STATUTORY INSTRUMENTS

# 1968 No. 616

# PRICES AND INCOMES

## The Prices and Incomes (General Considerations) Order 1968

| | |
|---|---|
| *Made* - - - - | 16*th April* 1968 |
| *Laid before Parliament* | 22*nd April* 1968 |
| *Coming into Operation* | 23*rd April* 1968 |

The Secretary of State, in exercise of the powers conferred on her by section 4 of the Prices and Incomes Act 1966(**a**) and after consultation, in accordance with subsection (3) of that section, with organisations appearing to her to represent to a substantial extent the interests of those particularly concerned, hereby makes the following Order :—

**1.**—(1) This Order, which may be cited as the Prices and Incomes (General Considerations) Order 1968, shall come into operation on 23rd April 1968.

(2) The Interpretation Act 1889(**b**) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament, and as if for the purposes of section 38 of that Act this Order were an Act of Parliament and the Order revoked by Article 3 of this Order were an Act of Parliament thereby repealed.

**2.** The considerations set out in the Schedule to this Order (which reproduces a memorandum entitled " Productivity, Prices and Incomes Policy in 1968 and 1969 "(**c**) which was presented to Parliament by the Secretary of State by Command of Her Majesty in April 1968) shall be substituted for the considerations set out in Schedule 2 to the said Act of 1966 (as substituted by the Schedule to the Prices and Incomes (General Considerations) Order 1967(**d**)) as the considerations to which the National Board for Prices and Incomes are to have regard in accordance with section 4 of that Act.

**3.** The Prices and Incomes (General Considerations) Order 1967 is hereby revoked.

Given under the Hand of the First Secretary of State and Secretary of State for Employment and Productivity on 16th April 1968.

*Barbara Castle,*
First Secretary of State and Secretary of State for Employment and Productivity.

(**a**) 1966 c. 33. (**b**) 1889 c. 63. (**c**) Cmnd. 3590. (**d**) S.I. 1967/642 (1967 I, p. 1975).

## SCHEDULE

# PRODUCTIVITY, PRICES AND INCOMES POLICY IN 1968 AND 1969

## I. INTRODUCTION—THE POLICY AND STATUTORY POWERS

1. We now have a real basis for putting our balance of payments into substantial surplus and paying off our debts abroad, and an opportunity for the economy to sustain a faster rate of growth and a higher level of employment than was possible before devaluation.

2. But paying our way abroad means consuming less of what we produce ourselves. We shall be able to take these opportunities only if there is a big transfer of resources from home consumption to producing goods for export and import saving, and if the competitive advantage gained by devaluation is not eroded by an inflation of costs. The action taken in the Budget is intended to achieve the first of these tasks and this will mean a temporary fall in personal consumption. The prices and incomes policy is vitally important in maintaining the competitive edge of devaluation.

3. Over the next two years it is of paramount importance for the national economic strategy after devaluation to raise productivity and efficiency and to obtain substantial restraint from all sections of the community in order to keep incomes more in line with the expected growth of national output and prevent them rising with the cost of living.

4. The Government's firm intention is to continue the development of the policy for productivity, prices and incomes to the fullest extent practicable on a voluntary basis, in consultation with the Confederation of British Industry and the Trades Union Congress.

5. The economy cannot yet afford any automatic increase in personal incomes, and all increases or other significant improvements must continue to be justified against the criteria and considerations which are set out below.

6. The new feature of the policy will be a ceiling of 3½ per cent on wage, salary and dividend increases. But the Government wish to encourage agreements which genuinely raise productivity and efficiency, thereby helping to stabilise or reduce prices, and the policy provides for an exception to the ceiling for such agreements.

7. There will be unavoidable increases in prices because of devaluation and the Budget, but it is essential that there should be continuing efforts to contain cost increases by improvements in efficiency and greater productivity, to prevent unjustifiable price increases and to reduce prices where practicable.

8. There must be protection for the poorest section of the community and there must be restraint, not only on employment incomes, but also on incomes from property.

9. The Government believe that it is necessary in the circumstances now facing the country, and in the light of experience since 1966, to have available

statutory powers. The powers at present available to the Government derive from Part II of the Prices and Incomes Act 1966, as extended by the Prices and Incomes Act 1967, and are exercisable in the context of references to the National Board for Prices and Incomes. These powers enable the Government to require statutory notification of proposed increases in prices and pay, and to defer increases for a maximum of seven months.

