

Noting the relevant international labour Conventions and Recommendations,  
and in particular the Occupational Cancer Convention and Recommendation,  
1974, the Working Environment (Air Pollution, Noise and Vibration)  
Convention and Recommendation, 1977, the Occupational Safety and  
Health Convention and Recommendation, 1981, the Occupational Health  
Services Convention and Recommendation, 1985, the list of occupational  
diseases as revised in 1980 appended to the Employment Injury Benefits  
Convention, 1964, as well as the *Code of practice on safety in the use of  
asbestos*, published by the International Labour Office in 1984, which  
establish the principles of national policy and action at the national level,  
and

Having decided upon the adoption of certain proposals with regard to safety in  
the use of asbestos, which is the fourth item on the agenda of the session,  
and

Having determined that these proposals shall take the form of a Recommendation  
supplementing the Asbestos Convention, 1986,

adopts this twenty-fourth day of June of the year one thousand nine hundred and  
eighty-six the following Recommendation, which may be cited as the Asbestos  
Recommendation, 1986;

I. SCOPE AND DEFINITIONS

1. (1) The provisions of the Asbestos Convention, 1986, and of this Recommendation should be applied to all activities involving a risk of exposure of workers to asbestos in the course of work.

(2) Measures should be taken, in accordance with national law and practice, to afford to self-employed persons protection analogous to that provided for in the Asbestos Convention, 1986, and in this Recommendation.

(3) Employment of young persons of less than 18 years of age in activities involving a risk of occupational exposure to asbestos should receive special attention, as required by the competent authority.

2. Activities involving a risk of occupational exposure to asbestos should include in particular -

- (a) mining and milling of minerals containing asbestos;
- (b) manufacture of materials or products containing asbestos;
- (c) use or application of products containing asbestos;
- (d) stripping, repair or maintenance of products containing asbestos;
- (e) demolition or repair of plant or structure containing asbestos;
  
- (f) transportation, storage and handling of asbestos or materials containing asbestos;
- (g) other activities involving a risk of exposure to airborne asbestos dust.

3. For the purpose of this Recommendation -

- (a) the term "asbestos" means the fibrous form of mineral silicate belonging to rock-forming minerals of the serpentine group, i.e. chrysotile (white asbestos),

and of the amphibole group, i.e. actinolite amosite (brown asbestos, cummingtonite-grunerite), anthophyllite, crocidolite (blue asbestos), tremolite, or any mixture containing one or more of these;

- (b) the term "asbestos dust" means airborne particles of asbestos or settled particles of asbestos which are liable to become airborne in the working environment;
- (c) "the term airborne asbestos dust" means, for purposes of measurement, dust particles measured by gravimetric assessment or other equivalent method;
- (d) the term "respirable asbestos fibres" means asbestos fibres having a diameter of less than 3  $\mu\text{m}$ , and a length-to-diameter ratio greater than 3:1. Only fibres of a length greater than 5  $\mu\text{m}$  should be taken into account for the purpose of measurement.
- (e) the term "exposure to asbestos" means exposure at work to airborne respirable asbestos fibres or asbestos dust, whether originating from asbestos or from minerals, materials or products containing asbestos;
- (f) the term "workers" includes the members of production co-operatives.
- (g) the term "workers' representatives" means the workers' representatives recognised as such by national law or practice, in conformity with the Workers' Representatives Convention, 1971.

## II. GENERAL PRINCIPLES

4. The measures prescribed pursuant to Article 3 of the Asbestos Convention, 1986, should be so framed as to cover the diversity of risks of occupational exposure to asbestos in all branches of economic activity, and should be drawn up with due regard to Articles 1 and 2 of the Occupational Cancer Convention, 1974.

5. The competent authority should periodically review the measures prescribed, taking into account the *Code of practice on safety in the use of asbestos* published by the International Labour Office and other codes of practice or guides which may be established by the International Labour Office and the conclusions of meetings of experts which may be convened by it, as well as information from other competent bodies on asbestos and substitute materials.

6. The competent authority, in the application of the provisions of this Recommendation, should act after consultation with the most representative organisations of employers and workers.

7. (1) The employer should use all appropriate measures, in consultation and co-operation with the workers concerned or their representatives and in the light of advice from competent sources, including occupational health services, to prevent or control exposure to asbestos.

(2) In accordance with national law and practice, consultation and co-operation between an employer and the workers he employs might be carried out through—

- (a) workers' safety delegates;
- (b) workers' safety and health committees or joint safety and health committees;
- (c) other workers' representatives.

8. Workers engaged in work with asbestos or products containing asbestos should be required within the limits of their responsibility to comply with the prescribed safety and hygiene procedures, including the use of adequate protective equipment.

9. (1) A worker who has removed himself from a work situation which he has reasonable justification to believe presents serious danger to his life or health should—

- (a) alert his immediate supervisor;
- (b) be protected from retaliatory or disciplinary measures, in accordance with national conditions and practice.

(2) No measure prejudicial to a worker should be taken by reference to the fact that, in good faith, he complained of what he considered to be a breach of statutory requirements or a serious inadequacy in the measures taken by the employer in respect of occupational safety and health and the working environment.

### III. PROTECTIVE AND PREVENTIVE MEASURES

10. (1) The competent authority should ensure that exposure to asbestos is prevented or controlled by prescribing engineering controls and work practices, including workplace hygiene, which afford maximum protection to workers.

(2) The competent authority should periodically determine, on the basis of the level of exposure and the circumstances and conditions prevailing in the working environment, and in the light of scientific research and technological progress—

- (a) the types of asbestos and products containing asbestos whose use should be subject to authorisation and the work processes which should be subject to authorisation;
- (b) The types of asbestos and products containing asbestos whose use should be totally or partially prohibited and the work processes in which the use of asbestos or certain types of asbestos or products containing asbestos should be prohibited.

(3) The prohibition or authorisation of the use of certain types of asbestos or products containing asbestos and their replacement by other substances should be based on scientific assessment of their danger to health.

11. (1) The competent authority should encourage research into technical and health problems relating to exposure to asbestos, substitute materials and alternative technologies.

(2) The competent authority should encourage research into and development of products containing asbestos, other substitute materials or alternative technologies which are harmless or less harmful, with a view to eliminating or decreasing the risk for the workers.

12. (1) The competent authority, wherever necessary for the protection of the workers, should require the replacement of asbestos by substitute materials, wherever possible.

(2) Before being accepted for use in any process, all potential substitute materials should be thoroughly evaluated for their possible harmful effects on health. The health of workers exposed to such materials should be continuously supervised, if judged necessary.

13. (1) With a view to the effective enforcement of the national laws and regulations, the competent authority should prescribe the information to be supplied in the notifications of work with asbestos provided for in Article 13 of the Asbestos Convention, 1986.

- (2) This information should include in particular the following:
- (a) the type and quantity of asbestos used;
  - (b) the activities and processes carried out;
  - (c) the products manufactured;

- (d) the number of workers exposed and the level and frequency of their exposure;
- (e) the preventive and protective measures taken to comply with the national laws and regulations;
- (f) any other information necessary to safeguard the workers' health.

14. (1) Demolition of those parts of plants or structures which contain friable asbestos insulation materials, and removal of asbestos from buildings or structures in which asbestos is liable to become airborne, should be subject to authorisation, which should be granted only to employers or contractors who are recognised by the competent authority as qualified to carry out such work in accordance with the provisions of this Recommendation.

(2) The employer or contractor should be required before starting demolition or removal work to draw up a work plan specifying the measures to be taken before the commencement of work, including measures to—

- (a) provide all necessary protection to the workers;
- (b) limit the release of asbestos dust into the air;
- (c) inform workers who may be affected of the possible release of asbestos dust into the air, of the general procedures and equipment to be used, and of the precautions to be taken; and
- (d) provide for the disposal of waste containing asbestos in accordance with Paragraph 28 of this Recommendation.

(3) The workers or their representatives should be consulted concerning the work plan referred to in sub-paragraph (2) above.

15. (1) Each employer should establish and implement, with the participation of the workers he employs, a programme for the prevention and control of the workers' exposure to asbestos. This programme should be reviewed at regular intervals and in the light of changes in the work processes and machinery used or in the techniques and methods of prevention and control.

(2) The competent authority should, in accordance with national practice, undertake activities to assist in particular small undertakings, where technical knowledge or means may be lacking, with the establishment of preventive programmes in cases in which exposure to asbestos may occur.

16. Technical protective appliances and appropriate work practices should be adopted to prevent the release of asbestos dust into the air of workplaces. Even where exposure limits or other exposure criteria are complied with, such measures should be taken so as to reduce the exposure to as low a level as is reasonably practicable.

17. The measures to be taken to prevent or control the exposure, and to avoid exposure, of workers to asbestos should include in particular the following—

- (a) asbestos should be used only when its risks can be prevented or controlled; otherwise, it should be replaced, when technically feasible, by other materials or the use of alternative technologies, scientifically evaluated as harmless or less harmful;
- (b) the number of persons assigned to work involving exposure to asbestos and the duration of their exposure should be kept to the minimum required for the safe performance of the task;
- (c) machinery, equipment and work processes should be used which eliminate or minimise the formation of asbestos dust, and particularly its release into the working and general environment;

- (d) workplaces where the use of asbestos may result in the release of asbestos dust into the air should be separated from the general working environment in order to avoid possible exposure of other workers to asbestos;
- (e) the areas of activity which involve exposure to asbestos should be clearly demarcated and indicated by warning signs restricting unauthorised access;
- (f) the location of asbestos used in the construction of premises should be recorded.

18. (1) The use of crocidolite and products containing this fibre should be prohibited.

(2) The competent authority should be empowered, after consultation with the most representative organisations of employers and workers concerned, to permit derogations from the prohibition contained in subparagraph (1) above when replacement is not reasonably practicable, provided that steps are taken to ensure that the health of workers is not placed at risk.

19. (1) Spraying of all forms of asbestos should be prohibited.

(2) The installation of friable asbestos insulation materials should be prohibited.

(3) The competent authority should be empowered, after consultation with the most representative organisations of employers and workers concerned, to permit derogations from the prohibition contained in subparagraphs (1) and (2) above when alternative methods are not reasonably practicable, provided that steps are taken to ensure that the health of workers is not placed at risk.

20. (1) Producers and suppliers of asbestos and manufacturers and suppliers of products containing asbestos should be made responsible for the appropriate and adequate labelling of the container or product.

(2) National laws or regulations should require that the label be printed in the language or languages in common use in the country concerned and indicate that the container or product contains asbestos, that the inhalation of asbestos dust carries a health risk, and that appropriate protective measures should be taken.

(3) National laws or regulations should require producers and suppliers of asbestos and manufacturers and suppliers of products containing asbestos to develop and provide a data sheet listing the asbestos content, health hazards and appropriate protective measures for the material or product.

21. The system of inspection provided for in Article 5 of the Asbestos Convention, 1986, should be based on the provisions of the Labour Inspection Convention, 1947. Inspection should be carried out by qualified personnel. The inspection services should be able to obtain from the employer the information referred to in Paragraph 13 above.

22. (1) The exposure limits should be fixed by reference to the time-weighted concentration of airborne asbestos dust, commonly expressed in terms of an eight-hour day and a 40-hour week, and to a recognised method of sampling and measuring.

(2) The exposure limits should be periodically reviewed and updated in the light of technological progress and advances in technical and medical knowledge.

23. The installations, ventilation systems, machinery and protective appliances for asbestos dust control should be regularly checked and maintained in good working order.

24. Workplaces should be cleaned by a safe method as frequently as is necessary to prevent the accumulation of asbestos dust on surfaces. The provisions of the Asbestos Convention, 1986, and this Recommendation should apply to the cleaning staff.

25. (1) When hazards from airborne asbestos dust cannot be otherwise prevented or controlled, the employer should provide, maintain and replace as necessary, at no cost to the workers, adequate respiratory protective equipment and special clothing as appropriate. In such situations, the workers should be required to use such equipment.

(2) Respiratory protective equipment should comply with standards set by the competent authority and be used only as a supplementary, temporary, emergency or exceptional measure and not as an alternative to technical control.

(3) When the use of respiratory equipment is required, adequate rest breaks in appropriate rest areas should be provided for, taking into account the physical strain caused by the use of such equipment.

26. (1) Where workers' personal clothing may become contaminated with asbestos dust, the employer, in accordance with national laws or regulations and in consultation with the workers' representatives, should provide at no cost to the worker appropriate work clothing, which should not be worn outside the workplace.

(2) Employers should provide workers with adequate information in an appropriate form on the health hazards to their families or others which could result from taking home clothing contaminated by asbestos dust.

(3) The handling and cleaning of used work clothing and special protective clothing should be carried out under controlled conditions, as required by the competent authority, to prevent the release of asbestos dust.

27. (1) For workers who are exposed to asbestos, double changing rooms, washing facilities, showers and rest areas, as appropriate, should be provided.

(2) Adequate time should be allowed, within working hours, for changing, showering or washing after the work shift, in accordance with national practice.

28. (1) In accordance with national law and practice, employers should dispose of waste containing asbestos in a manner that does not pose a health risk to the workers concerned, including those handling asbestos waste, or to the population in the vicinity of the enterprise.

(2) Appropriate measures should be taken by the competent authority and by employers to prevent pollution of the general environment by asbestos dust released from the workplace.

#### IV. SURVEILLANCE OF THE WORKING ENVIRONMENT AND WORKERS' HEALTH

29. In cases determined by the competent authority, the employer should make arrangements for systematic surveillance of the concentration of airborne asbestos dust in the workplace and of the duration and level of exposure of workers to asbestos and for the surveillance of the workers' health.

30. (1) The level of exposure of workers to asbestos should be measured or calculated in terms of time-weighted average concentrations for a specific reference period.

(2) The sampling and measurement of the concentration of airborne asbestos dust should be carried out by qualified personnel, using methods approved by the competent authority.

(3) The frequency and extent of sampling and measurement should be related to the level of risk, to changes in the work processes or other relevant circumstances.

(4) In evaluating the risk the competent authority should take into consideration the risk posed by all sizes of asbestos fibres.

31. (1) For the prevention of disease and functional impairment related to exposure to asbestos, all workers assigned to work involving exposure to asbestos should be provided, as appropriate, with -

- (a) a pre-assignment medical examination;
- (b) periodic medical examinations at appropriate intervals;
- (c) other tests and investigations, in particular chest radiographs and lung function tests, which may be necessary to supervise their state of health in relation to the occupational hazard and to identify early indicators of disease caused by asbestos.

(2) The intervals between medical examinations should be determined by the competent authority, taking into account the level of exposure and the workers' state of health in relation to the occupational hazard.

(3) The competent authority should ensure that provision is made, in accordance with national law and practice, for appropriate medical examinations to continue to be available to workers after termination of an assignment involving exposure to asbestos.

(4) The examinations, tests and investigations provided for in subparagraphs (1) and (3) above should be carried out as far as possible in working hours and should entail no cost to the worker.

(5) Where the results of medical tests or investigations reveal clinical or preclinical effects, measures should be taken prevent or reduce exposure of the workers concerned and to prevent further deterioration of their health.

(6) Results of medical examinations should be used to determine health status with regard to exposure to asbestos and should not be used to discriminate against the worker.

(7) The results of medical examinations should be used to help place the worker in a job which is compatible with the status of his health.

(8) Workers subject to supervision of their health should have-

- (a) the right to confidentiality of personal and medical information;
- (b) the right to full and detailed explanations of the purposes and results of the supervision;
- (c) the right to refuse invasive medical procedures which infringe on their corporal integrity.

32. Workers should be informed in an adequate and appropriate manner, in accordance with national practice, of the results of the medical examinations and receive individual advice concerning their health in relation to their work.

33. When an occupational disease caused by asbestos has been detected by health surveillance, the competent authority should be notified in conformity with national law and practice.

34. When continued assignment to work involving exposure to asbestos is found to be medically inadvisable every effort should be made, consistent with national conditions and practice, to provide the workers concerned with other means of maintaining their income.

35. National laws or regulations should provide for the compensation of workers who contract a disease or develop a functional impairment related to



occupational exposure to asbestos, in accordance with the Employment Injury Benefits Convention, 1964.

36. (1) The records of the monitoring of the working environment should be kept for a period of not less than 30 years.

(2) Records of the monitoring of exposure of workers as well as the sections of their medical files relevant to health hazards due to exposure to asbestos and chest radiographs should be kept for a period of not less than 30 years following termination of an assignment involving exposure to asbestos.

37. The workers concerned, their representatives and the inspection services should have access to the records of the monitoring of the working environment.

38. In the case of closure of an undertaking, or after termination of engagement of a worker, records and information kept in accordance with Paragraph 36 above should be deposited in accordance with the directions of the competent authority.

39. In accordance with the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, adopted by the Governing Body of the International Labour Office, a national or multinational enterprise with more than one establishment should be required to provide safety measures relating to the prevention and control of, and protection against, health hazards due to occupational exposure to asbestos, without discrimination, to the workers in all its establishments regardless of the place or country in which they are situated.

#### V. INFORMATION AND EDUCATION

40. The competent authority should take measures to promote the training and information of all persons concerned with respect to the prevention and control of, and protection against, health hazards due to occupational exposure to asbestos.

41. The competent authority, in consultation with the most representative organisations of employers and workers concerned, should draw up suitable educational guides for employers, workers and others.


42. Employers should ensure that workers liable to be exposed to asbestos receive periodic training and instructions, at no cost to them, in a language and manner which are easily understood by them, on the effects of such exposure on health, on measures to be taken to prevent and control exposure to asbestos, especially on correct work practices which prevent and control the formation and release of asbestos dust into the air and on the use of the general and personal protective equipment placed at the workers' disposal.

43. Educational measures should draw attention to the particular danger to the health of workers created by the combination of smoking and exposure to asbestos.

44. Employers' and workers' organisations should take positive action to cooperate in and contribute to programmes of training, information, prevention, control and protection in relation to occupational hazards due to exposure to asbestos.

The foregoing is the authentic text of the Recommendation duly adopted by the General Conference of the International Labour Organisation during its Seventy-second Session which was held at Geneva and declared closed the twenty-fifth day of June 1986.

IN FAITH WHEREOF we have appended our signatures this twenty-sixth day of June 1986.



The text of the Recommendation as here presented is a true copy of the text authenticated by the signatures of the President of the International Labour Conference and of the Director-General of the International Labour Office.

Le texte de la recommandation présentée ici est une copie exacte du texte authentiqué par les signatures du Président de la Conférence internationale du Travail et du Directeur général du Bureau international du Travail.

Certified true and complete copy,  
Copie certifiée conforme et complète,

*For the Director-General of the International Labour Office:  
Pour le Directeur général du Bureau international du Travail:*

copy



Y SWYDDFA GYMREIG  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-233 3000 (Switsfwrdd)  
01-233 6106 (Linell Union)

Oddi wrth Ysgriftenrydd Gwladol Cymru

WELSH OFFICE  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-233 3000 (Switchboard)  
01-2336106 (Direct Line)

From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

5 June 1986

Dear Chief Secretary,

NBE

WAGES BILL : PART III

I have seen a copy of John Moore's letter of 29 May following Kenneth Clarke's letter of 19 May about the proposal to bring forward the date of abolition of the redundancy rebate scheme from 31 October to 1 August.

I am content for the issue to be settled on the lines proposed by John Moore and with the terms of his suggested Written Question and Answer.

... I am copying this letter to the recipients of John Moore's of 29 May.

Yours sincerely

Paul Sheldon

(Approved by the Secretary of State and signed in his absence)

Rt Hon John MacGregor CBE MP  
Chief Secretary

IND Pol: Wage Councils P13



*CSB*



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon John Moore MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London  
SW1

*NBM.*

5 June 1986

*Dec JH,*

WAGES BILL PART III

*at trap*

Thank you for your letter of 29 May.

My office rang yours to confirm my agreement to the line that you propose, though I should emphasise that I will need to be firmly convinced that your Department and the Scottish and Welsh Offices are unable to fund the extra expenditure from offsetting savings before I agree finally to a claim on the Reserve.

I was concerned about the implication in the original draft, even with the amendment proposed by Kenneth Clarke, that the case for special treatment of bus operations would have repercussions from other businesses affected by advancing the date of abolition of the Redundancy Rebate. I understand that the answer has now been amended to bring out more clearly the particular difficulties caused by the statutory timetable imposed by the 1985 Transport Act and the peculiar circumstances of the PTEs. I can now confirm that I am content for you to answer on that basis.

I am copying this letter to Nicholas Ridley, David Young, Kenneth Clarke, Malcolm Rifkind, Nicholas Edwards and Sir Robert Armstrong, and to all members of E(A).

*Yours etc,  
JH*

JOHN MacGREGOR

IND POL Wages Council PT3





ccBG

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

The Rt Hon John MacGregor OBE MP  
Chief Secretary  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

3 June 1986

Dear John

1. JFA  
2. NBRN.

WAGES BILL: PART III

I have seen a copy of John Moore's letter of 29 May following up Kenneth Clarke's letter of 19 May about the proposal to bring forward the date of abolition of the Redundancy Rebate scheme from 31 October to 1 August.

I am quite clear that something must be done and I fully support the proposal that the Government should use its powers under the Appropriation Act to reimburse Passenger Transport Executives and District Councils operating bus services for losses genuinely caused by the change in commencement date. I am content for the decision to be announced by means of an arranged written Question on the lines suggested by John.

I am copying this letter to those who received copies of John Moore's letter of 29 May.

*Yours ever*  
*Nicholas*

NICHOLAS RIDLEY



INID POL

WAGES COUNCI

PT 3





DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon John MacGregor OBE MP  
Chief Secretary to the Treasury  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

NBN

May 29. 86.

*Dear Sir,*

### WAGES BILL PART III

You will be aware that our officials have been discussing the correspondence between my predecessor and Kenneth Clarke about the proposal to bring forward the date of abolition of the Redundancy Rebate scheme from 31 October to 1 August.

I recognise the importance of obtaining Royal Assent for the Wages Bill before the Summer Recess, and accept that an exemption for the PTEs and shire district councils as originally proposed might jeopardise that timetable. Nevertheless the problem, particularly for the PTEs, remains a serious one, with ample scope for our opponents to accuse the Government of a failure to co-ordinate its policies. I have no doubt that unless we take action of some kind the points already made against us in the Commons stages of the Bill will be taken up and pressed in the Lords.

