

MEMORANDUM FOR CABINET BY THE  
MINISTER OF TRADE, INDUSTRY AND AGRICULTURE  
Food Manufacture Wage Regulation Proposals

Wage Regulation Proposals made by the Food Manufacture Industries Wages Council and published in the Government Gazette on June 9 affect inter alia employees in bakeries and paste factories - two industries that are heavily subsidized in order to keep down the price of rationed goods.

2. If the proposals are approved, the increase in wages of the employees concerned will very probably have to be counterbalanced by an increase in the Government subsidy. Claims made to us some time ago by paste and bread manufacturers for a revision of their subsidy were resisted by us, but an increase in wages imposed by the Government will weaken our position considerably and we shall have to give in.
3. The recent devaluation of the pound may involve us in additional expenditure of about £300,000 annually on the Subsidies Vote, and it is imperative that at this stage the Vote be not burdened also with an increase in the subsidy payable to paste and bread manufacturers. It is estimated that the wage proposals could cost about £8,700 annually.
4. The Wages Council concerned, when submitting its proposals, ended its letter as follows:-

"The Council unanimously begs to draw the attention of Your Honour to the fact that the proposals cover several industries whose products are subsidized. These proposals will seriously affect the margin of profit of these industries; it may be necessary, therefore, to revise the profit margins in such industries, prior to the implementation of these proposals".
5. I strongly feel that Ministers should agree that, in view of the position as set out in paragraphs 2 and 3 above, the implementation of these wage regulation proposals should be postponed for the time being.

25th November 1967.

MTIA/845/67.