10. The relevant sections of the 1967 Act will expire on 11th August 1968, and Part II of the 1966 Act will lapse at the same time unless renewed by Order in Council. The Government have decided to introduce legislation to replace the powers under the expiring sections of the 1967 Act so as to:—

(i) lengthen the maximum delaying power on price and pay increases to 12 months in the context of reference to the N.B.P.I.;

(ii) require reductions in existing prices where this is recommended by the N.B.P.I.;

(iii) moderate and phase housing rent increases;

(iv) require notification of dividend increases, and prevent excessive distributions.

The powers will be sought for eighteen months, with provision for renewal should this prove necessary.

11. All these powers will be held in reserve, and will be used only to the extent necessary where the voluntary arrangements are not being properly observed. The notification arrangements for price, pay and dividend increases will be on a voluntary basis provided that they operate satisfactorily.

12. Full support of this policy for productivity, prices and incomes will enable us to seize the opportunities in the new situation after devaluation and so ensure the basis for a lasting improvement in living standards for the whole community.

## II. PRICES AND CHARGES

13. The continuing objectives of the policy for domestic prices are to encourage industry and commerce to contain cost increases by improvements in efficiency and greater productivity, to prevent unjustifiable price increases and to stabilise or reduce prices where practicable. Greater price competitiveness will enhance the advantage for home-produced over imported goods. Increased costs will need to be avoided if the opportunities for development of our export trade which devaluation has provided are to be fully exploited.

*Price Increases*

14. It is inescapable after devaluation that price increases will occur where costs of manufacturing and distribution have been unavoidably increased as the result of higher costs of imported foodstuffs, materials and components. Similarly there will be some increases in prices as a result of direct action by the Government, such as increased taxation. There may also be unavoidable increases in prices as a result of the factors set out

in paragraph 16. But it is essential that increases in manufacturers' and distributors' prices due to any of these causes should do no more than cover the overall increases in costs that have been sustained.

15. Increased prices, particularly of foodstuffs, due to changes in supply for seasonal or other reasons are unavoidable, but where prices rise for these reasons they should fall again when supplies are plentiful.

*Criteria for Price Increases*

16. Every effort should be made to absorb increases in costs by means of increased efficiency, and price increases should take place only where strictly justified by one or more of the following criteria:—

(i) if output per employee cannot be increased sufficiently to allow wages and salaries to increase at a rate consistent with the criteria for incomes* without some increase in prices, and no offsetting reductions can be made in non-labour costs per unit of output or in the return sought on investment;

(ii) if there are unavoidable increases in non-labour costs such as materials, fuel, services or marketing costs per unit of output which cannot be offset by reductions in labour or capital costs per unit of output or in the return sought on investment;

(iii) if there are unavoidable increases in capital costs per unit of output which cannot be offset by reductions in non-capital costs per unit of output or in the return sought on investment;

(iv) if, after every effort has been made to reduce costs, the enterprise is unable to secure the capital required to meet home and overseas demand.

*Price Reductions*

17. The need in the present economic circumstances to increase price competitiveness makes even more necessary efforts by all concerned in determining prices to reduce prices wherever possible. During the next two years increased productivity and efficiency should make some price reductions possible and should help to keep other prices stable.

*Criteria for Price Reductions*

18. The criteria for price reductions specified in the White Paper on Prices and Incomes Policy after 30th June 1967 (Cmnd. 3235) will continue to apply. These require price reductions:—

(i) if output per employee is increasing faster than the rate of increase in wages and salaries which is consistent with the criteria for incomes*, and there are no offsetting and unavoidable increases in non-labour costs per unit of output;

(ii) if the costs of materials, fuel or services per unit of output are falling and there are no offsetting and unavoidable increases in labour or capital costs per unit of output;

* The reference to the criteria for incomes in paragraphs 16(i) and 18(i) must now be taken to include the application of the ceiling and the incomes policy considerations set out in the incomes section (Part III).

(iii) if capital costs per unit of output are falling and there are no offsetting and unavoidable increases in non-capital costs per unit of output;

(iv) if profits are based on excessive market power.

*Prices Supervision*

19. The Government intend that the early warning arrangements for notification of proposed increases in prices should continue, and, where necessary, be extended in co-operation with industry and commerce. These arrangements enable the Government to maintain a watch on the trend of prices over a wide range of goods of economic significance, including those of importance in the cost of living.

20. The voluntary early warning system is described in the White Paper on Prices and Incomes Policy: An "Early Warning" System (Cmnd. 2808). The goods and services to which these arrangements currently apply are listed in Part A of Appendix I, and, as announced in Parliament recently, the Government are in consultation with industry on the addition of further items to this list.