I understand that in the light of these difficulties you have agreed to the Government using its powers under the Appropriation Act to reimburse the PTEs and districts, and that we may give assurances that losses genuinely caused by the new proposal as to the date of abolition which cannot be met from their own resources will be met by the Government. Although we cannot yet make firm estimates, the amounts which may thus fall to be paid by my Department and the Scottish and Welsh Offices are likely to total between £5m and £10m. I understand that you have agreed that provided the three Departments do their best to find full or at least partial offsetting savings, as a last resort the balance of the necessary funds should be met in 1986/87 as a claim on the reserve.

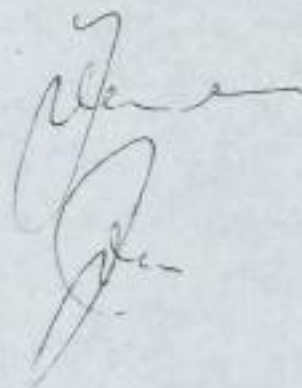
I suggest that we should announce this decision by means of an arranged written Question in the Commons, as follows:

"Q. To ask the Secretary of State for Transport what arrangements he proposes in respect of the liabilities for redundancy compensation which may fall on the PTEs and district councils for their bus operations during 1986/87?"

"A. I am aware of the particular problems which the Passenger Transport Executives and those shire districts with municipal bus companies face in ensuring that their bus operations are in a position to be formed into companies under the Transport Act by October 26. Where redundancies are involved, calculations of costs will have been made on the assumption that Redundancy Rebate would be payable until 31 October 1986. However, the Government has announced that abolition of this Rebate will take effect from 1 August. Accordingly, my Department has today written to all PTEs and to those shire districts with municipal bus companies undertaking to reimburse them for additional costs resulting specifically from bringing forward the date of abolition of the Redundancy Rebate. I understand that my rHFs the Secretaries of State for Scotland and Wales will be giving similar undertakings to authorities in their areas."

I intend that my Department should write to all PTEs and relevant districts with a copy of this statement. At the same time I will be replying to those MPs and organisations who have written to me on the subject, and will send a copy of the statement to Lord de la Warr, with whom David Young has already been in touch about his proposed amendment in the Lords. Kenneth Clarke may wish also to write to those MPs who spoke on this subject in the Commons.

I am copying this letter to Nicholas Ridley, David Young, Kenneth Clarke, Malcolm Rifkind, Nicholas Edwards and Sir Robert Armstrong, as well as to all members of E(A).



JOHN MOORE

IND PDC  
WAGES  
PTD



010

SOBS  
NBRN

CONFIDENTIAL

P 02074

From: J B UNWIN

21 May 1986

MISS MacNAUGHTON

cc Mr Nongrove - No 10

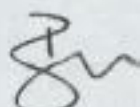
**PASSENGER TRANSPORT EXECUTIVES AND THE WAGES BILL**

I undertook to let you know how I had got on in trying to sort out this problem with officials of the Departments concerned.

2. As you will see from the attached record I put forward a compromise solution this morning. My own view is that it would be wrong to jeopardise the Wages Bill in any way either by writing an exemption for the transport authorities into it or by including powers in it to reimburse transport authorities via a special grant. The Government's primary objective, both for public expenditure and wider reasons, must be to get this Bill through; and either of the above courses could complicate and delay its passage.
3. I therefore suggested that the Department of Transport should be authorised to give the PTEs an assurance that they would "see them right" in respect of any extra costs genuinely caused by the advance in the commencement date for the operative part of the Bill; and that the Treasury should be prepared to fork out from the Reserve if the Department of Transport genuinely could not find savings from within their 1986-87 allocation. The precise terms in which this would be conveyed to the PTEs (the object being to stop them lobbying against the Bill), and of the understanding between the Department of Transport and the Treasury, would, of course need to be agreed between the Departments concerned. The Treasury need also to confirm that statutory authority for making payments could rest on the Appropriation Act, so obviating the need for any separate legislation.
4. The Departmental officials at my meeting agreed to put this proposal to their Ministers and I am hopeful that they might agree to it. The Treasury would, of course, be at risk for a few £ millions (£5 to £10 million is the present best estimate), but, even though the

Department of Transport were rather slow on their feet, I think there was some suspicion of sharp practice in the agreement between the Treasury and the Department of Employment immediately after the Budget to bring forward the commencement date of the Bill.

5. The position is, of course, complicated by the Ministerial changes, but if the above proposal does prove acceptable, there will be no need to bother the Lord President. Even if there is, I think we could safely leave any further action until the week beginning 2 June. Unless there are any changes, the Lords deadline is Friday, 6 June.



J B UNWIN

Cabinet Office

CONFIDENTIAL

Note of a meeting held at 10.00 am Wednesday 21 May 1986  
in Cabinet Office

Present:

Mr J B Unwin	Cabinet Office (in the Chair)
Mr A Williams	Treasury
Miss C Edgerton	Department of Transport
Mr R Allison	Department of Employment

Secretary: Mr J Roberts

Passenger Transport Executives and the Wages Bill

The meeting considered the difficulties faced by the Passenger Transport Executives (PTE) and Municipal Bus Services in the Shire districts following the decision to abolish rebates from the Redundance Fund from 1 August instead of 1 November. The Paymaster General's letter of 19 May to the Secretary of State for Transport was before the meeting.

2. MR UNWIN said that it appeared that there had been a failure of coordination between Departments. There had not been full consultation on the proposal to advance from 1 November to 1 August the date of abolition of rebates, but equally the Department of Transport had been slow in identifying the particular problem facing the PTEs and Municipal Bus operators. It was important now to find a means of resolving the problems quickly with the minimum embarrassment to the Government.

3. In his view the Government's primary objective must be to secure the passage of the Wages Bill without delay and without foregoing the substantial public expenditure savings which would result from advancing the abolition of redundancy rebates. Including in the Bill an exemption for transport authorities or provisions to allow the Department of Transport to make a special supplementary grant would set an undesirable precedent, and would invite other lobby groups to press the Government for equivalent special treatment, thus jeopardising the Bill. These options did not appear to him to be practicable.

CONFIDENTIAL

An alternative approach would be for the Department of Transport to be authorised to give assurances to the PTEs and Municipal Bus Services that losses genuinely caused by the Government's new proposals which could not be covered from their own resources would be met by the Government. Subject to confirmation by the Treasury, the Appropriation Act might be used to provide the necessary statutory authority. It would not be possible to quantify the sums involved until later in the year, but it would be necessary for the Treasury to give an undertaking to the Department of Transport that if they could not find the necessary resources within their existing 1986-87 provision a claim on the Reserve would be considered sympathetically. For their part the Department of Transport would have to make a genuine effort to find savings.

4. In discussion the following points were made:

(b) Both the Treasury and Department of Employment were opposed to either exempting transport authorities from the general commencement date or taking exceptional powers to pay a supplementary grant.

(b) The transport authorities were subject to rate capping. They had already been compelled to make large reductions in their precepts, and there was no way in which they could raise supplementary resources. There was little scope for them to find the additional money from their own resources.

(c) No other public sector bodies had registered similar difficulties.

5. MR UNWIN, summing up the discussion, said that the Government would need to be in a position to make its intentions clear before the Second Reading of the Wages Bill in the House of Lords, which was planned for Friday 6 June. The most promising option appeared to be to allow the Department of Transport to assure the PTEs and Municipal Bus Services that the Government would stand behind them in meeting



CONFIDENTIAL

the additional costs resulting from the abolition of the Redundancy Fund rebate if they proved unable to find the resources themselves, and to use the Appropriation Act to provide a statutory power. This would, however, need to be presented carefully in order to minimise any possible risk of embarrassment to the Government and the risk of stimulating other groups to claim similar treatment. This approach was acceptable to the Department of Transport, subject to the view of their Secretary of State, providing that the Treasury would be willing to consider sympathetically a claim on the Reserve if it could be demonstrated in due course that the Department of Transport, subject to a genuine search for savings, were unable to meet the costs from within their 1986-87 provision.

6. He therefore invited those present to consult their Ministers urgently on whether a solution on the above lines would be acceptable to them. He also asked the Department of Transport to clear the proposal with the Scottish and Welsh Offices.

Cabinet Office  
21 May 1986

SG/B75



Department of Employment  
 Caxton House Tothill Street London SW1H 9NF  
 Telephone Direct Line 01-213 5949  
 Switchboard 01-213 3000

The Rt Hon Nicholas Ridley MP  
 Secretary of State for Transport  
 Department of Transport  
 2 Marsham Street  
 London  
 SW1P 3EB

*MT*  
*A. NBRN.*

19 May 1986

*Dear Secretary of State,*

You wrote to David Young about the difficulties faced by the Passenger Transport Executives and municipal bus services in the shire districts now that the commencement date for Part III of the Wages Bill has been set at 1 August (or Royal Assent, whichever is later). Nigel Lawson wrote to all members of E(A) about this decision on 19 March.

We discussed this problem briefly on Thursday, and as you know I feel that the difficulties of the transport authorities stem from the complications of transport and local government financial controls rather than anything to do with the Wages Bill. I certainly could not agree to the suggestion that we have a further amendment to the Bill which sets a different commencement date for the transport authorities. On the other hand, if it really is the case that you need primary legislation to reimburse them for the redundancy rebates they stand to lose I would consider making the Wages Bill available as a legislative vehicle for you. I must say however I would much prefer to avoid further complications on the Wages Bill. Several other industries would protest at this apparent preferential treatment for the Bus industry in this part of the legislation which was most unwelcome to the CBI.

Our officials have discussed those two options, and a third which I would recommend to you - to take no legislative action but point out to the transport authorities what they can do to make the best of a difficult situation. I recognise that there are risks in letting events take their course in this way - no doubt the PTEs will do their best to embarrass the Government and make the worst of the situation. However if you think these risks are not acceptable you have the option, I think, of making a payment to them, by way of reimbursement for the lost rebates, under the Appropriations Act.

CONFIDENTIAL



As you asked, I told the House on Thursday that there would be a Government announcement before the Wages Bill goes to the Lords. My officials have discussed with yours and those of Environment, Treasury and Scottish Office the full range of options and I attach their agreed note of their meeting. Since they could not agree on a recommended solution to your problem I think I must now leave matters with you.

Like you I am copying this to John McGregor, Kenneth Baker, Malcolm Rifkind, Nicholas Edwards, and Sir Robert Armstrong. I am also copying to my colleagues here and to all members of E(A) (along with a copy of your letter).

*Yours sincerely,  
David Forth*

*for* KENNETH CLARKE  
Approved by the Paymaster General  
and signed in his absence.

CONFIDENTIAL

REDUNDANCIES IN THE TRANSPORT AUTHORITIES AUGUST/OCTOBER 1986  
EFFECT OF BRINGING FORWARD REBATE ABOLITION

Paper by officials

1. DE officials met colleagues from DTp, DoE, Scottish Office and Treasury on 15 May to discuss the problem raised in Mr Ridley's letter of 12 May to Lord Young - how the Passenger Transport Executives and the district councils with bus undertakings ('the transport authorities') could be protected from the effect of Ministers' decision to bring forward the commencement date of this part of the Wages Bill from 1 November (as announced last year) to 1 August.

2. DTp officials explained why the transport authorities had very little scope for bringing forward their redundancies (and redundancies of up to 25% of the workforce - 9,000 - were an inevitable consequence of deregulation) and no scope at all for making up the £5-10m which the loss of rebates would cost them. The transport authorities would seek to embarrass the Government by every means - legal challenge, additional redundancies, heavy pruning of their subsidised routes etc. DTp said there was no easy way to compensate the authorities, even if resources were available to DTp - it would probably need primary legislation to make any supplementary grant.

3. The meeting discussed three main options but could not agree on a joint recommendation:-

- Option (i) exempt the transport authorities from the general commencement date DTp, Scottish Office and DoE favoured this option which DE thought unacceptable. DE said the problems of the transport authorities were not unlike those of other employers who might have planned and budgeted for large redundancies in August-October and once an exemption was made for transport it would be impossible to resist other hard cases. Other employers would be outraged. DE had no PES cover for the cost of such exemptions. Treasury supported DE's points.
- Option (ii) DTp to take powers to reimburse the transport authorities via a special supplementary grant The Wages Bill would be a potential vehicle for the necessary legislation. DTp thought this amounted to the same remedy as option (i) but was more clumsy and complicated. They did not see presentational advantage over option (i) and they did not have the PES cover for a supplementary grant. DTp, DoE and Treasury did not like the precedent that would be established for special grants for local authorities. Treasury added that any special payments would have to be met from existing PES provision. DE were concerned that adding clauses to the Wages Bill would complicate and possibly delay its passage. (As in option (i), hybridity would have to be avoided but it seems possible to do so). Delay in Royal Assent would have very serious Public Expenditure consequences.
- Option (iii) take no legislative action, point out to transport authorities how they could cope without savage cuts in services It was not clear exactly how many redundancies would be required and how much rebate would be lost. The estimate of £5-10m (England and Wales) covered many uncertainties. Transport authorities seemed to have a number of possibilities short of even heavier redundancies or abandoning unprofitable routes:-

CONFIDENTIAL

1. Borrow more The successor companies were already likely to be borrowing up to £40m later this year under special borrowing powers established by DTp. These borrowings would have to be paid back next year, and repayments would thus add to 1987/88 public expenditure, and to pressure on precepts.
  2. Pay smaller top-up of statutory redundancy payments The authorities were planning to pay more than the statutory entitlement. There might be scope for cutting down these additional payments (but there might be binding agreements to the contrary in some cases).
  3. Bring forward as many redundancies as possible before 1 August It was agreed that there was some scope for this but the extent could not be quantified. Like other employers in similar circumstances they might be able to cope with temporary staff shortages - they could not of course take on replacements.
4. Option (iii) carried risks - of legal challenge and of transport authorities causing maximum embarrassment to the Government. In theory they might refuse to make redundancy payments to their employees and force DE to step in and make the statutory payment direct to their employees under s.106 of the EP(C)Act 1978.
5. A possible fourth option was to invite the transport authorities to plead financial difficulty and have their employees apply for these direct payments. But it was unacceptable to encourage public authorities to default on statutory liabilities and in any case DE would have to pursue them for the debt.
6. A fifth option was for DTp/Scottish Office to reimburse the transport authorities outside the grant system by a payment under the Appropriation Act. Treasury said it was difficult to defend the use of the Appropriation Act if there was another legislative vehicle available.
7. After a lengthy discussion DTp officials still pressed strongly for option (i) The Scottish Office also favoured option (i) pointing out that any option which increased expenditure by the four Scottish authorities would lead to RSE penalties. DE and Treasury officials could not agree to recommend this option - they favoured option (iii). In the absence of an agreed recommendation it was agreed that this summary of the options should be presented to Ministers. The Paymaster General would write to the Secretary of State for Transport, copied to the other Ministers concerned, with this summary.



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Lord Young of Graffham  
Secretary of State for Employment  
Department of Employment  
Caxton House  
Jothill Street  
LONDON SW1H 9NF

12 May 1986

*Dear David*

WAGES BILL, PART III: DATE OF ABOLITION OF REDUNDANCY  
REBATE

David Trippier wrote to me on 6 May about the proposal for bringing forward the date of abolition of redundancy rebates to 1 August.

Though I fully appreciate the reasons why you have decided to make this change, it is very unfortunate that my Department was not made aware of the proposal earlier. I am extremely concerned about the effect of the decision on the Passenger Transport Executives in the metropolitan areas and on the municipal bus companies in some shire districts.

The fact is that as a result of the competitive pressures which will fall on them following deregulation in October, the PTEs and municipals are planning to make large-scale redundancies in the first half of this financial year. Though numbers are difficult to forecast, they may be in the region of 9,000 - about 25% of their bus workforce. Most of these redundancies are planned to take place immediately before the transfer of staff to new Companies, which is likely to be during October. The timing is constrained by the PTEs' need to see the results of the tendering procedures for subsidised services before they can make firm judgements as to how many redundancies will be required. It is most unlikely that significant results on tendering will be available before August. Your amendment means therefore that the PTEs and municipals will face substantial extra costs - perhaps as much as £5-10m.

PTE budgets are constrained at the beginning of the financial year by the determinations of support made by

their parent authorities. This year we have made substantial cuts in that support by means of precept control under the Rates Act 1984, and there is no way within current legislation that our decision can now be changed. In going through the lengthy and difficult precept control procedures, which involve making a detailed assessment of anticipated expenditure, redundancy costs were an especially sensitive issue. We were not of course able to take into account the changed date for the abolition of redundancy payments in our procedures, which had to be completed by February.

The PTEs have warned us that they will be mounting a strong lobby at all stages of your Bill, and I have also had a letter from the Association of Metropolitan Authorities, protesting about the amendment and asking for an urgent meeting. A copy is enclosed. Their anxiety is understandable. I understand some PTEs are even talking of seeking legal redress for what they regard as an injustice, and I cannot rule out an attempt at an action.

I understand that you are under considerable pressure on this issue, and that you will have received complaints from many quarters. But I am sure that the special difficulties of the PTEs and municipals warrant making an exception in their case. Unlike other bodies, they are severely constrained in the timing of substantial redundancies, as a direct result of our own legislation. Their room for flexibility is much reduced by precept control. I anticipate that apparent savings in your Department's budget for these redundancies would be directly offset by the need of the relevant local authorities to borrow to meet the additional costs facing them.

I hope therefore that you will agree to our officials discussing how best redundancies in the PTEs and municipals in the period August to October may continue to be eligible for redundancy rebate, and to our making an announcement accordingly.

I am copying this letter to John MacGregor, Kenneth Baker, Malcolm Rifkind, Nicholas Edwards and Sir Robert Armstrong.

*I fear this could be a major "banana-skin"  
unless you can meet my concerns*

*Your ever  
Nicholas*

NICHOLAS REDELY

IND POL

WAGES

COUNCILS

PT I





CCBGA



PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

9 April 1986

NBLN.

Dear Nigel,

WAGES BILL

You wrote to me on 19 March asking that Willie Whitelaw and I should do our best to secure Royal Assent to the Wages Bill as early as possible before 1 August.

We shall of course do what we can to meet your target but you will recognise that there are a number of other Bills - for example, the Gas Bill and the Social Security Bill - in respect of which an early Royal Assent date is being sought for much the same reasons, and we shall have to take into account these priorities as well.

I am copying this letter to members of E(A), the Lord President, the Chief Whips of both Houses and to Sir Robert Armstrong.

JOHN BIFFEN

Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer

CC BG ✓



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

19 March 1986

The Rt. Hon. John Biffen MP  
 Lord Privy Seal

1. JF  
 2. NBPN

**WAGES BILL**

I know that you welcomed the announcement in the Budget of new and expanded employment and enterprise measures.

The full package of measures has only been made possible by working on the basis that the savings from the redundancy fund resulting from the abolition of rebates to all except small firms will take effect from 1 August at the latest, and not 31 October as had originally been assumed, in order to remove a potential overspend on the redundancy fund. It is therefore critical that the Wages Bill receives Royal Assent as early as possible before 1 August.

I would be most grateful if you and Willie Whitelaw would do everything you can to ensure that this timetable is met.

I am copying this letter to members of E(A), the Lord President and the Chief Whips of both Houses and to Sir Robert Armstrong.

NIGEL LAWSON



ccbg

Department of Employment  
Caxton House Tothill Street London SW1H 9NF  
Telephone Direct Line 01-213.....5949.....  
Switchboard 01-213 3000

The Rt Hon John Biffen Esq MP  
Lord Privy Seal  
Privy Council Office  
68 Whitehall  
London SW1

7 March 1986

*Dear Lord Privy Seal,*

*L. J. F.*

*2 pa.*

#### WAGES BILL

We corresponded in ~~January~~ about the vital importance of achieving Royal Assent for the Wages Bill before the Summer Recess. There are several reasons for this, notably the public expenditure savings in 1986/87 resulting from the partial abolition of redundancy rebate; the employment benefits this summer for young people removed from the scope of wages councils; and the interaction with the Shops Bill. Subsequently L Committee on 29 January invited the Chief Whips of both Houses to use their best efforts to meet this target, though noting that no guarantees could be given.

I am not sure how you see the situation but it seems to me that the Royal Assent target implies completion of the Commons Standing Committee stage by mid-April. The evidence so far makes it clear that this will not happen without some positive moves to accelerate progress.

Already over 130 amendments have been tabled and though 50 have been disposed of after six sittings the Committee has not yet got beyond Clause 2 out of a total 32 Clauses and six schedules. Further protracted opposition is inevitable yet allowing for the Easter break our timetable gives us barely another four weeks for this stage.

We have therefore given notice of a motion for afternoon sittings and David Trippier has discussed this with John Cope and Gerald Malone. But while afternoon sittings will speed the Bill I fear they will not be enough to keep us on course and we have to contemplate the need to extend them into evening and perhaps all-night sittings.

I do appreciate the difficulties caused by current pressures on the Committee secretariat and the Hansard writers.

Nevertheless I thought you should be aware of the problem with the Wages Bill as we see it.

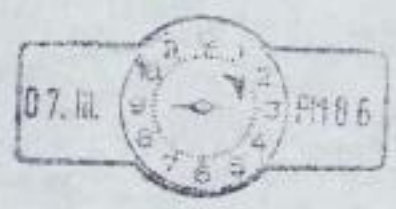
I am copying this to members of E(A) the Lord President and the Chief Whips of both Houses and to Sir Robert Armstrong.

*Yours sincerely,  
Jacob Handlin*

rf KENNETH CLARKE

*(Approved by the Paymaster General and signed in his absence)*

Industrial Policy Wages Councils Pt 3



07. 11.



CEBO

FROM THE LEADER OF THE HOUSE  
HOUSE OF LORDS

26 January 1986

Dear Kenneth

NBM

THE WAGES BILL

Thank you for sending me a copy of your letter of 13 January to John Biffen in reply to his letter of 8 January about the timetable for the Wages Bill. I have also seen John MacGregor's letter of 21 January.

at Prop

This Bill is bound to be highly controversial in the Lords, and we shall need to allow plenty of time for its Lords stages. Indeed, any attempt to take the Bill through its stages more quickly than usual will make its handling in this House that much more difficult. Furthermore, the Bill's late start means that it will inevitably reach the Lords at a time when it will be competing with other major Bills for time in the House. Consequently, I must endorse very firmly John Biffen's warning that it may not be possible to achieve the target date for Royal Assent, although we will of course do all we can.

I am sending copies of this letter to members of E(A), the Lord Privy Seal and the Chief Whips of both Houses and to Sir Robert Armstrong.

John Biffen

IND POL PTB

Wages Council.





*CSG*

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon John Biffen MP  
Lord Privy Seal  
Privy Council Office  
68 Whitehall  
London  
SW1

*NBN*

21 January 1986

*Dear JH,*

**THE WAGES BILL**

I have seen your letter of 8 January and Kenneth Clarke's reply of 13 January about Royal Assent for the Wages Bill. Kenneth emphasises the importance of achieving Royal Assent by July, both to enable DE expenditure to stay within the public expenditure provision agreed in Cabinet in November and to enable reforms to the wages council system to be introduced by the summer.

I agree with Kenneth Clarke's view that Royal Assent of the Bill by July at the latest is of the highest importance. Our strategy ought to be to achieve Royal Assent as early as we reasonably can for the following reasons.

- a. The timetable for the Shops Bill is for Royal Assent during June: Legislation Committee agreed on 13 November that every effort be made to align the date of Royal Assent for the Shops Bill with the date of Royal Assent for the Wages Bill because of the interaction of the two pieces of legislation.
- b. Kenneth argues that the reform of the wages council system in respect of young people should be in place by the summer so as to improve their employment prospects in seasonal catering and tourism: in order to have maximum effect on decisions taken by employers, the new arrangements ought to be operational by the start of July rather than the start of August.



Industrial Pol; wages Council Pt 3.

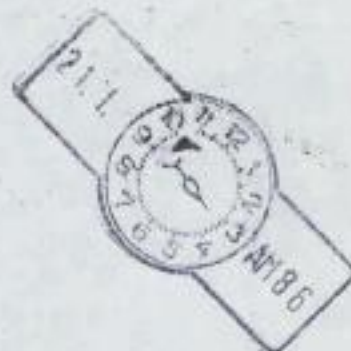
- c. Kenneth rightly emphasises the necessity of staying within the public expenditure provision: the flexibility to introduce the partial abolition of redundancy rebate earlier than originally envisaged may be necessary if expenditure from the fund in the early part of the 1986-87 financial year exceeds earlier estimates.

I am copying this letter to members of E(A), the Lord President and the Chief Whips of both Houses and to Sir Robert Armstrong.

*Yours,*



JOHN MacGREGOR





Department of Employment  
 Caxton House Tothill Street London SW1H 9NF  
 Telephone Direct Line 01-213.....5949.....  
 Switchboard 01-213 3000

The Rt Hon John Biffen Esq  
 Lord Privy Seal  
 Privy Council Office  
 Whitehall  
 London SW1A 2AT

13 January 1986

N B P M

*Dr. L.*

THE WAGES BILL

*At Map*

Thank you for letter of 8 January.

As you say, we will need to discuss the timing and handling of the Bill at Legislation Committee, but I must stress now that Royal Assent in July is of the highest importance.

First, delay into the spill over, would lose us much if not all of the £40 million saving in public expenditure in 1986/87 resulting from the partial abolition of redundancy rebate. This saving is essential to our staying within the public expenditure provision agreed in Cabinet in November.

Secondly, we want the reforms of the wages councils system in respect of young people in place by the summer so as to improve their employment prospects in seasonal catering and tourism then: EA laid stress on this when discussing the proposals last July.

For these reasons I must continue to press for the July target date, though I recognise the difficulties. Introduction of the Bill at end of January will of course be exactly as envisaged in the legislative programme originally approved by Legislation Committee.

I am copying this to recipients of your letter.

*J. C.*

KENNETH CLARKE

IND POL PB

WARCS COUNCIL 145





ccBG

PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

8 January 1986

N BPN

*Dear Kenneth*

**THE WAGES BILL**

I have seen your very useful letter to Nigel Lawson in which you set out the current scope of the Wages Bill.

I very much hope that this Bill can be introduced in January, but I think I must warn you at this stage that it may, nevertheless, not be possible to achieve your target date of July for Royal Assent.

We will of course do our best, but the fact that the Bill has expanded and that its introduction is not going to be quite as early as we had hoped, means that Royal Assent in the spillover may become a necessity. We can of course discuss this issue when the bill comes before Legislation Committee, but unless there are absolute requirements why Royal Assent must be given in July, I would suggest that you plan for a later date, at least on an alternative basis.

I am copying this to members of E(A), the Lord President and the Chief Whips of both Houses and to Sir Robert Armstrong.

**JOHN BIFFEN**

The Rt Hon Kenneth Clarke QC MP  
Paymaster General

FRID POL  
WAGES COUNCILS  
PT 3





Department of Employment  
 Caxton House Tothill Street London SW1H 9NF  
 Telephone Direct Line 01-213.....5949.....  
 Switchboard 01-213 3000

The Rt Hon Nigel Lawson MP  
 Chancellor of the Exchequer  
 HM Treasury  
 Parliamentary Street  
 LONDON  
 SW1P 3HE

19 December 1985

*NBM.*

*Dear Nigel,*

THE WAGES BILL

I thought it might be helpful to bring you and other colleagues up to date with developments on the Wages Bill, which I plan to bring to Legislation Committee in January for introduction as soon as possible thereafter. The Bill will have three parts - repeal of the Truck Acts and related provisions on deductions from pay; Wages Councils reform; and abolition of the redundancy rebate.

On Part I, Tom King wrote on 26 March to EA colleagues, outlining our proposals. As he indicated, the Bill will repeal controls on payment of wages in the Truck Acts and related legislation. It will make deductions from pay lawful where provided for in statute, in the contract of employment or by agreement between employer and worker. It will limit deductions from pay related to stock or cash deficiencies to ten per-cent of gross pay otherwise due. It will establish a simple procedure for Industrial Tribunals to adjudicate on complaints about unlawful deductions. The clauses being drafted do not differ from the proposals set out earlier, except in that the provisions concerning stock or cash deficiencies will be limited to those engaged in selling to the public.

On Part II, EA agreed on 17 July that the wages councils system should be reformed and streamlined with the new provisions including the following main features:

- (i) the legislation will not specify how and with whom the Secretary of State shall consult about changes in or abolition of Wages Councils;
- (ii) Councils would no longer make orders in respect of those aged under 21;



- (iii) Councils would be restricted to setting a single hourly basic rate and overtime rate to be paid after a certain number of weekly hours to be determined by the Council. (ie they would no longer fix premium rates for weekend working, work on statutory holidays etc);
- (iv) Councils would be required to take account of the employment effects of their decisions and also of the relationship between their decisions and generally prevailing pay levels in particular areas of the country;
- (v) the legislation would not provide for Statutory Joint Industrial Councils, advisory or Co-ordinating Committees.

Further modifications we are now proposing to embody in the Bill are to make clear that:

- (a) the Secretary of State will have a power to abolish or vary the scope of any wages council, but not to establish any new ones;
- (b) the power to vary the Scope of Councils will encompass powers to exclude particular groups including those participating in special employment schemes.

The intention is to get the reform in place at the earliest practicable date. In particular young people will be removed from scope and much of the complexity of wages orders removed on Royal Assent which we are targeting for end July.

On Part III, drafting is proceeding on the basis of my letter to EA colleagues of 28 October, proposing that redundancy rebates should be abolished except for firms with fewer than 10 employees, for whom rebate will continue at the present 35% rate.

I am copying this to members of EA, the Prime Minister and to Sir Robert Armstrong.

KENNETH CLARKE



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460

Switchboard 01-213 3000

*DN to see*  
*✓ EDD*  
*17/12*

Peter Ricketts Esq  
 Private Secretary to the  
 Secretary of State for  
 Foreign and Commonwealth Affairs  
 Foreign and Commonwealth Office  
 London  
 SW1

*per*

17 December 1985

*Dear Peter,*

INTERNATIONAL LABOUR INSTRUMENTS ADOPTED BY THE 71ST SESSION OF  
 THE INTERNATIONAL LABOUR CONFERENCE 1985

In pursuance of our obligations under the Constitution of the International Labour Organisation, my Secretary of State has to present to Parliament a White Paper giving the texts of instruments adopted at the 71st session of the International Labour Conference followed by a statement on the action the Government proposes to take with regard to the notification of acceptance of these instruments. The instruments concerned are:

- Convention No 160 on Labour Statistics
- Recommendation No 170 on Labour Statistics
- Convention No 161 on Occupational Health Services
- Recommendation No 171 on Occupational Health Services

... The enclosed draft White Paper entitled "International Labour Conference 1985" contains the texts of the above instruments and will be followed at a later stage by an announcement of the Government's intentions. A final decision will be taken after consultation at official level with those Departments concerned and also with the CBI and TUC as required under ILO procedures.





Your comments on the action proposed to follow up the instruments will, of course, be sought once these consultations have taken place but in the meantime my Secretary of State would be glad to know whether the Foreign Secretary and the other Ministers concerned are content with the enclosed draft White Paper which he would like to lay before Parliament early in the new year. I would be grateful to receive any comments by 3 January.

I am sending copies of this letter and its enclosure to the Private Secretaries to the Prime Minister, the other members of the Cabinet, the Attorney General, the Lord Advocate, the Secretary to the Cabinet and the Chief Press Secretary at No 10 Downing Street.

*Your sincerely,*

CHRISTOPHER SNELL  
Private Secretary

DRAFT

INTERNATIONAL LABOUR CONFERENCE

Presentation by Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland of two Conventions and two Recommendations adopted at the 71st (1985) Session of the International Labour Conference.

Presented to Parliament by the Secretary of State for Employment by command of Her Majesty.

LONDON

HER MAJESTY'S STATIONERY OFFICE

Cmd.

DRAFT

## INTERNATIONAL LABOUR CONFERENCE 1985

At its 71st Session, the International Labour Conference adopted the following instruments, the texts of which are set out in the Annex to this White Paper:

Labour Statistics Convention (No 160)

Labour Statistics Recommendation (No 170)

Occupational Health Service Convention (No 161)

Occupational Health Service Recommendation (No 171)

The Government is currently considering its position on these Conventions and Recommendations, which are submitted to Parliament in accordance with Article 19 of the Constitution of the International Labour Organisation.

Convention 160**CONVENTION CONCERNING LABOUR STATISTICS**

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Seventy-first Session on 7 June 1985, and

Having decided upon the adoption of certain proposals with regard to the revision of the Convention concerning Statistics of Wages and Hours of Work, 1938 (No. 63), which is the fifth item on the agenda of the session, and

Considering that these proposals should take the form of an international Convention,

adopts this twenty-fifth day of June of the year one thousand nine hundred and eighty-five the following Convention, which may be cited as the Labour Statistics Convention, 1985:

**I. GENERAL PROVISIONS***Article 1*

Each Member which ratifies this Convention undertakes that it will regularly collect, compile and publish basic labour statistics, which shall be progressively expanded in accordance with its resources to cover the following subjects:

- (a) economically active population, employment, where relevant unemployment, and where possible visible underemployment;
- (b) structure and distribution of the economically active population, for detailed analysis and to serve as benchmark data;
- (c) average earnings and hours of work (hours actually worked or hours paid for) and, where appropriate, time rates of wages and normal hours of work;
- (d) wage structure and distribution;
- (e) labour cost;
- (f) consumer price indices;
- (g) household expenditure or, where appropriate, family expenditure and, where possible, household income or, where appropriate, family income;
- (h) occupational injuries and, as far as possible, occupational diseases; and
- (i) industrial disputes.

*Article 2*

In designing or revising the concepts, definitions and methodology used in the collection, compilation and publication of the statistics required under this Convention, Members shall take into consideration the latest standards and guidelines established under the auspices of the International Labour Organisation.

*Article 3*

In designing or revising the concepts, definitions and methodology used in the collection, compilation and publication of the statistics required under this Convention, the representative organisations of employers and workers, where they exist, shall be consulted with a view to taking into account their needs and to ensuring their co-operation.

#### *Article 4*

Nothing in this Convention shall impose an obligation to publish or reveal data which could result in the disclosure in any way of information relating to an individual statistical unit, such as a person, a household, an establishment or an enterprise.

#### *Article 5*

Each Member which ratifies this Convention undertakes to communicate to the International Labour Office, as soon as practicable, the published statistics compiled in pursuance of the Convention and information concerning their publication, in particular—

- (a) the reference information appropriate to the means of dissemination used (titles and reference numbers in the case of printed publications and the equivalent descriptions in the case of data disseminated in other forms); and
- (b) the most recent dates or periods for which the different types of statistics are available, and the dates of their publication or release.

#### *Article 6*

Detailed descriptions of the sources, concepts, definitions and methodology used in collecting and compiling statistics in pursuance of this Convention shall be—

- (a) produced and updated to reflect significant changes;
- (b) communicated to the International Labour Office as soon as practicable; and
- (c) published by the competent national body.

### II. BASIC LABOUR STATISTICS

#### *Article 7*

Current statistics of the economically active population, employment, where relevant unemployment, and where possible visible underemployment, shall be compiled in such a way as to be representative of the country as a whole.

#### *Article 8*

Statistics of the structure and distribution of the economically active population shall be compiled in such a way as to be representative of the country as a whole, for detailed analysis and to serve as benchmark data.

#### *Article 9*

1. Current statistics of average earnings and hours of work (hours actually worked or hours paid for) shall be compiled covering all important categories of employees and all important branches of economic activity, and in such a way as to be representative of the country as a whole.

2. Where appropriate, statistics of time rates of wages and normal hours of work shall be compiled covering important occupations or groups of occupations in important branches of economic activity, and in such a way as to be representative of the country as a whole.

#### *Article 10*

Statistics of wage structure and distribution shall be compiled covering employees in important branches of economic activity.

#### *Article 11*

Statistics of labour cost shall be compiled covering important branches of economic activity. Where possible, these statistics shall be consistent with data on

employment and hours of work (hours actually worked or hours paid for) of the same scope.

#### *Article 12*

Consumer price indices shall be computed in order to measure variations over time in the prices of items representative of the consumption patterns of significant population groups or of the total population.

#### *Article 13*

Statistics of household expenditure or, where appropriate, family expenditure and, where possible, household income or, where appropriate, family income shall be compiled covering all types and sizes of private households or families, and in such a way as to be representative of the country as a whole.

#### *Article 14*

1. Statistics of occupational injuries shall be compiled in such a way as to be representative of the country as a whole, covering, where possible, all branches of economic activity.

2. As far as possible, statistics of occupational diseases shall be compiled covering all branches of economic activity, and in such a way as to be representative of the country as a whole.

#### *Article 15*

Statistics of industrial disputes shall be compiled in such a way as to be representative of the country as a whole, covering, where possible, all branches of economic activity.

### III. ACCEPTANCE OF OBLIGATIONS

#### *Article 16*

1. Each Member which ratifies this Convention shall, in pursuance of the general obligations referred to in Part I, accept the obligations of the Convention in respect of one or more of the Articles of Part II.

2. Each Member shall specify in its ratification the Article or Articles of Part II in respect of which it accepts the obligations of this Convention.

3. Each Member which has ratified this Convention may subsequently notify the Director-General of the International Labour Office that it accepts the obligations of the Convention in respect of one or more of the Articles of Part II which were not already specified in its ratification. These notifications shall have the force of ratification as from the date of their communication.

4. Each Member which has ratified this Convention shall state, in its reports on the application of the Convention submitted under article 22 of the Constitution of the International Labour Organisation, the position of its law and practice on the subjects covered by the Articles of Part II in respect of which it has not accepted the obligations of the Convention and the extent to which effect is given or is proposed to be given to the Convention in respect of such subjects.

#### *Article 17*

1. A Member may limit initially the scope of the statistics referred to in the Article or Articles of Part II in respect of which it has accepted the obligations of this Convention to specified categories of workers, sectors of the economy, branches of economic activity or geographical areas.

2. Each Member which limits the scope of the statistics in pursuance of paragraph 1 of this Article shall indicate in its first report on the application of the Convention submitted under article 22 of the Constitution of the International Labour Organisation, the Article or Articles of Part II to which the limitation applies, stating the nature of and reasons for such limitation, and shall state in subsequent reports the extent to which it has been possible or it is proposed to extend the scope to other categories of workers, sectors of the economy, branches of economic activity or geographical areas.

3. After consulting the representative organisations of employers and workers concerned, a Member may, by a declaration communicated to the Director-General of the International Labour Office in the month following each anniversary of the coming into force of the Convention, introduce subsequent limitations on the technical scope of the statistics covered by the Article or Articles of Part II in respect of which it has accepted the obligations of the Convention. Such declarations shall take effect one year after the date on which they are registered. Each Member which introduces such limitations shall provide in its reports on the application of the Convention submitted under article 22 of the Constitution of the International Labour Organisation the particulars referred to in paragraph 2 of this Article.

#### *Article 18*

This Convention revises the Convention concerning Statistics of Wages and Hours of Work, 1938.

### IV. FINAL PROVISIONS

#### *Article 19*

The formal ratifications of this Convention shall be communicated to the Director-General of the International Labour Office for registration.

#### *Article 20*

1. This Convention shall be binding only upon those Members of the International Labour Organisation whose ratifications have been registered with the Director-General.

2. It shall come into force twelve months after the date on which the ratifications of two Members have been registered with the Director-General.

3. Thereafter, this Convention shall come into force for any Member twelve months after the date on which its ratification has been registered.

#### *Article 21*

1. A Member which has ratified this Convention may denounce it, after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Director-General of the International Labour Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article.

3. After consulting the representative organisations of employers and workers concerned, a Member which has ratified this Convention may, after the expiration of five years from the date on which the Convention first comes into force, by a declaration communicated to the Director-General of the International Labour Office, withdraw its acceptance of the obligations of the Convention in respect of

one or more of the Articles of Part II, provided that it maintains its acceptance of these obligations in respect of at least one of these Articles. Such withdrawal shall not take effect until one year after the date on which it was registered.

4. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of five years mentioned in paragraph 3 of this Article, exercise the right of withdrawal provided for in that paragraph, shall be bound by the Articles of Part II in respect of which it has accepted the obligations of the Convention for another period of five years and, thereafter, may withdraw its acceptance of these obligations at the expiration of each period of five years under the terms provided for in this Article.

#### Article 22

1. The Director-General of the International Labour Office shall notify all Members of the International Labour Organisation of the registration of all ratifications and denunciations communicated to him by the Members of the Organisation.

2. When notifying the Members of the Organisation of the registration of the second ratification communicated to him, the Director-General shall draw the attention of the Members of the Organisation to the date upon which the Convention will come into force.

#### Article 23

The Director-General of the International Labour Office shall communicate to the Secretary-General of the United Nations for registration in accordance with Article 102 of the Charter of the United Nations full particulars of all ratifications and acts of denunciation registered by him in accordance with the provisions of the preceding Articles.

#### Article 24

At such times as it may consider necessary the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall examine the desirability of placing on the agenda of the Conference the question of its revision in whole or in part.

#### Article 25

1. Should the Conference adopt a new Convention revising this Convention in whole or in part, then, unless the new Convention otherwise provides—

- (a) the ratification by a Member of the new revising Convention shall *ipso jure* involve the immediate denunciation of this Convention, notwithstanding the provisions of Article 21 above, if and when the new revising Convention shall have come into force;
- (b) as from the date when the new revising Convention comes into force this Convention shall cease to be open to ratification by the Members.

2. This Convention shall in any case remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention.

#### Article 26

The English and French versions of the text of this Convention are equally authoritative.



The foregoing is the authentic text of the Convention duly adopted by the General Conference of the International Labour Organisation during its Seventy-first Session which was held at Geneva and declared closed the twenty-seventh day of June 1985.

IN FAITH WHEREOF we have appended our signatures this twenty-seventh day of June 1985.

The text of the Convention as here presented is a true copy of the text authenticated by the signatures of the President of the International Labour Conference and of the Director-General of the International Labour Office.

Le texte de la convention présentée ici est une copie exacte du texte authentiqué par les signatures du Président de la Conférence internationale du Travail et du Directeur général du Bureau international du Travail.

Certified true and complete copy,  
Copie certifiée conforme et complète,

*For the Director-General of the International Labour Office:  
Pour le Directeur général du Bureau international du Travail:*

## Convention 161

### CONVENTION CONCERNING OCCUPATIONAL HEALTH SERVICES

The General Conference of the International Labour Organisation,  
Having been convened at Geneva by the Governing Body of the International  
Labour Office, and having met in its Seventy-first Session on 7 June 1985,  
and

Noting that the protection of the worker against sickness, disease and injury  
arising out of his employment is one of the tasks assigned to the  
International Labour Organisation under its Constitution,

Noting the relevant international labour Conventions and Recommendations,  
and in particular the Protection of Workers' Health Recommendation,  
1953, the Occupational Health Services Recommendation, 1959, the  
Workers' Representatives Convention, 1971, and the Occupational Safety  
and Health Convention and Recommendation, 1981, which establish the  
principles of national policy and action at the national level,

Having decided upon the adoption of certain proposals with regard to  
occupational health services, which is the fourth item on the agenda of the  
session, and

Having determined that these proposals shall take the form of an international  
Convention;

Adopts this twenty-sixth day of June of the year one thousand nine hundred  
and eighty-five the following Convention, which may be cited as the Occupational  
Health Services Convention, 1985:

#### PART I. PRINCIPLES OF NATIONAL POLICY

##### *Article 1*

For the purpose of this Convention—

- (a) the term "occupational health services" means services entrusted with essentially preventive functions and responsible for advising the employer, the workers and their representatives in the undertaking on—
  - (i) the requirements for establishing and maintaining a safe and healthy working environment which will facilitate optimal physical and mental health in relation to work;
  - (ii) the adaptation of work to the capabilities of workers in the light of their state of physical and mental health;
- (b) the term "workers' representatives in the undertaking" means persons who are recognised as such under national law or practice.

##### *Article 2*

In the light of national conditions and practice and in consultation with the most representative organisations of employers and workers, where they exist, each Member shall formulate, implement and periodically review a coherent national policy on occupational health services.

##### *Article 3*

1. Each Member undertakes to develop progressively occupational health services for all workers, including those in the public sector and the members of production co-operatives, in all branches of economic activity and all undertakings. The provision made should be adequate and appropriate to the specific risks of the undertakings.

2. If occupational health services cannot be immediately established for all undertakings, each Member concerned shall draw up plans for the establishment of such services in consultation with the most representative organisations of employers and workers, where they exist.

3. Each Member concerned shall indicate, in the first report on the application of the Convention submitted under article 22 of the Constitution of the International Labour Organisation, the plans drawn up pursuant to paragraph 2 of this Article, and indicate in subsequent reports any progress in their application.

#### *Article 4*

The competent authority shall consult the most representative organisations of employers and workers, where they exist, on the measures to be taken to give effect to the provisions of this Convention.

### PART II. FUNCTIONS

#### *Article 5*

Without prejudice to the responsibility of each employer for the health and safety of the workers in his employment, and with due regard to the necessity for the workers to participate in matters of occupational health and safety, occupational health services shall have such of the following functions as are adequate and appropriate to the occupational risks of the undertaking:

- (a) identification and assessment of the risks from health hazards in the workplace;
- (b) surveillance of the factors in the working environment and working practices which may affect workers' health, including sanitary installations, canteens and housing where these facilities are provided by the employer;
- (c) advice on planning and organisation of work, including the design of workplaces, on the choice, maintenance and condition of machinery and other equipment and on substances used in work;
- (d) participation in the development of programmes for the improvement of working practices as well as testing and evaluation of health aspects of new equipment;
- (e) advice on occupational health, safety and hygiene and on ergonomics and individual and collective protective equipment;
- (f) surveillance of workers' health in relation to work;
- (g) promoting the adaptation of work to the worker;
- (h) contribution to measures of vocational rehabilitation;
- (i) collaboration in providing information, training and education in the fields of occupational health and hygiene and ergonomics;
- (j) organising of first aid and emergency treatment;
- (k) participation in analysis of occupational accidents and occupational diseases.

### PART III. ORGANISATION

#### *Article 6*

Provision shall be made for the establishment of occupational health services—

- (a) by laws or regulations; or
- (b) by collective agreements or as otherwise agreed upon by the employers and workers concerned; or
- (c) in any other manner approved by the competent authority after consultation with the representative organisations of employers and workers concerned.

#### *Article 7*

1. Occupational health services may be organised as a service for a single undertaking or as a service common to a number of undertakings, as appropriate.

2. In accordance with national conditions and practice, occupational health services may be organised by—

- (a) the undertakings or groups of undertakings concerned;
- (b) public authorities or official services;
- (c) social security institutions;
- (d) any other bodies authorised by the competent authority;
- (e) a combination of any of the above.

#### *Article 8*

The employer, the workers and their representatives, where they exist, shall co-operate and participate in the implementation of the organisational and other measures relating to occupational health services on an equitable basis.

### PART IV. CONDITIONS OF OPERATION

#### *Article 9*

1. In accordance with national law and practice, occupational health services should be multidisciplinary. The composition of the personnel shall be determined by the nature of the duties to be performed.

2. Occupational health services shall carry out their functions in co-operation with the other services in the undertaking.

3. Measures shall be taken, in accordance with national law and practice, to ensure adequate co-operation and co-ordination between occupational health services and, as appropriate, other bodies concerned with the provision of health services.

#### *Article 10*

The personnel providing occupational health services shall enjoy full professional independence from employers, workers, and their representatives, where they exist, in relation to the functions listed in Article 5.

#### *Article 11*

The competent authority shall determine the qualifications required for the personnel providing occupational health services, according to the nature of the duties to be performed and in accordance with national law and practice.

#### *Article 12*

The surveillance of workers' health in relation to work shall involve no loss of earnings for them, shall be free of charge and shall take place as far as possible during working hours.

#### *Article 13*

All workers shall be informed of health hazards involved in their work.

#### *Article 14*

Occupational health services shall be informed by the employer and workers of any known factors and any suspected factors in the working environment which may affect the workers' health.

*Article 15*

Occupational health services shall be informed of occurrences of ill health amongst workers and absence from work for health reasons, in order to be able to identify whether there is any relation between the reasons for ill health or absence and any health hazards which may be present at the workplace. Personnel providing occupational health services shall not be required by the employer to verify the reasons for absence from work.

PART V. GENERAL PROVISIONS

*Article 16*

National laws or regulations shall designate the authority or authorities responsible both for supervising the operation of and for advising occupational health services once they have been established.

*Article 17*

The formal ratifications of this Convention shall be communicated to the Director-General of the International Labour Office for registration.

*Article 18*

1. This Convention shall be binding only upon those Members of the International Labour Organisation whose ratifications have been registered with the Director-General.

2. It shall come into force twelve months after the date on which the ratifications of two Members have been registered with the Director-General.

3. Thereafter, this Convention shall come into force for any Member twelve months after the date on which its ratification has been registered.

*Article 19*

1. A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Director-General of the International Labour Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article.

*Article 20*

1. The Director-General of the International Labour Office shall notify all Members of the International Labour Organisation of the registration of all ratifications and denunciations communicated to him by the Members of the Organisation.

2. When notifying the Members of the Organisation of the registration of the second ratification communicated to him, the Director-General shall draw the attention of the Members of the Organisation to the date upon which the Convention will come into force.

*Article 21*

The Director-General of the International Labour Office shall communicate to the Secretary-General of the United Nations for registration in accordance with

Article 102 of the Charter of the United Nations full particulars of all ratifications and acts of denunciation registered by him in accordance with the provisions of the preceding Articles.

*Article 22*

At such times as it may consider necessary the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall examine the desirability of placing on the agenda of the Conference the question of its revision in whole or in part.

*Article 23*

1. Should the Conference adopt a new Convention revising this Convention in whole or in part, then, unless the new Convention otherwise provides—

- (a) the ratification by a Member of the new revising Convention shall *ipso jure* involve the immediate denunciation of this Convention, notwithstanding the provisions of Article 19 above, if and when the new revising Convention shall have come into force;
- (b) as from the date when the new revising Convention comes into force this Convention shall cease to be open to ratification by the Members.

2. This Convention shall in any case remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention.

*Article 24*

The English and French versions of the text of this Convention are equally authoritative.

The foregoing is the authentic text of the Convention duly adopted by the General Conference of the International Labour Organisation during its Seventy-first Session which was held at Geneva and declared closed the twenty-seventh day of June 1985.

IN FAITH WHEREOF we have appended our signatures this twenty-seventh day of June 1985.



The text of the Convention as here presented is a true copy of the text authenticated by the signatures of the President of the International Labour Conference and of the Director-General of the International Labour Office.

Le texte de la convention présentée ici est une copie exacte du texte authentiqué par les signatures du Président de la Conférence internationale du Travail et du Directeur général du Bureau international du Travail.

Certified true and complete copy,  
Copie certifiée conforme et complète,

*For the Director-General of the International Labour Office:  
Pour le Directeur général du Bureau international du Travail:*

## Recommendation 170

### RECOMMENDATION CONCERNING LABOUR STATISTICS

The General Conference of the International Labour Organisation,  
Having been convened at Geneva by the Governing Body of the International  
Labour Office, and having met in its Seventy-first Session on 7 June 1985,  
and

Recognising the need for reliable labour statistics both in developed and in  
developing countries, particularly for the purposes of planning and monitor-  
ing social and economic progress, as well as for industrial relations,

Having decided upon the adoption of certain proposals with regard to the  
revision of the Convention concerning Statistics of Wages and Hours of  
Work, 1938 (No. 63), which is the fifth item on the agenda of the session,  
and

Having determined that these proposals shall take the form of a Recommenda-  
tion supplementing the Labour Statistics Convention, 1985,  
adopts this twenty-fifth day of June of the year one thousand nine hundred and  
eighty-five the following Recommendation, which may be cited as the Labour  
Statistics Recommendation, 1985:

#### I. BASIC LABOUR STATISTICS

##### *Statistics of the Economically Active Population, Employment, Unemployment and Underemployment*

1. (1) Current statistics of the economically active population, employment, where relevant unemployment, and where possible visible underemployment should be compiled at least once a year.

(2) These statistics should be classified according to sex and, where possible, age group and branch of economic activity.

2. (1) With a view to meeting long-term needs for detailed analysis and for benchmark purposes, statistics of the structure and distribution of the economically active population should be compiled at least once every ten years.

(2) These statistics should be classified at least according to sex, age group, occupational group or level of qualifications, branch of economic activity, geographical area and status in employment (such as employer, own-account worker, employee, unpaid family worker, member of producers' co-operative).

##### *Statistics of Wages and Hours of Work*

3. (1) Current statistics of average earnings and hours of work (hours actually worked or hours paid for) should be compiled at least once a year.

(2) These statistics should be classified at least according to branch of economic activity and sex, where relevant according to size of establishment and geographical area and, where possible, age group and occupational group or level of qualifications.

4. (1) Where appropriate, current statistics of time rates of wages and normal hours of work should be compiled at least once a year.

(2) These statistics should be classified at least according to branch of economic activity and, where relevant, according to sex, age group, occupation or occupational group or level of qualifications, size of establishment and geographical area.

5. (1) With a view to meeting long-term needs for detailed analysis and for benchmark purposes, statistics of wage structure and distribution should be compiled at regular intervals, if possible once every five years.

(2) These statistics should provide -

- (a) data on earnings and hours of work (hours actually worked or hours paid for) classified at least according to sex, age group, occupation or occupational group or level of qualifications, branch of economic activity, size of establishment and geographical area;
- (b) detailed data on the composition of earnings (such as basic pay, premium pay for overtime, remuneration for time not worked and bonuses and gratuities) and of hours of work (hours actually worked or hours paid for); and
- (c) data on the distribution of employees according to levels of earnings and hours of work (hours actually worked or hours paid for), classified according to important characteristics of employees, such as sex and age group.

6. (1) With a view to meeting long-term needs, statistics of labour cost should be compiled at least once every five years.

(2) These statistics should provide data on the level and composition of labour cost, classified according to branch of economic activity.

#### *Consumer Price Indices*

7. (1) A general consumer price index should be computed and published for significant population groups or for the total population, covering all groups of consumption items.

(2) Consumer price indices should be published separately for important groups of consumption items, such as food, drink and tobacco; clothing and footwear; housing; fuel and lighting; and other significant categories.

8. The consumer price indices should be computed and published, if possible once a month, but at least once every three months.

9. The weights used to compute the consumer price indices should be reviewed at least once every ten years, and adjusted when significant changes in the consumption patterns are revealed.

10. The prices used to compute the consumer price indices should be representative of the respective purchasing habits (for example, regarding outlets and the nature and quality of articles) of the population groups concerned.

#### *Statistics of Household Expenditure and Household Income*

11. (1) Statistics of household expenditure or, where appropriate, family expenditure and, where possible, household income or, where appropriate, family income, should be compiled at least once every ten years.

(2) These statistics should provide, inter alia, in respect of households or families as the case may be -

- (a) detailed data on expenditure;
- (b) where possible, detailed data on income according to level and source of income;
- (c) detailed data on their composition, according to sex, age group and other significant characteristics of their members; and
- (d) data on expenditure and, where possible, income, classified according to their size and type, expenditure class and, where possible, income class.

#### *Statistics of Occupational Injuries and Occupational Diseases*

12. (1) Statistics of occupational injuries should be compiled at least once a year.

(2) These statistics should be classified at least according to branch of economic activity and, as far as possible, according to significant characteristics of employees (such as sex, age group and occupation or occupational group or level of qualifications) and of establishments.

13. (1) As far as possible, statistics of occupational diseases should be compiled at least once a year.

(2) These statistics should be classified at least according to branch of economic activity and, as far as possible, according to significant characteristics of employees (such as sex, age group and occupation or occupational group or level of qualifications) and of establishments.

#### *Statistics of Industrial Disputes*

14. (1) Statistics of industrial disputes should be compiled at least once a year.

(2) These statistics should be classified at least according to branch of economic activity.

#### *Statistics of Productivity*

15. Statistics of productivity should be progressively developed and compiled covering important branches of economic activity.

## II. STATISTICAL INFRASTRUCTURE

16. For the purposes of collecting and compiling the labour statistics in pursuance of Part I of this Recommendation, Members should progressively develop the appropriate national statistical infrastructure. The major elements of such an infrastructure should include -

- (a) a comprehensive and up-to-date register of establishments or enterprises for the purposes of surveys or censuses; such a register should be sufficiently detailed to permit the selection of samples of establishments or enterprises;
- (b) a co-ordinated system for the implementation of surveys or censuses of establishments or enterprises;
- (c) a capability for the implementation of a continuous and co-ordinated series of national surveys of households or individuals; and
- (d) access for statistical purposes, with appropriate safeguards for their confidential use, to administrative records (such as those of employment services, social security bodies, labour inspection services).

17. Members should establish appropriate national standard classifications, and should encourage and co-ordinate the observance as far as possible of these classifications by all bodies concerned.

18. Members should take the necessary steps to harmonise the statistics compiled in pursuance of this Recommendation from different sources and by different bodies.

19. (1) In designing or revising the concepts, definitions and methodology used in the collection, compilation and publication of the statistics provided for in this Recommendation, Members should take into consideration the international recommendations on labour statistics established under the auspices of the International Labour Organisation, and relevant recommendations of other competent international organisations.

(2) Members should review and, if appropriate, revise or update the concepts, definitions and classifications used in compiling labour statistics in pursuance of this Recommendation when the relevant international standards and guide-lines are revised, or when new ones are established.

20. In designing or revising the concepts, definitions and methodology used in the collection, compilation and publication of the statistics provided for in the Labour Statistics Convention, 1985, and in this Recommendation, Members might seek assistance from the International Labour Office.

The foregoing is the authentic text of the Recommendation duly adopted by the General Conference of the International Labour Organisation during its Seventy-first Session which was held at Geneva and declared closed the twenty-seventh day of June 1985.

IN FAITH WHEREOF we have appended our signatures this twenty-seventh day of June 1985.

The text of the Recommendation as here presented is a true copy of the text authenticated by the signatures of the President of the International Labour Conference and of the Director-General of the International Labour Office.

Le texte de la recommandation présentée ici est une copie exacte du texte authentiqué par les signatures du Président de la Conférence internationale du Travail et du Directeur général du Bureau international du Travail.

Certified true and complete copy,  
Copie certifiée conforme et complète,

*For the Director-General of the International Labour Office:  
Pour le Directeur général du Bureau international du Travail:*

## Recommendation 171

### **RECOMMENDATION CONCERNING OCCUPATIONAL HEALTH SERVICES**

The General Conference of the International Labour Organisation,  
Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Seventy-first Session on 7 June 1985,  
and

Noting that the protection of the worker against sickness, disease and injury arising out of his employment is one of the tasks assigned to the International Labour Organisation under its Constitution,

Noting the relevant international labour Conventions and Recommendations, and in particular the Protection of Workers' Health Recommendation, 1953, the Occupational Health Services Recommendation, 1959, the Workers' Representatives Convention, 1971, and the Occupational Safety and Health Convention and Recommendation, 1981, which establish the principles of national policy and action at the national level, and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy adopted by the Governing Body of the International Labour Office,

Having decided upon the adoption of certain proposals with regard to occupational health services, which is the fourth item on the agenda of the session, and

Having determined that proposals shall take the form of a Recommendation supplementing the Occupational Health Services Convention, 1985:

Adopts this twenty-sixth day of June of the year one thousand nine hundred and eighty-five the following Recommendation, which may be cited as the Occupational Health Services Recommendation, 1985:

#### I. PRINCIPLES OF NATIONAL POLICY

1. Each Member should, in the light of national conditions and practice and in consultation with the most representative organisations of employers and workers, where they exist, formulate, implement and periodically review a coherent national policy on occupational health services, which should include general principles governing their functions, organisation and operation.

2. (1) Each Member should develop progressively occupational health services for all workers, including those in the public sector and the members of production co-operatives, in all branches of economic activity and all undertakings. The provision made should be adequate and appropriate to the specific health risks of the undertakings.

(2) Provision should also be made for such measures as may be necessary and reasonably practicable to make available to self-employed persons protection analogous to that provided for in the Occupational Health Services Convention, 1985, and in this Recommendation.

#### II. FUNCTIONS

3. The role of occupational health services should be essentially preventive.

4. Occupational health services should establish a programme of activity adapted to the undertaking or undertakings they serve, taking into account in particular the occupational hazards in the working environment as well as the problems specific to the branches of economic activity concerned.



A. SURVEILLANCE OF THE WORKING ENVIRONMENT

5. (1) The surveillance of the working environment should include—

- (a) identification and evaluation of the environmental factors which may affect the workers' health;
- (b) assessment of conditions of occupational hygiene and factors in the organisation of work which may give rise to risks for the health of workers;
- (c) assessment of collective and personal protective equipment;
- (d) assessment where appropriate of exposure of workers to hazardous agents by valid and generally accepted monitoring methods;
- (e) assessment of control systems designed to eliminate or reduce exposure.

(2) Such surveillance should be carried out in liaison with the other technical services of the undertaking and in co-operation with the workers concerned and their representatives in the undertaking or the safety and health committee, where they exist.

6. (1) In accordance with national law and practice, data resulting from the surveillance of the working environment should be recorded in an appropriate manner and be available to the employer, the workers and their representatives in the undertaking concerned or the safety and health committee, where they exist.

(2) These data should be used on a confidential basis and solely to provide guidance and advice on measures to improve the working environment and the health and safety of workers.

(3) The competent authority should have access to these data. They may only be communicated by the occupational health service to others with the agreement of the employer and the workers or their representatives in the undertaking or the safety and health committee, where they exist.

7. The surveillance of the working environment should entail such visits by the personnel providing occupational health services as may be necessary to examine the factors in the working environment which may affect the workers' health, the environmental health conditions at the workplace and the working conditions.

8. Occupational health services should—

- (a) carry out monitoring of workers' exposure to special health hazards, when necessary;
- (b) supervise sanitary installations and other facilities for the workers, such as drinking water, canteens and living accommodation, when provided by the employer;
- (c) advise on the possible impact on the workers' health of the use of technologies;
- (d) participate in and advise on the selection of the equipment necessary for the personal protection of the workers against occupational hazards;
- (e) collaborate in job analysis and in the study of organisation and methods of work with a view to securing a better adaptation of work to the workers;
- (f) participate in the analysis of occupational accidents and occupational diseases and in accident prevention programmes.

9. Personnel providing occupational health services should, after informing the employer, workers and their representatives, where appropriate—

- (a) have free access to all workplaces and to the installations the undertaking provides for the workers;
- (b) have access to information concerning the processes, performance standards, products, materials and substances used or whose use is envisaged, subject to their preserving the confidentiality of any secret information they may learn which does not affect the health of workers;

- (c) be able to take for the purpose of analysis samples of products, materials and substances used or handled.

10. Occupational health services should be consulted concerning proposed modifications in the work processes or in the conditions of work liable to have an effect on the health or safety of workers.

#### B. SURVEILLANCE OF THE WORKERS' HEALTH

11. (1) Surveillance of the workers' health should include, in the cases and under the conditions specified by the competent authority, all assessments necessary to protect the health of the workers, which may include-

- (a) health assessment of workers before their assignment to specific tasks which may involve a danger to their health or that of others;
- (b) health assessment at periodic intervals during employment which involves exposure to a particular hazard to health;
- (c) health assessment on resumption of work after a prolonged absence for health reasons for the purpose of determining its possible occupational causes, of recommending appropriate action to protect the workers and of determining the worker's suitability for the job and needs for reassignment and rehabilitation;
- (d) health assessment on and after the termination of assignments involving hazards which might cause or contribute to future health impairment.

(2) Provisions should be adopted to protect the privacy of the workers and to ensure that health surveillance is not used for discriminatory purposes or in any other manner prejudicial to their interests.

12. (1) In the case of exposure of workers to specific occupational hazards, in addition to the health assessments provided for in Paragraph 11 of this Recommendation, the surveillance of the workers' health should include, where appropriate, any examinations and investigations which may be necessary to detect exposure levels and early biological effects and responses.

(2) When a valid and generally accepted method of biological monitoring of the workers' health for the early detection of the effects on health of exposure to specific occupational hazards exists, it may be used to identify workers who need a detailed medical examination, subject to the individual worker's consent.

13. Occupational health services should be informed of occurrences of ill health amongst workers and absences from work for health reasons, in order to be able to identify whether there is any relation between the reasons for ill health or absence and any health hazards which may be present at the workplace. Personnel providing occupational health services should not be required by the employer to verify the reasons for absence from work.

14. (1) Occupational health services should record data on workers' health in personal confidential health files. These files should also contain information on jobs held by the workers, on exposure to occupational hazards involved in their work, and on the results of any assessments of workers' exposure to these hazards.

(2) The personnel providing occupational health services should have access to personal health files only to the extent that the information contained in the files is relevant to the performance of their duties. Where the files contain personal information covered by medical confidentiality this access should be restricted to medical personnel.

(3) Personal data relating to health assessments may be communicated to others only with the informed consent of the worker concerned.

15. The conditions under which, and time during which, personal health files should be kept, the conditions under which they may be communicated or transferred and the measures necessary to keep them confidential, in particular when the information they contain is placed on computer, should be prescribed by national laws or regulations or by the competent authority or, in accordance with national practice, governed by recognised ethical guide-lines.

16. (1) On completing a prescribed medical examination for the purpose of determining fitness for work involving exposure to a particular hazard, the physician who has carried out the examination should communicate his conclusions in writing to both the worker and the employer.

(2) These conclusions should contain no information of a medical nature; they might, as appropriate, indicate fitness for the proposed assignment or specify the kinds of jobs and the conditions of work which are medically contra-indicated, either temporarily or permanently.

17. Where the continued employment of a worker in a particular job is contra-indicated for health reasons, the occupational health service should collaborate in efforts to find alternative employment for him in the undertaking, or another appropriate solution.

18. Where an occupational disease has been detected through the surveillance of the worker's health, it should be notified to the competent authority in accordance with national law and practice. The employer, workers and workers' representatives should be informed that this notification has been carried out.

#### C. INFORMATION, EDUCATION, TRAINING, ADVICE

19. Occupational health services should participate in designing and implementing programmes of information, education and training on health and hygiene in relation to work for the personnel of the undertaking.

20. Occupational health services should participate in the training and regular retraining of first-aid personnel and in the progressive and continuing training of all workers in the undertaking who contribute to occupational safety and health.

21. With a view to promoting the adaptation of work to the workers and improving the working conditions and environment, occupational health services should act as advisers on occupational health and hygiene and ergonomics to the employer, the workers and their representatives in the undertaking and the safety and health committee, where they exist, and should collaborate with bodies already operating as advisers in this field.

22. (1) Each worker should be informed in an adequate and appropriate manner of the health hazards involved in his work, of the results of the health examinations he has undergone and of the assessment of his health.

(2) Each worker should have the right to have corrected any data which are erroneous or which might lead to error.

(3) In addition, occupational health services should provide workers with personal advice concerning their health in relation to their work.

#### D. FIRST AID, TREATMENT AND HEALTH PROGRAMMES

23. Taking into account national law and practice, occupational health services in undertakings should provide first-aid and emergency treatment in cases of accident or indisposition of workers at the workplace and should collaborate in the organisation of first aid.

24. Taking into account the organisation of preventive medicine at the national level, occupational health services might, where possible and appropriate—

- (a) carry out immunisations in respect of biological hazards in the working environment;
- (b) take part in campaigns for the protection of health;
- (c) collaborate with the health authorities within the framework of public health programmes.

25. Taking into account national law and practice and after consultation with the most representative organisations of employers and workers, where they exist, the competent authority should, where necessary, authorise occupational health services, in agreement with all concerned, including the worker and his own doctor or a primary health care service, where applicable, to undertake or to participate in one or more of the following functions:

- (a) treatment of workers who have not stopped work or who have resumed work after an absence;
- (b) treatment of the victims of occupational accidents;
- (c) treatment of occupational diseases and of health impairment aggravated by work;
- (d) medical aspects of vocational re-education and rehabilitation.

26. Taking into account national law and practice concerning the organisation of health care, and distance from clinics, occupational health services might engage in other health activities, including curative medical care for workers and their families, as authorised by the competent authority in consultation with the most representative organisations of employers and workers, where they exist.

27. Occupational health services should co-operate with the other services concerned in the establishment of emergency plans for action in the case of major accidents.

#### E. OTHER FUNCTIONS

28. Occupational health services should analyse the results of the surveillance of the workers' health and of the working environment, as well as the results of biological monitoring and of personal monitoring of workers' exposure to occupational hazards, where they exist, with a view to assessing possible connections between exposure to occupational hazards and health impairment and to proposing measures for improving the working conditions and environment.

29. Occupational health services should draw up plans and reports at appropriate intervals concerning their activities and health conditions in the undertaking. These plans and reports should be made available to the employer and the workers' representatives in the undertaking or the safety and health committee, where they exist, and be available to the competent authority.

30. (1) Occupational health services, in consultation with the employers' and the workers' representatives, should contribute to research, within the limits of their resources, by participating in studies or inquiries in the undertaking or in the relevant branch of economic activity, for example, with a view to collecting data for epidemiological purposes and orienting their activities.

(2) The results of the measurements carried out in the working environment and of the assessments of the workers' health may be used for research purposes, subject to the provisions of Paragraphs 6(3), 11(2) and 14(3) of this Recommendation.

31. Occupational health services should participate with other services in the undertaking, as appropriate, in measures to prevent its activities from having an adverse effect on the general environment.

### III. ORGANISATION

32. Occupational health services should, as far as possible, be located within or near the place of employment, or should be organised in such a way as to ensure that their functions are carried out at the place of employment.

33. (1) The employer, the workers and their representatives, where they exist, should co-operate and participate in the implementation of the organisational and other measures relating to occupational health services on an equitable basis.

(2) In conformity with national conditions and practice, employers and workers or their representatives in the undertaking or the safety and health committee, where they exist, should participate in decisions affecting the organisation and operation of these services, including those relating to the employment of personnel and the planning of the service's programmes.

34. (1) Occupational health services may be organised as a service within a single undertaking or as a service common to a number of undertakings, as appropriate.

(2) In accordance with national conditions and practice, occupational health services may be organised by -

- (a) the undertakings or groups of undertakings concerned;
- (b) the public authorities or official services;
- (c) social security institutions;
- (d) any other bodies authorised by the competent authority;
- (e) a combination of any of the above.

(3) The competent authority should determine the circumstances in which, in the absence of an occupational health service, appropriate existing services may, as an interim measure, be recognised as authorised bodies in accordance with subparagraph 2(d) of this Paragraph.

35. In situations where the competent authority, after consulting the representative organisations of employers and workers concerned, where they exist, has determined that the establishment of an occupational health service, or access to such a service, is impracticable, undertakings should, as an interim measure, make arrangements, after consulting the workers' representatives in the undertaking or the safety and health committee, where they exist, with a local medical service for carrying out the health examinations prescribed by national laws or regulations, providing surveillance of the environmental health conditions in the undertaking and ensuring that first-aid and emergency treatment are properly organised.

### IV. CONDITIONS OF OPERATION

36. (1) In accordance with national law and practice, occupational health services should be made up of multidisciplinary teams whose composition should be determined by the nature of the duties to be performed.

(2) Occupational health services should have sufficient technical personnel with specialised training and experience in such fields as occupational medicine, occupational hygiene, ergonomics, occupational health nursing and other relevant fields. They should, as far as possible, keep themselves up to date with progress in the scientific and technical knowledge necessary to perform their duties and should be given the opportunity to do so without loss of earnings.

(3) The occupational health services should, in addition, have the necessary administrative personnel for their operation.

37. (1) The professional independence of the personnel providing occupational health services should be safeguarded. In accordance with national law and practice, this might be done through laws or regulations and appropriate consultations between the employer, the workers, and their representatives and the safety and health committees, where they exist.

(2) The competent authority should, where appropriate and in accordance with national law and practice, specify the conditions for the engagement and termination of employment of the personnel of occupational health services in consultation with the representative organisations of employers and workers concerned.

38. Each person who works in an occupational health service should be required to observe professional secrecy as regards both medical and technical information which may come to his knowledge in connection with his functions and the activities of the service, subject to such exceptions as may be provided for by national laws or regulations.

39. (1) The competent authority may prescribe standards for the premises and equipment necessary for occupational health services to exercise their functions.

(2) Occupational health services should have access to appropriate facilities for carrying out the analyses and tests necessary for surveillance of the workers' health and of the working environment.

40. (1) Within the framework of a multidisciplinary approach, occupational health services should collaborate with—

- (a) those services which are concerned with the safety of workers in the undertaking;
- (b) the various production units, or departments, in order to help them in formulating and implementing relevant preventive programmes;
- (c) the personnel department and other departments concerned;
- (d) the workers' representatives in the undertaking, workers' safety representatives and the safety and health committee, where they exist.

(2) Occupational health services and occupational safety services might be organised together, where appropriate.

41. Occupational health services should also, where necessary, have contacts with external services and bodies dealing with questions of health, hygiene, safety, vocational rehabilitation, retraining and reassignment, working conditions and the welfare of workers, as well as with inspection services and with the national body which has been designated to take part in the International Occupational Safety and Health Hazard Alert System set up within the framework of the International Labour Organisation.

42. The person in charge of an occupational health service should be able, in accordance with the provisions of Paragraph 38, to consult the competent authority, after informing the employer and the workers' representatives in the undertaking or the safety and health committee, where they exist, on the implementation of occupational safety and health standards in the undertaking.

43. The occupational health services of a national or multinational enterprise with more than one establishment should provide the highest standard of services, without discrimination, to the workers in all its establishments, regardless of the place or country in which they are situated.

#### V. GENERAL PROVISIONS

44. (1) Within the framework of their responsibility for their employees' health and safety, employers should take all necessary measures to facilitate the execution of the duties of occupational health services.

(2) Workers and their organisations should provide support to the occupational health services in the execution of their duties.

45. The occupational health-related facilities provided by the occupational health services should not involve any expense to the worker.

46. In cases where occupational health services are established and their functions specified by national laws or regulations, the manner of financing these services should also be so determined.

47. For the purpose of this Recommendation the term "workers' representatives in the undertaking" means persons who are recognised as such under national law or practice.

48. This Recommendation, which supplements the Occupational Health Services Convention, 1985, supersedes the Occupational Health Services Recommendation, 1959.

The foregoing is the authentic text of the Recommendation duly adopted by the General Conference of the International Labour Organisation during its Seventy-first Session which was held at Geneva and declared closed the twenty-seventh day of June 1985.

IN FAITH WHEREOF we have appended our signatures this twenty-seventh day of June 1985.



The text of the Recommendation as here presented is a true copy of the text authenticated by the signatures of the President of the International Labour Conference and of the Director-General of the International Labour Office.

Le texte de la recommandation présentée ici est une copie exacte du texte authentiqué par les signatures du Président de la Conférence internationale du Travail et du Directeur général du Bureau international du Travail.

Certified true and complete copy,  
Copie certifiée conforme et complète.

*For the Director-General of the International Labour Office:  
Pour le Directeur général du Bureau international du Travail:*



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460

Switchboard 01-213 3000

Len Appleyard Esq  
 Private Secretary  
 Secretary of State for Foreign  
 and Commonwealth Affairs  
 Foreign and Commonwealth Office  
 Whitehall  
 LONDON SW1

31<sup>st</sup> October 1985

Dear Len,

**INTERNATIONAL LABOUR INSTRUMENT ADOPTED BY THE 70TH SESSION OF  
 THE INTERNATIONAL LABOUR CONFERENCE 1984**

Thank you for your letter of 28 October. We note what you say about the possibility that publication of the White Paper might attract attention to those points on which we take issue with the ILO recommendation and accept, as the Foreign Secretary assumes, that it would be for this Department in the first instance to prepare a line to be taken in public if it is required.

I am also grateful to those other colleagues who have responded to my original letter. My Secretary of State proposes to put in hand arrangements for printing the White Paper as circulated, subject only to the minor changes recommended by DHSS in Giles Denham's letter of 18 October.

I am sending copies of this letter, as before, to the Private Secretaries of other members of the Cabinet, the Attorney General, Lord Advocate, Sir Robert Armstrong and Bernard Ingham.

Yours sincerely,

Iain Mackinnon

IAIN MACKINNON  
 Private Secretary

CNO



DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422  
SWITCHBOARD 01-215 7877

DW794

Secretary of State for Trade and Industry



21 October 1985

Iain MacKinnon Esq  
Private Secretary to the  
Secretary of State for Employment  
Department of Employment  
Caxton House  
Tothill Street  
LONDON  
SW1H 9NE

W  
21/10

Dear Iain

**INTERNATIONAL LABOUR INSTRUMENT ADOPTED BY THE 70TH SESSION OF  
THE INTERNATIONAL LABOUR CONFERENCE 1984**

Thank you for sending me a copy of your letter to PS/Secretary of  
State for Foreign and Commonwealth Affairs, dated 14 October.

My Secretary of State is content with the draft White Paper  
setting out the Government's proposed action on the Recommendation  
on Employment Policy.

I am copying this letter to the Private Secretaries of other  
Members of the Cabinet, The Attorney General, Lord Advocate,  
Secretary to the Cabinet and Chief Press Secretary at No 10  
Downing Street.

Yours ever

Edmund Hosker

EDMUND HOSKER  
Private Secretary

Ind Per Pt 3

Wages Cancels



*ceyo*



Y GWYDDFA GYMREIG  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-233 3000 (Switsfwrdd)  
01-233 8545 (Llinell Union)

WELSH OFFICE  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-233 3000 (Switchboard)  
01-233 8545 (Direct Line)

ODDI WRTH YSGRIFENNYDD  
PREIFAT YSGRIFENNYDD  
GWLADOL CYMRU

FROM THE PRIVATE SECRETARY  
TO THE SECRETARY OF STATE  
FOR WALES

Our Ref: CT/7748/85

*JF* October 1985

*Dear Iain,*

*W*

INTERNATIONAL LABOUR INSTRUMENTS ADOPTED BY THE 70TH SESSION OF THE  
INTERNATIONAL LABOUR CONFERENCE 1984

I refer to your letter to Len Appleyard about the Recommendation on Employment Policy which was adopted at the 70th session of the International Labour Conference 1984.

My Secretary of State is content with the draft White Paper entitled "International Labour Conference" which was enclosed with your letter.

I am copying this to the Private Secretaries of other Members of the Cabinet, the Attorney General, Lord Advocate, Secretary to the Cabinet and Chief Press Secretary at No 10 Downing Street.

*Yours sincerely  
Colin Williams*

Iain Mackinnon Esq  
PS/Secretary of State for Employment  
Caxton House  
Tothill Street  
LONDON  
SW1H 9NF

Wages Counts : IND. POL A3.





Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 ..... 6460  
Switchboard 01-213 3000

Our Ref: 6/OS 259/84

Len Appleyard Esq  
Private Secretary  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
Whitehall  
LONDON  
SW1

NBPT.

14<sup>th</sup> October 1985

Dear Len,

**INTERNATIONAL LABOUR INSTRUMENT ADOPTED BY THE 70TH SESSION OF  
THE INTERNATIONAL LABOUR CONFERENCE 1984**

In pursuance of our obligations under the constitution of the International Labour Organisation my Secretary of State is proposing to issue a White Paper setting out the Government's proposed action on the Recommendation on Employment Policy which was adopted at the 70th session of the International Labour Conference in 1984. I accordingly enclose a draft of the White Paper, entitled 'International Labour Conference', on which other Departments concerned were consulted at official level at an earlier stage, and has subsequently been the subject of consultation with the CBI and the TUC.

My Secretary of State would be glad to know whether the Foreign Secretary and other Cabinet colleagues are content with the draft. In order to meet our obligations the White Paper must be laid before the end of December and I should therefore be grateful if you and the others to whom this letter is copied could reply by the close of play on Friday 18 October.

I am sending copies of this letter and its enclosures for comment to the Private Secretaries of other Members of the Cabinet, the Attorney General, Lord Advocate, Secretary to the Cabinet and Chief Press Secretary at No 10 Downing Street.

Yours sincerely,  
*Iain Mackinnon*

IAIN MACKINNON  
Private Secretary

BT  
DRAFT

INTERNATIONAL  
LABOUR CONFERENCE

Proposed action by Her Majesty's Government in the United Kingdom  
of Great Britain and Northern Ireland on a Recommendation adopted  
at the 70th (1984) Session of the International Labour Conference.

Presented to Parliament by the Secretary of State for Employment  
by Command of Her Majesty

1985

HER MAJESTY'S STATIONERY OFFICE

£ net

Cmnd



INTERNATIONAL LABOUR CONFERENCE

PROPOSED ACTION by Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland regarding:

The Employment Policy (Supplementary Provisions) Recommendation,  
1984 : (No 169).

## INTERNATIONAL LABOUR CONFERENCE

The position of Her Majesty's Government in relation to a Recommendation adopted by the International Labour Conference at its 70th Session, 1984 is set out below. The full text of the instrument is set out in the Annex to this White Paper.

## RECOMMENDATION 169 CONCERNING EMPLOYMENT POLICY

1 This Recommendation supplements the provisions of International Labour Convention No 122 and Recommendation No 122 concerning Employment Policy adopted by the International Labour Conference at its 48th session in June 1984.

2 The new instrument ranges widely and, following a section on the general principles of employment policy, includes detailed provisions relating to the following areas:

(a) Population Policy : provisions, primarily of relevance to developing countries, relating to the promotion of family welfare and family planning;

(b) Employment of Youth and disadvantaged groups and persons : recommendations regarding measures taking account of national law and practice to help those who have difficulty in finding lasting employment (including certain women; disabled people; older workers; the long-term unemployed; migrant workers), and young people in particular;

(c) Technology policies ; recommendations about the aim and content of technology policies, including research; skills and education and training; effects on working conditions, working time and distribution of employment; consultation with workers and/or their representatives; and, in accordance with national practice, encouragement of collective agreement on the introduction of new technology;

(d) Informal Sector : provisions which define the informal sector as economic activities carried on outside the institutionalised economic structures, and recommend that measures be taken to encourage family work; promote complementary relationships between the informal and formal sectors and to facilitate progressive regulation and integration of the informal sector into the national economy;

(e) Small undertakings : provisions which recognise the importance of small firms as providers of jobs and recommend measures to promote them by, for example, improving their access to markets, credit and technical expertise;

(f) Regional Development policies : recommendations about policies, which, taking account of national law and practice, should be implemented to tackle uneven spread of economic growth and employment between regions;

(g) Public investment and Special Public works Programmes : provisions which recommend that member states might implement economically and socially viable public investment and special public works programmes with a view to maintaining employment, raising incomes, reducing poverty and better meeting basic needs;

(h) International economic co-operation and employment : recommendations relating to a variety of objectives that members should, with a view to ensuring effective employment policies, adopt. These include a promotion of world trade; joint policies to promote fair distribution of social costs and benefit of structural adjustment and international distribution of income and wealth; policies to enable greater participation of developing countries in world production; encourage peaceful resolution of disputes between nations and progressive transfer of armament expenditure and industry to the production of essential goods and services; increasing mutual economic and technical co-operation; creating conditions for non-inflationary growth of the world economy and establishment of an improved international monetary system which would lead to the establishment of the new international economic order; to ensure great stability of exchange rates and provision of assistance to developing countries;

(i) International migration and employment : recommendations to promote more employment opportunities for migrant workers, and encourage greater co-operation between countries of origin and countries receiving migrants, including the concluding of bilateral and multilateral agreements.

3 The United Kingdom Government fully recognises that employment growth and the problems of unemployment are matters of great concern both in this country and internationally. It appreciates that countries' employment strategies have had to adapt to greatly changed economic conditions, and that technological development and structural change present challenges as well as opportunities in relation to employment.

The United Kingdom Government is pursuing strategies to tackle the problem. Its economic and industrial policies are designed to promote a healthy economy and encourage enterprise so that industry and commerce, on which jobs depend, can flourish. It is seeking to improve the supply side of the economy, encourage greater flexibility in the labour market and the removal of obstacles to job creation. It is also spending over £2,000 million this year on a wide range of employment and training measures. These are designed to help unemployed people find jobs, get training and start up their own small businesses; to prepare young people for the world of work and to improve the operation of the labour market. The measures, including the extension of the Youth Training Scheme to offer 16 year old school-leavers two years of work - related training and 17 year old leavers one, are very much in line with the relevant provisions of the Recommendation.

5 Many of the United Kingdom Government's other activities also accord with the spirit behind the provisions of the instrument. It has, for example, encouraged and assisted the growth of self employment and new businesses and the development of the small firms sector; provided support for innovation and the introduction of new technology, and introduced new forms of regional assistance aimed at improving the effectiveness of the policy in reducing regional imbalances in employment opportunities.

6 However, the United Kingdom Government believes that the overall approach of the Recommendation and some of its particular provisions are neither appropriate nor apposite to an instrument on employment in today's circumstances. In general terms, there is insufficient recognition in the instrument of the importance of enterprising and efficient industry and commerce in generating sustainable employment; indeed the implications of some of the references in the instrument, for example those relating to the reorganisation and reduction of working time, are such that, if implemented, they could, by increasing costs, undermine this objective. Nor is there more than passing reference to the role of the economic policies many countries are increasingly adopting with the objectives of controlling and reducing inflation and promoting sustainable economic growth.

7 More particularly, the United Kingdom Government believes that the instrument's Chapter on international economic co-operation and employment is quite inappropriate to a measure concerned with employment policy. Many of the issues it covers fall to be dealt with in international organisations other than the ILO. For example: international trade issues are dealt with under GATT and action to improve the international economic system in the financial sphere is more appropriate to the International Monetary Fund and the World Bank than the ILO.

Turning to other provisions of the Recommendation, the United Kingdom Government considers that references to arms reduction agreements and reconversion of the armaments industry are quite outside the proper scope of the instrument and their inclusion is unacceptable to the United Kingdom Government.

9 The United Kingdom Government also believes that issues relating to international migration and migrant workers are already adequately covered by other International Labour Conventions and Recommendations, and that it is inappropriate and unnecessary to elaborate on these in an instrument concerned with employment policies. Nor do recommendations on population policy, although a matter of importance, especially to developing countries, seem particularly appropriate.

10 For these reasons, the United Kingdom Government has decided that it cannot accept the Recommendation. Although it has sympathy with the underlying aims of the instrument and appreciates and shares the concern about unemployment that led to it, the United Kingdom Government believes that overall the Recommendation contains too many provisions whose tone or content is inappropriate. Nevertheless, the Government will continue to build upon and develop its policies which will lead to sustainable employment growth, and will, where the provisions of the instrument are appropriate, take them into account.

Recommendation 169**RECOMMENDATION CONCERNING EMPLOYMENT POLICY**

The General Conference of the International Labour Organisation,  
Having been convened at Geneva by the Governing Body of the International  
Labour Office, and having met in its Seventieth Session on 6 June 1984,  
and

Noting the existing international standards contained in the Employment Policy  
Convention and Recommendation, 1964, as well as in other international  
labour instruments relating to certain categories of workers, in particular  
the Workers with Family Responsibilities Convention and Recommendation,  
1981, the Older Workers Recommendation, 1980, the Migration for  
Employment Convention and Recommendation (Revised), 1949, the  
Migrant Workers (Supplementary Provisions) Convention, 1975, and the  
Migrant Workers Recommendation, 1975,

Recalling the responsibility of the International Labour Organisation, resulting  
from the Declaration of Philadelphia, to examine and consider the bearing  
of economic and financial policies upon employment policy in the light of  
the fundamental objective that "all human beings, irrespective of race,  
creed or sex, have the right to pursue both their material well-being and  
their spiritual development in conditions of freedom and dignity, of  
economic security and equal opportunity",

Recalling that the International Covenant on Economic, Social and Cultural  
Rights, adopted by the United Nations General Assembly in 1966, provides  
for the recognition of inter alia "the right to work, which includes the right  
of everyone to the opportunity to gain his living by work which he freely  
chooses or accepts", and for the taking of appropriate steps to achieve  
progressively the full realisation of, and to safeguard, this right,

Recalling also the provisions of the Convention on the Elimination of All  
Forms of Discrimination against Women, adopted by the United Nations  
General Assembly in 1979,

Recognising, in the light of increasing interdependence within the world  
economy and of low economic growth rates in recent years, the need to co-  
ordinate economic, monetary and social policies at the national and  
international levels, to strive for the reduction of disparities between  
developed and developing countries and for the establishment of the new  
international economic order, in order to make the fullest possible use of  
resources for development and for the creation of employment oppor-  
tunities, and thus to combat unemployment and underemployment,

Noting the deterioration of employment opportunities in most industrialised  
and developing countries and expressing the conviction that poverty,  
unemployment and inequality of opportunity are unacceptable in terms of  
humanity and social justice, can provoke social tension and thus create  
conditions which can endanger peace and prejudice the exercise of the right  
to work, which includes free choice of employment, just and favourable  
conditions of work and protection against unemployment,

Considering that the Employment Policy Convention and Recommendation,  
1964, should be placed in the wider framework of the Declaration of  
Principles and Programme of Action adopted in 1976 by the Tripartite  
World Conference on Employment, Income Distribution and Social  
Progress and the International Division of Labour, and of the resolution  
concerning follow-up to the World Employment Conference adopted by  
the International Labour Conference in 1979,

Having decided upon the adoption of certain proposals with regard to  
employment policy which is the fourth item on the agenda of the session,  
and

Having determined that these proposals shall take the form of a Recommendation supplementing the Employment Policy Convention and Recommendation, 1964:

adopts this twenty-sixth day of June of the year one thousand nine hundred and eighty-four the following Recommendation, which may be cited as the Employment Policy (Supplementary Provisions) Recommendation, 1984.

### I. GENERAL PRINCIPLES OF EMPLOYMENT POLICY

1. The promotion of full, productive and freely chosen employment provided for in the Employment Policy Convention and Recommendation, 1964, should be regarded as the means of achieving in practice the realisation of the right to work.

2. Full recognition by Members of the right to work should be linked with the implementation of economic and social policies, the purpose of which is the promotion of full, productive and freely chosen employment.

3. The promotion of full, productive and freely chosen employment should be the priority in, and an integral part of, economic and social policies of Members and, where appropriate, their plans for the satisfaction of the basic needs of the population.

4. Members should give special attention to the most efficient means of increasing employment and production and draw up policies and, if appropriate, programmes designed to facilitate the increased production and fair distribution of essential goods and services and the fair distribution of income throughout the country, with a view to satisfying the basic needs of the population in accordance with the Declaration of Principles and Programme of Action of the World Employment Conference.

5. In accordance with national practice, the policies, plans and programmes referred to in Paragraphs 3 and 4 of this Recommendation should be drawn up and implemented in consultation and co-operation with the organisations of employers and workers and other organisations representative of the persons concerned, particularly those in the rural sector covered by the Rural Workers' Organisations Convention and Recommendation, 1975.

6. Economic and financial policies, at both the national and international levels, should reflect the priority to be attached to the goals referred to in Paragraphs 3 and 4 of this Recommendation.

7. The policies, plans and programmes referred to in Paragraphs 3 and 4 of this Recommendation should aim at eliminating any discrimination and ensuring for all workers equal opportunity and treatment in respect of access to employment, conditions of employment, wages and income, vocational guidance and training and career development.

8. Members should take measures to combat effectively illegal employment, that is employment which does not comply with the requirements of national laws, regulations and practice.

9. Members should take measures to enable the progressive transfer of workers from the informal sector, where it exists, to the formal sector to take place.

10. Members should adopt policies and take measures which, while taking account of national law and practice, should—

(a) facilitate adjustment to structural change at the global, sectoral and enterprise levels and the re-employment of workers who have lost their jobs as a result of structural and technological changes; and

(b) safeguard the employment or facilitate the re-employment of workers affected in the case of sale, transfer, closure or relocation of a company, establishment or equipment.

11. In accordance with national law and practice, the methods of giving effect to employment policies might include negotiating collective agreements on questions having a bearing on employment such as-

- (a) the promotion and safeguarding of employment;
- (b) the economic and social consequences of restructuring and rationalisation of branches of economic activity and undertakings;
- (c) the reorganisation and reduction of working time;
- (d) the protection of particular groups; and
- (e) information on economic, financial and employment issues.

12. Members should, after consultation with the organisations of employers and workers, take effective measures to encourage multinational enterprises to undertake and promote in particular the employment policies set forth in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 1977, and to ensure that negative effects of the investments of multinational enterprises on employment are avoided and that positive effects are encouraged.

13. In view of increasing interdependence within the world economy, Members should, in addition to the measures taken at the national level, strengthen international co-operation in order to ensure the success of the fight against unemployment.

## II. POPULATION POLICY

14. (1) While ensuring that sufficient employment opportunities exist, development and employment policies might, where appropriate and in accordance with national law and practice, include population policies and programmes designed to ensure promotion of family welfare and family planning through programmes of information and voluntary education on population issues.

(2) Members, particularly developing countries, in collaboration with both national and international non-governmental organisations might-

- (a) pay particular attention in their population policies and programmes to educating actual and potential parents on the benefits of family planning;
- (b) in rural areas, increase the number of health facilities and community centres offering family planning services and the number of trained personnel to provide these services; and
- (c) in urban areas, pay particular attention to the urgent need to develop appropriate infrastructures and improve living conditions, especially in slum areas.

## III. EMPLOYMENT OF YOUTH AND DISADVANTAGED GROUPS AND PERSONS

15. In the context of an overall employment policy, Members should adopt measures to respond to the needs of all categories of persons frequently having difficulties in finding lasting employment, such as certain women, certain young workers, disabled persons, older workers, the long-term unemployed and migrant workers lawfully within their territory. These measures should be consistent with the provisions of international labour Conventions and Recommendations relating to the employment of these groups and with the conditions of employment established under national law and practice.

16. While taking account of national conditions and in accordance with national law and practice, the measures referred to in Paragraph 15 of this Recommendation might include, inter alia-



- (a) general education accessible to all and vocational guidance and training programmes to assist these persons to find work and to improve their employment opportunities and their income;
- (b) the creation of a training system linked with both the educational system and the world of work;
- (c) counselling and employment services to assist individuals to enter the labour market and to help them to find employment which corresponds to their skills and aptitudes;
- (d) programmes which create gainful employment in specific regions, areas or sectors;
- (e) programmes of adjustment to structural change;
- (f) measures of continuing training and retraining;
- (g) measures of vocational rehabilitation;
- (h) assistance for voluntary mobility; and
- (i) programmes for the promotion of self-employment and workers' co-operatives.

17. (1) Other special measures should be taken for young people. In particular-

- (a) public and private institutions and undertakings should be encouraged to engage and to train young people by means appropriate to national conditions and practice;
- (b) although priority should be given to integrating young persons into regular employment, special programmes might be set up with a view to employing young people on a voluntary basis for the execution of community projects, in particular local projects having a social character, bearing in mind the provisions of the Special Youth Schemes Recommendation, 1970;
- (c) special programmes should be set up in which training and work alternate so as to assist young people in finding their first job;
- (d) training opportunities should be adapted to technical and economic development and the quality of training should be improved;
- (e) measures should be taken to ease the transition from school to work and to promote opportunities for employment on completion of training;
- (f) research on employment prospects should be promoted as a basis for a rational vocational training policy; and
- (g) the safety and health of young workers should be protected.

(2) The measures referred to in subparagraph (1) of this Paragraph should be carefully monitored to ensure that they result in beneficial effects on young people's employment.

(3) These measures should be consistent with the provisions of international labour Conventions and Recommendations relating to the employment of young persons and with the conditions of employment established under national law and practice.

18. Incentives appropriate to national conditions and practice might be provided in order to facilitate the implementation of the measures referred to in Paragraphs 15 to 17 of this Recommendation.

19. In accordance with national law and practice, full and timely consultations should be held on the formulation, application and monitoring of the measures and programmes referred to in Paragraphs 15 to 18 of this Recommendation between the competent authorities and the organisations of employers and workers and other organisations concerned.

#### IV. TECHNOLOGY POLICIES

20. One of the major elements of national development policy should be to facilitate the development of technology as a means of increasing productive potential and achieving the major development objectives of creation of employment opportunities and the satisfaction of basic needs. Technology policies should, taking into account the stage of economic development, contribute to the improvement of working conditions and reduction of working time, and include measures to prevent loss of jobs.

21. Members should—

- (a) encourage research on the selection, adoption and development of new technologies and on their effects on the volume and structure of employment, conditions of employment, training, job content and skill requirements; and
- (b) encourage research on the technologies most appropriate to the specific conditions of countries, by ensuring the involvement of independent research institutes.

22. Members should endeavour to ensure by appropriate measures—

- (a) that the education and training systems, including schemes for retraining, offer workers sufficient opportunities for adjusting to altered employment requirements resulting from technological change;
- (b) that particular attention is given to the best possible use of existing and future skills; and
- (c) that negative effects of technological changes on employment, working and living conditions and on occupational safety and health are eliminated to the extent possible, in particular through the incorporation of ergonomic, safety and health considerations at the design stage of new technologies.

23. Members should, through all methods suited to national conditions and practice, promote the use of appropriate new technologies and assure or improve liaison and consultation between the different units and organisations concerned with these questions and the representative organisations of employers and workers.

24. The organisations of employers and workers concerned and undertakings should be encouraged to assist in the dissemination of general information on technological choices, in the promotion of technological linkages between large-scale and small-scale undertakings and in the setting up of relevant training programmes.

25. In accordance with national practice, Members should encourage employers' and workers' organisations to enter into collective agreements at national, sectoral or undertaking levels on the social consequences of the introduction of new technologies.

26. Members should, as far as possible and in accordance with national law and practice, encourage undertakings, when introducing into their operations technological changes which are liable to have major effects upon workers in the undertaking—

- (a) to associate workers and/or their representatives in the planning, introduction and use of new technologies, that is to inform them of the opportunities offered by and the effects of such new technologies and to consult them in advance with a view to arriving at agreements;
- (b) to promote a better organisation of working time and a better distribution of employment;
- (c) to prevent and mitigate to the greatest extent practicable any adverse effects of the technological changes on workers; and

- (d) to promote investments in technology that would encourage, directly or indirectly, the creation of employment and contribute to a progressive increase in production and the satisfaction of the basic needs of the population.

#### V. INFORMAL SECTOR

27. (1) National employment policy should recognise the importance as a provider of jobs of the informal sector, that is economic activities which are carried on outside the institutionalised economic structures.

(2) Employment promotion programmes should be elaborated and implemented to encourage family work and independent work in individual workshops, both in urban and rural areas.

28. Members should take measures to promote complementary relationships between the formal and informal sectors and to provide greater access of undertakings in the informal sector to resources, product markets, credit, infrastructure, training facilities, technical expertise and improved technologies.

29. (1) While taking measures to increase employment opportunities and improve conditions of work in the informal sector, Members should seek to facilitate its progressive integration into the national economy.

(2) Members should take into account that integration of the informal sector into the formal sector may reduce its ability to absorb labour and generate income. Nevertheless, they should seek progressively to extend measures of regulation to the informal sector.

#### VI. SMALL UNDERTAKINGS

30. National employment policy should take account of the importance of small undertakings as providers of jobs, and recognise the contribution of local employment creation initiatives to the fight against unemployment and to economic growth. These undertakings, which can take diverse forms, such as small traditional undertakings, co-operatives and associations, offer employment opportunities, especially for workers who have particular difficulties.

31. After consultation and in co-operation with employers' and workers' organisations, Members should take the necessary measures to promote complementary relationships between the undertakings referred to in Paragraph 30 of this Recommendation and other undertakings, to improve working conditions in these undertakings, and to improve their access to product markets, credit, technical expertise and advanced technology.

#### VII. REGIONAL DEVELOPMENT POLICIES

32. In accordance with national law and practice, Members should recognise the importance of balanced regional development as a means of mitigating the social and employment problems created by the unequal distribution of natural resources and the inadequate mobility of the means of production, and of correcting the uneven spread of growth and employment between regions and areas within a country.

33. Measures should be taken, after consultation and in co-operation with the representatives of the populations concerned and in particular with the organisations of employers and workers, with a view to promoting employment in underdeveloped or backward areas, declining industrial and agricultural areas, frontier zones and, in general, parts of the country which have not benefited satisfactorily from national development.

34. Taking account of national conditions and of each Member's plans and programmes, the measures referred to in Paragraph 33 of this Recommendation might include, inter alia—

- (a) creating and developing growth poles and growth centres with good prospects for generating employment;
- (b) developing and intensifying regional potential taking into account the human and natural resources of each region and the need for coherent and balanced regional development;
- (c) expanding the number and size of medium-sized and small towns in order to counterbalance the growth of large cities;
- (d) improving the availability and distribution of and access to essential services required for meeting basic needs;
- (e) encouraging the voluntary mobility of workers within each region and between different regions of the country by appropriate social welfare measures, while making an effort to promote satisfactory living and working conditions in their areas of origin;
- (f) investing in improvements to the regional infrastructures, services and administrative structures, including the allocation of the necessary staff and the provision of training and retraining opportunities; and
- (g) promoting the participation of the community in the definition and implementation of regional development measures.

#### VIII. PUBLIC INVESTMENT AND SPECIAL PUBLIC WORKS PROGRAMMES

35. Members might implement economically and socially viable public investment and special public works programmes, particularly with a view to creating and maintaining employment and raising incomes, reducing poverty and better meeting basic needs in areas of widespread unemployment and underemployment. Such programmes should, where possible and appropriate—

- (a) pay special attention to the creation of employment opportunities for disadvantaged groups;
- (b) include rural and urban infrastructure projects as well as the construction of facilities for basic-needs satisfaction in rural, urban and suburban areas, and increased productive investments in sectors such as energy and telecommunications;
- (c) contribute to raising the standard of social services in fields such as education and health;
- (d) be designed and implemented within the framework of development plans where they exist and in consultation with the organisations of employers and workers concerned;
- (e) identify the persons whom the programmes are to benefit, determine the available manpower and define the criteria for project selection;
- (f) ensure that workers are recruited on a voluntary basis;
- (g) ensure that manpower is not diverted from other productive activities;
- (h) provide conditions of employment consistent with national law and practice, and in particular with legal provisions governing access to employment, hours of work, remuneration, holidays with pay, occupational safety and health and compensation for employment injuries; and
- (i) facilitate the vocational training of workers engaged in such programmes as well as the retraining of those who, because of structural changes in production and employment, have to change their jobs.

## IX. INTERNATIONAL ECONOMIC CO-OPERATION AND EMPLOYMENT

36. Members should promote the expansion of international trade in order to help one another to attain employment growth. To this end, they should co-operate in international bodies which are engaged in facilitating sustainable and mutually beneficial increases in international trade, technical assistance and investment.

37. Bearing in mind their responsibilities in relation to other competent international bodies Members should, with a view to ensuring the effectiveness of employment policies, adopt the following objectives—

- (a) to promote the growth of production and world trade in conditions of economic stability and growing employment, within the context of international co-operation for development and on the basis of equality of rights and mutual advantage;
- (b) to recognise that the interdependence between States, resulting from the increasing integration of the world economy, should help to create a climate in which States can, wherever appropriate, define joint policies designed to promote a fair distribution of the social costs and benefits of structural adjustment as well as a fairer international distribution of income and wealth, in such a way as to enable developing countries to absorb the increase in their labour force, and the developed countries to raise their levels of employment and reduce the adjustment cost for the workers concerned;
- (c) to co-ordinate national policies concerning trade and structural change and adjustment so as to make possible a greater participation of developing countries in world industrial production within an open and fair world trading system, to stabilise commodity prices at remunerative levels which are acceptable to both producers and consumers, and to encourage investment in the production and processing of commodities in developing countries;
- (d) to encourage the peaceful resolution of disputes among nations and negotiated arms reduction agreements which will achieve security for all nations, as well as the progressive transfer of expenditure on armaments and the reconversion of the armaments industry to the production of essential goods and services, especially those which satisfy the basic needs of the population and the needs of developing countries;
- (e) to seek agreement on concerted action at the international level with a view to improving the international economic system, especially in the financial sphere, so as to promote employment in developed as well as developing countries;
- (f) to increase mutual economic and technical co-operation, especially between countries at different levels of economic development and with different social and economic systems, through exchange of experience and the development of complementary capacities, particularly in the fields of employment and human resources and the choice, development and transfer of technology in accordance with mutually accepted law and practice concerning private property rights;
- (g) to create conditions for sustained, non-inflationary growth of the world economy, and for the establishment of an improved international monetary system which would lead to the establishment of the new international economic order; and
- (h) to ensure greater stability in exchange rates, a reduction of the debt burden of developing countries, the provision of long-term, low-cost financial assistance to developing countries and the adoption of adjustment policies which promote employment and the satisfaction of basic needs.

38. Members should—

- (a) promote the transfer of technologies with a view to enabling developing countries to adopt, on fair and reasonable commercial terms, those which are most appropriate for the promotion of employment and the satisfaction of basic needs; and
- (b) take appropriate measures for the creation and maintenance of employment and for the provision of training and retraining opportunities. Such measures might include the establishment of national, regional or international re-adjustment funds for the purpose of assisting in the positive adjustment of industries and workers affected by changes in the world economy.

#### X. INTERNATIONAL MIGRATION AND EMPLOYMENT

39. Members, taking account of international labour Conventions and Recommendations on migrant workers, should, where international migration takes place, adopt policies designed—

- (a) to create more employment opportunities and better conditions of work in countries of emigration so as to reduce the need to migrate to find employment; and
- (b) to ensure that international migration takes place under conditions designed to promote full, productive and freely chosen employment.

40. Members which habitually or repeatedly admit significant numbers of foreign workers with a view to employment should, when such workers come from developing countries, endeavour to co-operate more fully in the development of such countries, by appropriate intensified capital movements, the expansion of trade, the transfer of technical knowledge and assistance in the vocational training of local workers, in order to establish an effective alternative to migration for employment and to assist the countries in question in improving their economic and employment situation.

41. Members which habitually or repeatedly experience significant outflows of their nationals for the purpose of employment abroad should, provided that such measures are not inconsistent with the right of everyone to leave any country including his own, take measures by means of legislation, agreements with employers' and workers' organisations, or in any other manner consistent with national conditions and practice, to prevent malpractices at the stage of recruitment or departure liable to result in illegal entry to, or stay or employment in, another country.

42. Developing emigration countries, in order to facilitate the voluntary return of their nationals who possess scarce skills, should—

- (a) provide the necessary incentives; and
- (b) enlist the co-operation of the countries employing their nationals as well as of the International Labour Office and other international or regional bodies concerned with the matter.

43. Members, both countries of employment and countries of origin, should take appropriate measures to—

- (a) prevent abuse in the recruitment of labour for work abroad;
- (b) prevent the exploitation of migrant workers; and
- (c) ensure the full exercise of the rights to freedom of association and to organise and bargain collectively.

44. Members, both countries of employment and countries of origin, should, when it is necessary, taking fully into account existing international labour

Handwritten scribble



Private Minister ②

To note

AF 25/7

Handwritten signature

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460

Switchboard 01-213 3000

Andrew Turnbull Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

Handwritten initials

25th July 1985

Dear Andrew,

WAGES COUNCILS

As agreed at last week's meeting of E(A) on the future of Wages Councils, arrangements have been put in hand to deratify ILO Convention 26 on Minimum Wage Fixing Machinery and I can now report that denunciation was formerly registered today with the International Labour Office.

I am sending copies of this letter to the private secretaries of all members of E(A).

Yours sincerely,

Iain Mackinnon

IAIN MACKINNON  
Private Secretary

result of the privatisation of Johnson Matthey Bankers will play an important part in the recovery of funds which have been expended.

**Mr. Tam Dalyell** (Linlithgow): Did it come to the Chancellor's ears from around the gold market and elsewhere in the City before Christmas that there was a likelihood of fraud being involved? On what date, before or after Christmas, were Sir Robert Armstrong, the Prime Minister and the Chancellor warned of the likelihood of fraud in the Johnson Matthey Bankers case?

**Mr. Lawson:** I received no such warning at any time. The Bank of England discovered the documents to be missing last week.

**Mr. Robert C. Brown** (Newcastle upon Tyne, North): As it becomes increasingly apparent that a large sum of public money has been involved in fraud, will the Chancellor give the House an assurance that if, after the fraud squad's inquiries, the Director of Public Prosecutions reveals that the villains have fled, he will dismiss the Governor of the Bank of England, and resign?

**Mr. Lawson:** No, Sir.

**Mr. Hattersley:** Does the Chancellor agree that the exchanges of the past few minutes confirm the need for a general inquiry? At some point, must he not answer the question why, when my hon. Friends below the Gangway suspected fraud six months ago, the Bank of England suspected it only yesterday?

**Mr. Lawson:** The right hon. Gentleman's colleagues below the Gangway suspect fraud on every occasion, whether or not there happens to be any evidence of it.

## Wages Councils

4.11 pm

**Mr. John Prescott** (Kingston upon Hull, East): On a point of order, Mr. Speaker. The substance of the statement on wages councils which is about to be given to the House was reported in *The London Standard* at 2 o'clock this afternoon. I wonder whether you can say what rules govern these matters, because many Opposition Members read in the evening paper what the Minister was going to say.

**Mr. Speaker:** The House will be aware that I have the greatest sympathy with what the hon. Member has said. If statements which are embargoed are issued to the press, they should not be printed.

**The Secretary of State for Employment (Mr. Tom King)** indicated dissent.

**Mr. Speaker:** If they are embargoed, they should not be printed before the statement is given to the House.

**Mr. King:** Further to that point of order, Mr. Speaker. In case there is any misunderstanding, may I say that I share the feelings of the hon. Member for Kingston upon Hull, East (Mr. Prescott) about this matter. No embargoed statement was issued to the press. The House will have to draw its own conclusions as to whether there has been a leak. I take the strongest exception to leaks from my Department. I bitterly regret the fact that this has happened.

**Mr. Prescott:** Further to that point of order, Mr. Speaker. The Secretary of State has acted honourably in giving that statement. Will he look into the matter further and tell us later how the report occurred.

**Mr. King:** If I can, because I should dearly love to do so.

**Mr. Speaker:** Mr. King, to make his statement.

4.13 pm

**Mr. Tom King:** With permission, Mr. Speaker. I should like to make a statement concerning the Government's intentions on the future of wages councils and on international labour convention No. 26.

As the House will know, I published in March a consultation paper on the future of wages councils. That canvassed two main opinions: either total abolition or reform of the system. Including, in particular the limitation of their powers and duties and the removal of young people from the scope of wages councils.

In addition to the report from the Select Committee on Employment, over 700 organisations and individuals responded to the consultation paper. While the TUC and individual trade unions favoured retention, the consultations confirmed that there is a widespread dissatisfaction among employers with the present wages council system. The majority of them favoured a range of substantial reforms to meet these concerns. I promised to inform the House as soon as the Government had taken decisions on those matters, following the ending of the consultative period.

The Government's overriding concern is to promote employment and to remove any excessive burdens on employers. The present system inhibits the creation of more jobs and that is especially true in the case of young



[Mr. Tom King]

people. The present powers of wages councils also undoubtedly impose complex and unnecessary burdens on business. The Government believe that the case for radical reform is clearly made, and propose to introduce early legislation which will, first, remove all young people under 21 from any regulation by wages councils.

**Hon. Members:** Disgraceful.

**Mr. King:** Secondly, it will confine wages councils to setting only a single minimum hourly rate and a single overtime rate for those aged 21 and over.

I shall also be proposing new powers which will significantly simplify the procedures under which the Secretary of State may modify or abolish individual councils.

Following consultation, the Government have decided to deratify international labour convention No. 26 and I shall be informing the International Labour Organisation of our decision within the next few days. The window for denunciation opened on 14 June and it is necessary to give 12 months' notice before the convention ceases to apply. That will therefore mean that, subject to the progress of the necessary legislation in this House, it should be possible to bring into effect changes approved by Parliament as soon as they become law.

My right hon. and noble Friend the Minister without Portfolio, supported by my right hon. Friends and myself, published yesterday the White Paper, "Lifting the Burden". That set out clearly the Government's determination to reduce burdens on business and to seek in every way to improve the prospects for jobs. This statement today of a major package of reforms is directed to precisely those objectives, and I commend it to the House.

**Mr. Prescott:** It is both deplorable and ironic that two statements made to the House today should involve the ever-increasing greed of some of the City wealthy within our society and wages councils. The statement on wages councils represents an unashamed renunciation of Britain's international obligation to maintain minimum protection for the lowest paid in Britain, of whom I have employment experience.

Why does the Secretary of State disagree with the conclusions drawn by his predecessor, the right hon. Member for Waveney (Mr. Prior), who, as we are aware from a leaked Cabinet document from 1982, bitterly opposed such mean measures because they would marginally increase the number of jobs at the expense of adult workers and would be portrayed as an attack on those who are particularly vulnerable.

Does the Secretary of State accept that Britain is the only one of 92 civilised countries which is now prepared to renounce its international obligations? The Government's renunciation of the fair wages resolution in 1983, as the evidence presented to the Select Committee on Employment showed, led to a 25 per cent. reduction in wages, holidays and conditions and fewer jobs. Does he accept that some protection is necessary to guarantee minimum holiday periods and paid weekend overtime, as the all-party committee on Sunday shopping recommended that those conditions should be an essential part of any implementation of Sunday shopping? How will these proposals affect that recommendation?

In his statement, the Secretary of State claimed that his proposals would increase jobs. What evidence does he have to support that statement, as he confirmed to the Select Committee only a month ago that he had no such evidence?

As the Secretary of State must know, many of the 2.75 million people covered by the wages councils are women in very low-paid jobs, often earning sums below the supplementary benefit level. What estimate has he of the increase in the family income supplement benefits, which will grow with the downward pressure on wages that the decision is designed to achieve?

In International Youth Year, the Government's contribution is to remove legislation that is covered by international convention. It will mean less pay, shorter holidays and greater exploitation of youth labour by funnelling YTS youngsters into lower-paid industries. It will reduce the unemployment figures by replacing them with low-paid women workers, who will not be eligible to register as unemployed. It is a squalid proposal, consistent with the Government's overall policy of making the wealthy wealthier and the poor poorer, and there is no evidence that it will produce extra jobs.

**Mr. King:** In his opening comment, the hon. Member complained about a leak from my Department. He then boasted of another leak. I object to all leaks from my Department.

Anyone who has begun to understand the operation of the wages councils will know of the complexity of the orders. They are a major burden on employers. Many of the problems of the present system—and what are alleged to be breaches of it—arise from the sheer complexity of the orders.

We are determined to encourage employers to give the best possible opportunity to young people. We believe that the proposal will help in the employment of young people. That is why we attach importance to it.

**Sir Ian Gilmour (Chesham and Amersham):** Although I believe that the wages councils are marginal to the problem of unemployment, I congratulate my right hon. Friend on proceeding by way of a sensible improvement of the wages councils, rather than by way of abolition, which would have been a grave mistake.

**Mr. King:** I note what my right hon. Friend says and I understand his point. I believe that our package of proposals is a sensible way to proceed. We attach the highest importance to the creation of new jobs. I may disagree with my right hon. Friend as to the extent to which our proposals may help to reduce unemployment.

**Mr. Ron Leighton (Newham, North-East):** Is the Secretary of State aware that the removal of young people from the protection of wages councils is based on prejudice, not evidence? Youth wages have declined markedly, both relative to those of adults and absolutely, since 1979, yet youth unemployment has risen disproportionately faster.

Does the Secretary of State know that the young workers scheme—a device to lower youth wages—was singularly ineffective in providing new jobs? Does he realise that, if there is an increase in the employment of young people because of their cheapness, it will be at the expense of adults? Does he realise that that will be additional evidence to young people that the Conservative party is their enemy?

**Mr. King:** I do not accept the hon. Gentleman's last point.

There is clear evidence that, if the wages of young people were more sensibly related in percentage terms to the adult rate—as they are, for example, in West Germany—a number of additional jobs would be created. At the moment, it is impossible in many areas for employers to employ young people of 16 and 17 at 50 per cent. or 60 per cent. of the full adult wage rate. In West Germany, the percentage of the adult wage may be between 15 and 25. My concern is to see the creation of openings and opportunities for young people. When their wages are artificially high, it simply ensures that there are no jobs for them.

**Sir William Clark (Croydon, South):** Will my right hon. Friend agree that in many respects over the years the wages councils have outlived their purpose? Indeed, they have inhibited new employment and the creation of more wealth.

It is acceptable that young people under 21 should be exempt from the wages councils, but will my right hon. Friend keep under constant review the effect of the revised wages councils provisions on those over 21, and if necessary increase the age limit?

**Mr. King:** I give an undertaking that we shall keep these matters under review. The modification or abolition of individual wages councils is an important component in my proposals.

My hon. Friend will have noted my comment that the majority of employers within the wages council areas favour reform. Account should be taken of that fact.

**Mr. David Penhaligon (Truro):** Is the Secretary of State aware that, while many may recognise that there is some logic in paying the adult rate at 21 rather than at 18 or 19, the removal of all protection from those under 21 will be seen as outrageous? It will permit exploitation of one of the most vulnerable sections of our society. The whole concept of wages councils was to protect the vulnerable.

Given what is proposed by the Secretary of State, will he say why it was decided to deratify? As I understand international labour convention No. 26, the Government could probably stay within it, even given the proposed changes in the wages councils. What does the Minister see as the advantages of deratification, other than being able to abolish the lot at a later date?

**Mr. King:** I draw the hon. Gentleman's attention to a slightly bizarre feature of the ILO procedure. He said that the changes would "probably" come within the convention. Obviously, we have to ensure that we act entirely in accordance with our international obligation.

Under the ILO system, one has either to give notice now, while the window is open for a year, or for five years one has no opportunity to make any change whatever. In an area that is important for domestic policy-making, it is essential that we should have the opportunity to determine the policy ourselves.

The greatest area of vulnerability for those under 21 is unemployment. I am putting forward proposals to give them the best possible chance of jobs.

**Sir Peter Hordern (Horsham):** I congratulate my right hon. Friend on bringing forward the proposals. Do they include the agricultural wages council? What is to become of that council?

**Mr. King:** My hon. Friend is referring to the agricultural wages board, which is dealt with under a separate convention. My right hon. Friend the Minister for Agriculture, Fisheries and Food has already made a separate statement about that.

**Mr. Frank Field (Birkenhead):** Is the Secretary of State aware that thousands of my constituents will regard the Government's statement as offering them a prospect of poverty on benefit or poverty on low wages?

Will the Secretary of State come with me to Merseyside jobcentres, where he will see jobs advertised at £1.20 an hour, £1 an hour, £57.25 a week, and some at princely sums of £70 and £91 a week?

Will the Secretary of State now withdraw his policy of trying to reduce money wages, and for the first time as a Government spokesman bring proposals to the House aimed at raising real wages?

**Mr. King:** I was on Merseyside on Friday, as the hon. Member may know. His point refers to the present situation. I am not sure whether he is suggesting that my proposals will change it in a significant way.

**Mr. George Walden (Buckingham):** Is my right hon. Friend aware that many of us will support his proposals, not because they appear to be a compromise—which is no doubt how they will be represented in the press—but because they satisfy the two main concerns at the forefront of our minds, jobs for the young and protection of workers where that is most needed?

**Mr. King:** I believe that that is right. I believe that small businesses have the potential to be and will increasingly be the resource of more jobs. The burden of cost and compliance with the regulations is a major constraint on further employment, and that is the issue to which we give the highest priority.

**Mr. Don Dixon (Jarrow):** Does the Secretary of State realise that his proposals will not create one job, and that many unscrupulous employers will sack those over 21 and replace them with youngsters under 21 at lower wages?

Is it not ironic that the Secretary of State for Employment should make a statement attacking those at the bottom of the wage scale when his colleague, the Chancellor of the Exchequer, has just made a statement about the fiddlers at the top?

**Mr. King:** I do not agree with the first comment of the hon. Member. This measure will mean the creation of more jobs. A number of cases are being reported to my Department about young people being dismissed because they have been offered jobs that they are willing to accept at wages which the employer can afford. Inspectors are then saying, "You are not allowed to accept that job." I can recount those instances to the hon. Member. That is an intolerable situation and one which this House should not countenance.

**Mr. Nicholas Budgen (Wolverhampton, South-West):** Is my right hon. Friend aware that all comfortable and respectable opinion will congratulate him on his statesmanlike fudge? The only people who will regret his decision are the weakest and the poorest, who will continue to be priced out of work until these councils are abolished.

**Mr. King:** I note the characteristic question of my hon. Friend. This will be of real help to young people in giving

*(Mr. King)*

them a better chance of avoiding the ultimate degradation of unemployment. It will give them the chance of jobs, and I attach great importance to that.

**Mr. J. D. Concannon** (Mansfield): What protection can the Secretary of State offer if, as has been said, a person's 21st birthday becomes the date of his sacking? Is the only redress a young person will have on his 21st birthday the unfair dismissals court? If that situation comes about, will the Secretary of State review the policy he is pursuing today?

**Mr. King:** I do not accept the scenario painted by the right hon. Member. He knows the situation which exists now and knows very well that in this country young people's wages have got out of phase. The evidence I am about to give may be obtained from the Electrical Contractors' Association and the EETPU. An agreement there reduced the wages of first-year apprentices from £42 to £28. As a result, the number of apprentices in that industry trebled.

**Mr. John Gorst** (Hendon, North): I congratulate my right hon. Friend on proceeding by way of reform rather than abolition. Could he give an assurance that, if abuses or hardships are brought to his notice, he will act swiftly to deal with them?

**Mr. King:** As instanced by the hon. Member for Birkenhead (Mr. Field) there are problems in the present situation. We wish to ensure that we have a system in which employers recognise their responsibilities, and in which we create the maximum number of jobs at wages which employers can afford and which employees are willing to accept. That is our objective in tackling the problems of unemployment. We will obviously keep a close eye on the situation as it develops.

**Mr. Ken Eastham** (Manchester, Blackley): Is it not a fact that poverty wages have a direct effect on people's life cycle? The Minister referred to apprentices' rates of pay, but that has nothing to do with wages councils. The rates are negotiated with the trade unions. On occasion, the Minister has quoted the United States of America as not having wages councils, but is it not a fact that the United States has a minimum wage, which is higher than that recommended in the United Kingdom?

**Mr. King:** I used the illustration of apprentices because it is the clearest possible illustration of the principle. I know perfectly well that apprentices are not covered by wages councils. I am seeking to make the point that, when the wages of young people are fixed at an economic level, it is likely to lead to more jobs. The hon. Member referred to the problems of poverty. The question from the hon. Member for Kingston upon Hull, East (Mr. Prescott) was about state support, for instance in the form of family income supplement. What we must not do is confuse the two issues.

**Mr. Nicholas Lyell** (Mid-Bedfordshire): Is it not clear from the comments of Opposition spokesmen, both official and alliance, that they recognise that these measures will help young people price themselves into jobs? Is it not also clear, and will my right hon. Friend confirm, that the recommendations of the Auld report on the deregulation of Sunday trading, are still available as an option?

**Mr. King:** The Auld report made recommendations about the retention of wages councils and about the setting of minimum wages. Those matters will need to be considered in whatever legislation comes before this House. I am surprised that the Opposition do not accept what is now widely perceived, that wage rates for young people—even though they have fallen back, as the hon. Member fairly said—are still significantly higher than, for instance, in Germany. It is interesting to note the much higher level of youth employment in Germany as a result.

**Mr. Kevin Barron** (Rother Valley): In answer to a question put by me on 11 June 1985, asking whether the Department was thinking of attacking the minimum wages paid to people under 21 years of age, the Under-Secretary of State, the hon. Member for Eltham (Mr. Bottomley), said no. Can the Minister tell us why his Department has changed its mind in that time, as I suggest it has? The Minister misquoted an agreement with the Electrical Contractors Association about trainees, but that has nothing to do with wages council industries. What evidence does he have that cutting this vital protection for people under 21 will help? In most of the areas we are talking about, people work for £1 an hour; we are not talking about anything lavish. What evidence can the Minister give us that he is going to do anything other than attack low wages and bring them down to YTS levels? I am sure that that is the thinking of this Government.

**Mr. King:** I am sorry the hon. Member will not accept the clear illustration I gave. He probably knows, for example, that Ford apprentices in this country are paid twice as much in their first year as Ford apprentices in Germany. There are many more apprentices in Germany. The principle is that an employer fixes wage rates for starting people who in their first years of work make only a limited contribution to the performance of the business. He will not offer them employment if wage rates are fixed at a level way beyond what they are worth.

**Mr. Gerald Howarth** (Cannock and Burntwood): I welcome my right hon. Friend's recognition that the reform of wages councils will create more jobs. Will he not accept that the abolition of wages councils would increase job opportunities even further? Will he not therefore go further than he is going today?

**Mr. King:** As I said a little earlier, we took the consultations very seriously. It was significant that a sizeable majority of employers preferred reform and preferred to keep the wages councils. It is important that young people should be exempted and we are also taking these alternative powers to deal with the problems of individual councils. However, we will keep the matter under review.

**Mr. Robert C. Brown** (Newcastle upon Tyne, North): How can the Minister seriously suggest that those over 21 need minimum wage protection while those under 21 are to have this protection abolished by law? Is the Minister aware that, in conventions on human rights, this nation is now the pariah of the 21 nations of the Council of Europe? If we depart much further from democracy our right to be a member of the Council of Europe will be seriously challenged.

**Mr. King:** I do not know what on earth the hon. Member bases his last assertion on. We are not proposing to introduce universal rights for all those over 21. We have

consulted all the industries covered by wages councils, and they favour reform. There is an urgent need in the case of young people and we intend to look individually at the other councils.

**Mr. Alan Howarth** (Stratford-on-Avon): I congratulate my right hon. Friend on the thorough-going reform which he has announced, and for refusing to be swayed by the unimaginative and heartless advocates of the Opposition. Does he agree that it is quite wrong to present an issue in terms of the withdrawal of protection for young people, when the reality is that wages councils have all too often laid down minimum rates of pay for young and inexperienced people at levels above those which employers can afford? That has been one of the causes of the present serious problem of unemployment.

**Mr. King:** I suspect that I am not the only Conservative Member who is nauseated by those who preach about the problems of unemployment but will not face up to some of the tough decisions that must be taken, and do not realise what is really happening. I hope that when we see the improvements that will be made by this measure, even some Opposition Members will recognise its merits.

**Mr. Robert Maclellan** (Caithness and Sutherland): How many of the industrialised countries with which we are in competition have found it necessary to denounce ILO convention No. 26? If we are out of line, is it because the Government's policy on minimum wages has failed, or because their policy on the employment of the young has failed?

**Mr. King:** As the hon. Member may know, the ratification of ILO conventions is extremely complex. Several countries ratify very few. The United States, because of its federal structure, has ratified few, if any. We have ratified rather more since we came into office, and have deratified only two. Labour Governments deratified ILO conventions. We shall consider them practically and pragmatically.

**Mr. Tony Baldry** (Banbury): Is my right hon. Friend aware that many will conclude that the Government have found exactly the right balance between protecting the interests of the weak and lower paid and ensuring that wages councils do not inhibit the creation of new jobs? Does he further agree that it is right to take younger people out of the remit of wages councils, since in this area they have inhibited the creation of new jobs by setting too high wages? It is right to set simple, single adult rates, because wages council orders are far too complex—often running to 30 pages—for employers or employees to understand, and are thus self-defeating. Many will conclude that, after the widest possible consultations, the Government have come to the most sensible conclusion.

**Mr. King:** I am grateful to my hon. Friend. I know of his close interest in the subject and the work that he has done. I hope that the drastic simplification of the operation of wages councils—previous studies of orders show how complex they have become, especially for smaller employers—will assist in the creation of new jobs.

**Mr. Andrew F. Bennett** (Denton and Reddish): Does the Secretary of State accept that, in commending wages council legislation to the House, Winston Churchill made the fundamental point that the good employer is undercut by the bad employer and that the bad employer is undercut by the worst employer? That was why wages councils

were needed. What evidence does the right hon. Gentleman have to show that Winston Churchill's recommendations were wrong? Does the Secretary of State want youngsters to be employed only by the worst employers?

**Mr. King:** If the hon. Gentleman had made more than a superficial study of the position, he would have known that Winston Churchill set up trade boards, which were mostly concerned with health and safety. They are now covered in separate legislation. The trade boards dealt mainly with manufacturing industry, whereas the wages councils cover mainly hotels and catering, the retail trades and part-time workers, including many women. The Government at that time were anxious to prevent sweating, as it is called, which is now covered by separate legislation. It is a different matter.

**Mr. Ray Powell** (Ogmore): Will the Minister let us know the total number of young people who will be affected by the measures? Will he also remember that many shop workers, who are still not covered by wages councils, are young? What protection will he give to them? The Minister talked about sweatshops. In Ogmore, 8,000 people are unemployed, 1,000 of whom are youngsters aged under 21. What protection will he give to those who are working in the sweatshops that are mushrooming in my constituency and in Wales generally?

**Mr. King:** I thought that the hon. Gentleman said that they were unemployed, but I may have missed the point. Obviously, I cannot give the hon. Gentleman the figure. We believe that the measures will lead to increased job opportunities for youngsters, but it is impossible to predict how many will be affected.

**Mr. Peter Thurnham** (Bolton, North-East): In welcoming those partial steps, may I ask my right hon. Friend to remember, when considering each industry, the advantages of abolition, especially for 20-year-olds, who might celebrate their 21st birthdays by getting the sack?

**Mr. King:** I understand my hon. Friend's point but, considering the earnings in those areas, I hope that that will not be the case. The new measures will help to avoid the obvious anomalies, where employers who wish to employ more young people cannot do so because they are required, for example, to pay a 16-year-old who has never worked 50 per cent. of the full adult rate. That cannot be justified, and we must tackle the problem.

**Mr. Michael Foot** (Blaenau Gwent): Since the right hon. Gentleman is content to lower standards and wages, especially for the young, does he believe that it is a good idea for other countries to follow our example? Does he not understand why those conventions were signed? Is it not disgraceful that Britain should be at the head of a drive to lower standards?

**Mr. King:** The right hon. Gentleman has heard all the exchanges on this matter, yet he appears to have paid no attention to the points that have been made. How can it be a positive benefit to any youngster to fix wages, in relation to adult rates, at twice the rate paid in Germany, if the result is that British youngsters are unemployed while German youngsters have jobs?

**Mr. Spencer Batiste** (Elmet): Can my right hon. Friend confirm that he has received many representations from industries involved with wages councils advocating

[Mr. Spencer Batiste]

their retention, but the removal of the damaging side effects that have built up? Is he aware that the skilful balance of measures that he has announced this afternoon will be widely welcomed by those who are genuinely concerned about job creation and increased training prospects for the young, although it will not be welcomed by those who weep crocodile tears and have no constructive alternatives to suggest?

**Mr. Prescott:** Twenty pounds a week—that is what it means.

**Mr. King:** I am grateful to my hon. Friend, who put the point better than I have succeeded in doing so far. I genuinely believe that we can help young people in this way. There is no merit in artificially preserving rates of pay which ensure that no one obtains employment.

Several Hon. Members *rose*—

**Mr. Speaker:** Order. I know that this a matter of great interest to the House, but we have a heavy day ahead of us. I shall allow questions to continue for 10 minutes, and I hope that everyone can be called.

**Mr. Michael J. Martin** (Glasgow, Springburn): As a former trade union officer, I know that many people in the catering trade work long hours, and that many youngsters in that trade are mentally and sometimes physically handicapped. They know nothing but hard work, and they are entitled to the protection of the Government. What will the right hon. Gentleman do to ensure that such youngsters are not exploited?

**Mr. King:** The hon. Gentleman raises a serious point about handicapped people, which no doubt will arise when we discuss the legislation.

**Mr. Michael Forsyth** (Stirling): Does my right hon. Friend agree that wages councils discriminate against the handicapped, ethnic minorities and young people, and that his proposals will be a fillip for them? Does he agree that the Opposition have shown that they can offer nothing to the young unemployed, and that they are happier to respond to the needs of their bosses in the trade unions than to tackle these fundamental problems?

**Mr. King:** I very much agree with my hon. Friend. The hon. Member for Glasgow, Springburn (Mr. Martin), who is an experienced trade union official, will know that there is a real problem here, which we must consider. The operation of wages councils can inhibit the employment of disadvantaged people who, above all, want the respect and responsibility that comes from employment.

**Mr. Greville Janner** (Leicester, West): While recognising that the Government's proposals are part of the continuing process designed to strip those who are fortunate enough still to have jobs of basic minimum legal protection, may I invite the Minister to set out his proposals for the next stage in the process? Since he has decided to simplify the method of introducing regulations to abolish wages councils, thereby depriving the House of its normal procedures, and following the quadrupling of the qualifying period for unfair dismissal protection, can he say which councils he intends to abolish? Or will he not tell the House even that?

**Mr. King:** The hon. and learned Member with his expert legal knowledge, has raised a number of points

which will arise if legislation comes before the House, as I certainly hope it will, which we shall need to debate. My concern today was to set out the main framework at the earliest opportunity, as I promised the House I would. That I have done. I do not wish to pursue further the line which the hon. and learned Gentleman invites me to travel.

**Mr. Conal Gregory** (York): Does my right hon. Friend share my incredulity at the comments made by the Opposition in connection with a number of the councils such as the ostrich and fancy feather and artificial flower councils, and the need for them? May I draw to his attention the fact that the Dutch Government introduced the young person's level of 23 and that, by considering reform along those lines, we will increase Britain's greatest growth industry, tourism? There will be delight, particularly in tourism circles in Yorkshire, that, as a result of these measures, some 60,000 to 70,000 jobs a year will be created.

**Mr. King:** I certainly accept what I think is a very important point. If we are considering future sources of employment, the scope for tourism is very significant. I hope that we may soon have something more to say on this.

The age level is obviously a matter of judgment. I took the view, after full consideration, that 21 was the right age. I have no doubt that that matter will be debated fully when we come to consider the legislation.

**Mr. Derek Fatchett** (Leeds, Central): Given that the Government's case depends on their argument that low wages will produce more jobs for young people, can the Secretary of State explain why the highest levels of unemployment for young people are found in those regions with the lowest wage rates for young people and the lowest levels of unemployment for young people are found in those areas with the highest wage rates for young people?

**Mr. King:** A number of other factors—not least the concentration of traditional industries and the scale of problems which have affected some of those industries—also dominate those issues.

**Mr. Christopher Chope** (Southampton, Itchen): My right hon. Friend's announcement today will be widely welcomed, because it will create many new job opportunities for young people. It will give young people the freedom to negotiate their own wages. I wonder why my right hon. Friend is denying this freedom to those who are over 21 and whether, in the light of the White Paper issued yesterday, he will consider excluding from the provisions of the wages councils all those employed by small businesses.

**Mr. King:** I understand that point. I think that the balance which I have tried to strike is the right one, and I commend it to the House. But I have no doubt that all these issues of detail will be a matter for discussion in the progress of the legislation.

**Mr. Max Madden** (Bradford, West): Why do the Secretary of State and his Government seem to regard being young as an illness? Does the Secretary of State understand that he is going to have a very tough time persuading young people that he is doing them a good turn by cutting their pay and reducing their conditions of employment?

**Mr. King:** I am amazed that the hon. Gentleman is prepared to defend the system when he knows perfectly

well that, by historical accident and sometimes by negotiation, wage rates for a number of young people are fixed at levels which simply are not economic and at which, therefore, there are not jobs. I will recommend as firmly as I can a system that will give encouragement to jobs and will give the best possible opportunities to young people by employers being able to offer them employment. At the start of their working life, when they are not able to make a significant contribution to the firm, employers are willing to give them a chance, provided that the level of pay is one which a company can afford.

**Mr. Matthew Parris** (Derbyshire, West): How is it possible for the Opposition to argue that abroad low wages create jobs because they give foreign manufacturers the edge over ours, yet those mechanisms do not apply at home?

**Ms. Clare Short** (Birmingham, Ladywood): We have low wages.

**Mr. King:** The truth is that, as the hon. Lady the Member for Birmingham, Ladywood (Ms. Short) says, we have low wages and low productivity and we then jack up the wages of young people in a quite unreal relationship to the wages of adults. As a result, we tend to have the worst of all worlds. It is to amend that situation that I bring these proposals to the House.

**Mr. Stuart Bell** (Middlesbrough): Is the right hon. Gentleman aware that in the the northern region high unemployment and low wages go hand in hand, and that, since 1979, unemployment has doubled in the manufacturing sector, with 250,000 able-bodied men and women on the dole? In addition, 440,000 workers are on less than the decency threshold which was worked out by the Council of Europe. Is he aware that in my constituency there is one street in which 99 per cent. of the people are unemployed? Can he tell the House where in his announcement today there is any message of hope, expectation or a lifting of morale for those people?

**Mr. King:** The hon. Gentleman will know that we have taken a number of measures, concerned with improving training opportunities, work programmes for the unemployed and the help which we can give them in a range of different ways. We are determined to take every step which may help to open more employment opportunities. We are starting now to create more jobs, but not fast enough to bite into the levels of unemployment. However, we are on our way, and we will continue to take steps which will genuinely help employment opportunities. I know that the hon. Gentleman comes from a difficult area which has tragic problems, but we will face up to those problems and we will take the steps which we genuinely believe can help.

**Mr. Martin M. Brandon-Bravo** (Nottingham, South): May I join those who welcome the policy of reform rather than of abolition? However, are we right to choose some arbitrary age to distinguish between adults, skilled and otherwise? I am concerned about late entrants into an industry. It might be far better for an industry to be able to have a say in defining what is adult—for example, after three or four years of experience in an industry. That may be of greater practical significance than choosing the age of 21 or even 23.

**Mr. King:** I hear what my hon. Friend says, and I respect his close knowledge of one of the industries

concerned in this area. It is, of course, important for the House to keep in mind that what we are talking about here is simply the minimum rate. It is open to industries to make alternative arrangements within that framework. It is the basic flaw in the situation with which we are concerned.

**Ms. Clare Short:** Is the Minister aware that we on the Labour Benches are nauseated by Tory Members with two or three jobs, earning £25,000 a year plus, talking about cutting the pay of young people who earn £35 a week and adult workers who earn between £63 and £75, many of them working for supplementary benefit rates? The Minister is not entirely honest with the House. His party has for a long time been determined to cut the wages of young workers. The Government therefore introduced a scheme called the young workers scheme, whereby the subsidised employers at the rate of £15 per week to cut young people's wages. The scheme failed completely, and is about to be abolished. A report of the Select Committee on Public Accounts found that 77 per cent. of the subsidised jobs would have existed anyway, and the vast bulk of the other jobs were jobs taken from adults. The Minister knows that cutting youth wages will not create more jobs.

The House should also note that, although the brunt of the attack is on young people, there is also an attack on low-paid adult workers. That means mostly women and black workers. The provisions to pay only for a single hourly rate and one rate of overtime result in no protection for holidays, no protection for piece-rate workers and no minimum rate, so that a worker can be sent home any day of the week if there is not enough work. The attack is upon all the protections of some of the poorest and most vulnerable in society. The Government are inspired by a future in which Britain will compete with some of the cheapest lowest paying sweatshops of the world. The Opposition believe in a high-wage, high-skill, high-investment economy. We reject this statement, on the grounds of social justice and economic efficiency.

**Mr. King:** The hon. Lady says that she believes in all those things. A better recipe than her approach for destroying more jobs more quickly it is difficult to imagine. How can she make these accusations and allegations when she knows perfectly well that I have already referred to the relationship with Germany? Why is it that in Germany it is not thought unacceptable to have sensible and economic levels for young people? That economy is not seen as a low-wage, low-tech, low-skill economy; it is seen as a sensible way to get young people in with a better chance of training and a better chance of a job. That is what we are embarked upon. The distortions and allegations which she makes have no part in our programme.

*Later—*

**Mr. Michael Brown** (Brigg and Cleethorpes): On a point of order, Mr. Speaker. At the beginning of the statement made by the Secretary of State for Employment, the Opposition shadow employment spokesman, the hon. Member for Kingston upon Hull, East (Mr. Prescott), raised a point of order with you about the statement being made in the House before being given prominence elsewhere. Is it not extraordinary that, after raising that

[Mr. Michael Brown]

point of order, the hon. Gentleman did not have the courtesy to listen to the remainder of my right hon. Friend's statement?

**Mr. Speaker:** That is patently not a matter for me.

## Civil Servants (Assistance to Members)

4.59 pm

**Mr. Donald Coleman (Neath):** On a point of order, Mr. Speaker. In the course of the debate on the Welsh rate support grant last evening, my hon. Friend the Member for Ogmore (Mr. Powell) raised with Mr. Deputy Speaker the fact that the hon. Member for Ynys Môn (Mr. Best) was seen to be obtaining information from the civil servants box at the back of the Chamber, although that hon. Gentleman is neither a Minister nor a parliamentary Secretary.

At that point, Mr. Deputy Speaker ruled, quite properly, that it was not a matter for his concern because the people in the officials' box were outside the precincts of the House. We accepted his ruling, although it was clear that an attempt had been made by the hon. Member concerned to seek privileges over other hon. Members. May we have your guidance, Mr. Speaker, as to the propriety of the hon. Gentleman's action?

**Mr. Speaker:** I am aware of the incident that was raised with Mr. Deputy Speaker last night, and I am grateful to the hon. Member for Neath (Mr. Coleman) for giving me notice of his intention to raise it today, because that has enabled me to look into it with great care. Departmental officials are admitted to the box behind the Chair so as to be available to Ministers.

**Mr. Ray Powell (Ogmore):** It was I who raised the point of order last night, when Mr. Deputy Speaker informed me that there had been no infringement of the rules of the House. It was obvious that civil servants in the box were giving documents to the hon. Member for Ynys Môn (Mr. Best).

I understand that that hon. Member was informed that this point of order would be raised, and I appreciate that his absence may mean that he is engaged elsewhere. The fact that he has been informed means that my hon. Friends and I are not raising the matter without his knowledge.

When I approached the officials' box—as I told Mr. Deputy Speaker that I would—to ask for some information that I wanted regarding the situation in the Ogmore constituency and in Mid-Glamorgan, I was handed a copy of the supplementary rate support grant report which I already had, and the officials would not furnish me with any other information. They told me that they were available to give information to hon. Members other than Government Back-Benchers. If that information is correct and we can all approach the box for information, I need not have raised the point of order in the way I did last night, and I would not be raising the issue again today. However, I take it that the ruling is that the officials in the box are available only to advise Ministers.

**Mr. Speaker:** I have nothing to add to what I have said. It is a question for Ministers and not for the Chair.



CONFIDENTIAL

PRIME MINISTER

Wages Councils

(E(A)(85)44)

BACKGROUND

1. You chaired a meeting of the Sub-Committee on 6 December 1984 which, while recognising the need for action on the Wages Councils, postponed a final decision on whether abolition or reform offered the best approach pending public consultation (E(A)(84)29th Meeting). A consultation paper was published on 21 March, seeking responses by 31 May. The Memorandum by the Secretary of State for Employment (E(A)(85)44) reports on the outcome of the consultation and sets out proposals for legislation in the next session.

Floy A....

MAIN ISSUE

2. The main issue is whether the Wages Councils should be abolished or reformed.

Origin and Scope of the Wages Councils

3. The first Wages Councils were established in 1909 with powers to set legally enforceable minimum rates of pay in certain industries. At the peak in 1953 there were 66 Councils covering 3.5 million workers, but now there are only 26 in Great Britain covering 2.75 million workers. They operate primarily in service industries such as retailing, catering and hairdressing, and two-thirds of the employees covered are part-time and four-fifths are female. The Councils consist of an equal number of employer and worker representatives. The Department of Employment's Wages Inspectorate enforces the orders made by the Councils.

CONFIDENTIAL





CONFIDENTIAL

4. There are two main objections to the way the Councils operate. First, they interfere with the employment market, and prevent employers from offering jobs at wages which, although below the prescribed minimum, job seekers would accept. This applies particularly to young people: the minimum rates specified by Wages Councils for 16 and 17 year olds for example are a higher proportion of the adult rate than is found elsewhere in the private sector. It has been estimated that abolition of the Councils could result in 50,000-150,000 new jobs.

5. Secondly, Wages Councils impose a considerable administrative burden on employers, and inhibit their flexibility to meet changing market needs. Councils have had unlimited freedom to regulate every detail of pay, holiday and other conditions of employment. Their orders are complex and lengthy. The "Burdens on Business" scrutiny found that Wages Councils, although not in the first league, imposed a significant burden on small firms.

6. Ministers are agreed on the need for change. Abolition is the most radical option and would remove all the problems, but would open the Government to criticism for removing the protection afforded to workers in industries with notoriously low pay. It is feared by some that abolition would open the scope for greater unionisation and militancy in industries with a generally good labour relations record. The alternative is reform. The Councils would retain the power to set a minimum wage for adults. But employers would be allowed to offer jobs to young people at rates free from control, so that the worst employment inhibiting effect would be removed. In addition Councils would lose the right to control conditions of employment other than the minimum wage (and also a minimum overtime rate), so greatly simplifying the extent of their controls and hence the burden of compliance.



CONFIDENTIAL

Results of Consultation

7. The Employment Secretary's paper shows that a majority of those consulted favoured the retention of the Wages Councils without any reform. But disregarding this option, which the consultation paper implicitly ruled out, a majority favoured reform over abolition. This applies even among organisations representing employers, particularly those representing the trades covered by the Councils. Only in the hotel and catering sector were a majority of employers represented on the Wages Council in favour of abolition.

8. The employers organisations can be expected to have given full weight to the administrative burden imposed by Wages Councils in reaching their decisions (although those representing small business and the self employed were in favour of abolition). It is less clear whether they will have given full weight to the number of new jobs which might be created by abolition; the entry of new firms, with lower wage costs, might not be welcome to existing businesses.

9. The Employment Secretary recommends that given the political controversy which would follow a decision to abolish the Councils, and the risk that every case of exploitation by a bad employer will be laid at the Government's door, the Government should accept the results of consultation and agree that the Councils should continue in modified form.

Proposals for Reform

10. Annex B to the Employment Secretary's paper outlines the four principles which would underlie new legislation on the Wages Councils. The most important are the exemption of employees under 21, which should allow jobs to be created for young people, and restriction of the remit of the Councils to setting single minimum plain and overtime rates (rather than - as at present - covering all conditions of employment). These proposals would deal with the worst problems now caused by Wages Councils, without opening the Government to the criticism of removing all protection from workers.



CONFIDENTIAL

11. There is provision for a Wages Bill in the legislative programme for 1985/86. Instructions will need to be delivered to Parliamentary Council in September. On earlier plans the Bill was due to be introduced in January 1986: an earlier introduction might be desirable to maintain the momentum for reform without allowing opposition to build up.

International Labour Organisation (ILO) Convention 26

12. The Sub-Committee concluded in December that it would be necessary, or at least less risky, to denounce ILO Convention 26, subject to consultation with the Trade Union Congress and the Confederation of British Industry. The window for denunciation opened in June and lasts 12 months. Obligations under the Convention end 12 months after denunciation. The Employment Secretary recommends that ILO should now be notified of the UK's decision: the Sub-Committee will wish to endorse this, given the decision already taken that retention of the Councils in their present form would be unacceptable.

Announcement of a Decision

13. The Employment Secretary is proposing to make a statement to the House on Thursday 18 July. You and members of the Sub-Committee will no doubt wish to examine the terms of this in the light of discussion.

HANDLING

14. You will wish to invite the Employment Secretary to introduce his paper. The Chancellor of the Exchequer and the Minister without Portfolio will wish to contribute, as will other members of the Sub-Committee. The Lord President of the Council and the Lord Privy Seal will have views on the Parliamentary handling, and on the timing of legislation.

No longer  
- see my  
note  
attached



CONFIDENTIAL

CONCLUSION

15. You will wish to reach decisions on the following matters:

- (i) whether the Wages Councils should be abolished or reformed;
- (ii) if they are to be reformed, whether the proposals set out in Annex B to E(A)(85)44 form an acceptable basis;
- (iii) early denunciation of ILO Convention 26;
- (iv) whether the Employment Secretary should make a Parliamentary statement on Thursday 18 July, subject to clearance of its terms.

J B UNWIN  
Cabinet Office  
16 July 1985

CONFIDENTIAL

CONFIDENTIAL

PRIME MINISTER

WAGES COUNCILS: ANNOUNCEMENT OF DECISIONS

It is important to co-ordinate your announcement of the Government's response to the TSRB report and Mr. King's announcement on Wages Councils. Ideally the TSRB announcement should follow that on wages councils. If not, the Government will be taunted about looking after the rich on £75,000 a year while grinding the faces of the poor on £1.30 per hour.

The operational constraints are as follows:-

i. Mr. King originally proposed seeking an agreement at the morning meeting of E(A) so that he could make an announcement on Wednesday afternoon. The Chief Whip advised him that he needed to clear the ground with the fifty or so Government backbenchers who had signed a motion urging total abolition. This would rule out an announcement on Wednesday. Mr. King now proposes to announce on Monday.

ii. The TSRB announcement could technically be made at any time as we can use the pursuant procedure. This would be done on Thursday afternoon after the Cabinet discussion. Once the decision is taken it will be difficult to prevent it leaking.

Thus current plans are not ideal, with TSRB ahead of wages councils. TSRB could be delayed until Tuesday next week but:-

a. it might not hold, leaving Mr. King open to criticism on the stance of the announcement while being accused of deliberately manipulating the timing;

b. orders need to be passed to enact the salary increases for the Comptroller and Auditor General and Lord

Chancellor. The business managers are worried that there would be insufficient time if TSRB were delayed until Tuesday.

We are thus left with TSRB on Thursday and wages councils on Monday. E(A) should consider whether the timing of the two announcements could be improved upon.

AV

AV

16 July, 1985

PRIME MINISTER

15 July 1985

WAGES COUNCILS

Tom King proposes reform rather than abolition of the Wages Councils. They will continue to set minimum wage rates for adult workers.

This is morally objectionable. It may not be clear exactly how much damage the Councils do, but it is clear that they keep some people out of work. At a time of high unemployment, that is fundamentally wrong.

It is no surprise that most of the employers' associations favoured reform or retention: they are cosy clubs that hate competition and do not speak for the unemployed, any more than the unions do. The only employers that come anywhere near to understanding the fate of the unemployed are the small businessmen and the self-employed, who stand a real chance of being on the dole queues themselves. Their representatives favoured abolition.

You will be told a great deal about the political dangers of abolition. But failure to abolish is also dangerous. It will be said - with some justice - that the Government has lost its zest for serious action: first the private rented sector, then student loans, now the Wages Councils. If one wants a quiet life rather than tackling the real problems, why not go the whole hog and vote SDP?

We recommend that you should press for outright abolition, accompanied by a bold statement that the Government is willing to stand up for the unemployed, despite all the pressure groups, the vested interests and the heartless "do-gooders".

*Oliver Letwin*  
OLIVER LETWIN

*Peter Warry*  
PETER WARRY

*ms*

PRIME MINISTER

②  
AT 1/7

1 July 1985

WAGES COUNCILS

Denouncing the ILO Convention is certainly right, despite the outrage that it will generate in many quarters.

But if you rest content with mere reforms, and do not take the opportunity to abolish Wages Councils outright, you will have incurred the outrage without reaping anything like the full benefits. Gradual abolition, council by council, would be the worst of all worlds: it would generate sustained opposition, but would have little positive effect on employment for years to come.

The only respectable reform, short of abolition, would be to allow the councils to set a single basic wage with no adornments. But even this would keep up the wage-floor and harm employment prospects. The councils are still giving rises above the national average, and closing off jobs in the industries that are most likely to expand.

No doubt, the CBI and other anti-competitive forces will describe abolition as 'vandalism'. But there is no sign of strong resistance either in the newspapers or on the backbenches. If the Government gives way on this after having failed to push through rent deregulation, many people in the press and in the party will begin to think that Ministers are losing their zeal. Your real supporters - in the IOD, CPS, Aims of Industry etc. - will feel that they have been let down badly.

We strongly recommend that you should ask Tom King to change his mind and go for full abolition.

*Oliver Letwin*  
OLIVER LETWIN

*Peter Warry*  
PETER WARRY

*This is part of the King's package, with additional a supplementary rate as well.*

*Mr King disputes this*

*I hope your support goes wider than this.*

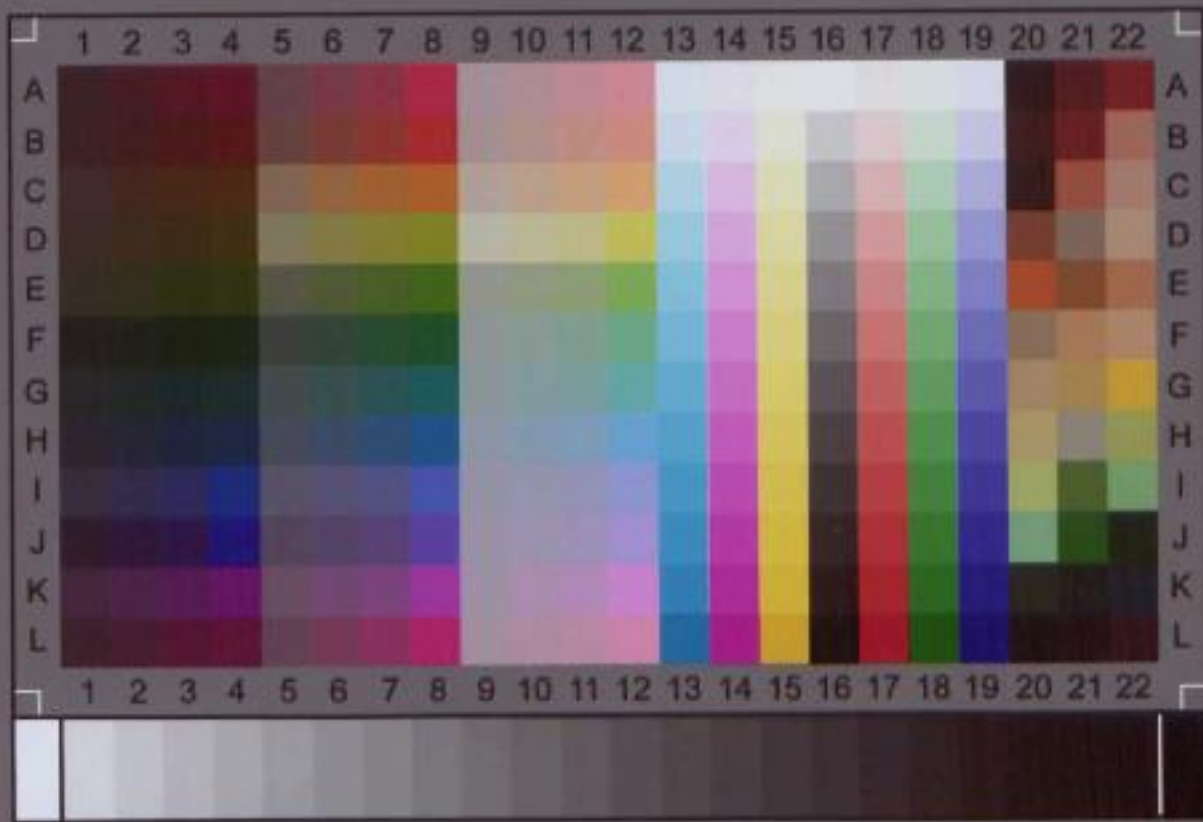


● PART 2 ends:-

KI to Am 28.6.85

PART 3 begins:-

O Letwin & P Wamy to Am 1.7.85



IT8.7/2-1993  
2009.02

Image  
Access

IT-8 Target

Printed on Kodak Professional Paper  
Charge: R090212