21. Proposals for increases notified under these arrangements will be scrutinised to ensure that they are consistent with the policy set out in this White Paper, and appropriate cases will be referred to the N.B.P.I. for examination.

22. There are also arrangements to keep watch over the trend of manufacturers' prices of certain goods where advance notice of individual price increases is not practicable, e.g. because of fluctuations in raw material prices (Part B of Appendix I). Where possible these will be extended. The arrangements for keeping a constant watch on the prices of a number of basic foodstuffs will continue (Part C of Appendix I).

23. These arrangements for the supervision of prices are primarily concerned with the prices of manufacturing industry. The Government also intend to keep generally under review the trend of retail prices because of their direct importance to the consumer, and of the need to ensure at the retail stage, as well as at other stages, that unjustifiable increases in prices are avoided. The number of individual prices in the economy makes detailed supervision of all prices impracticable. Where appropriate, Government Departments will follow up with those concerned the movement of prices of particular products.

24. The N.B.P.I. has concluded in a recent report* on prices recommended by manufacturers for the resale of their goods that in general in such circumstances a reduction in distributors' percentage margins should be made where the manufacturer's price has to be increased because of devaluation. The Government consider that in principle there should be no automatic maintenance of distributors' percentage margins when their prices are increased to take account of higher costs.

* Report No. 55 on Distributors' Margins in Relation to Manufacturers' Recommended Prices (Cmnd. 3546).

*Application of Prices Policy*

25. The criteria and considerations set out above are intended to be applied by all concerned, including wholesalers and retailers, in the determination of prices for the sale of goods, and charges for the performance of services, on the home market in both the private and public sectors. This includes all concerned in the negotiation of prices under individual contract.

26. The Government will continue to refer to the N.B.P.I. any question relating to prices where independent examination is desirable, and will not hesitate to use their strengthened delaying powers to prevent unjustifiable increases in prices.

## III. INCOMES

*Employment Incomes*

27. For the reasons set out in Part I above substantial restraint is required over the next two years, and the Government propose to take power to delay increases in pay for up to 12 months in the context of reference to the N.B.P.I. All increases in pay, or other significant improvements, will need to be justified against the criteria and considerations of the policy. In addition the Government have decided that for all wage and salary settlements reached on or after 20th March, 1968, which satisfy these criteria and considerations there will be a ceiling of 3½ per cent.

*The Ceiling*

28. The ceiling will be applied as an annual rate; thus if in a particular case the criteria permit an increase, and more than a year has elapsed since the pay of the particular group was last adjusted, the ceiling on any such increase will be correspondingly higher than 3½ per cent, though large increases will still need to be staged.

29. Wages and salary earnings are largely determined by reference to rates or scales of pay which may apply to the time worked, or to units of work or output, or to a combination of both. The 3½ per cent ceiling is intended to be applied to increases in these rates or scales and other elements referred to in paragraph 30, having regard to the effect on earnings. But it is not intended to be applied to increases in earnings which are due to necessary increases in hours worked or in the amount of work done.

30. This means that the ceiling should cover increases in basic pay rates and allowances (including basic pay scales or ranges), rates for overtime, night or shift working, etc. Improvements in fringe benefits, normal or standard hours or holiday entitlement must also be taken into account for the purpose of applying the ceiling.

31. There will be increases in earnings under payment by results systems resulting directly from increased output. Changes in payment by results systems, and changes within such systems, including changes in piecework rates, bonus rates or standard times, should not, however, result in higher earnings unless they can be justified on grounds of increased effort or other direct contribution towards increasing productivity from the employees

concerned. It is expected that the forthcoming report of the N.B.P.I. on payment by results will offer guidance on the application of incomes policy to these systems of payment.

32. Changes in rates or scales may be settled at national, local, firm or plant level, but where groups benefit from increases or improvements settled at more than one level, the application of the ceiling requires that the overall increase should not exceed the 3½ per cent ceiling. In considering increases settled at national level account must be taken of probable increases at local, company and plant level; conversely, increases in rates setted at the plant level should take account of relevant increases settled at other levels.

33. Where a settlement covers the pay of one or more groups of workers, or a wage or salary structure is considered as a whole, the ceiling should be applied to the settlement as a whole, thus permitting flexibility of adjustment of rates within the group or structure.

*Criteria for Incomes Policy*

34. Over the next two years the criteria contained in Cmnd. 3235 will continue to apply. These provide for increases in the following circumstances:—

(i) where the employees concerned, for example by accepting more exacting work or a major change in working practices, make a direct contribution towards increasing productivity in the particular firm or industry. Even in such cases some of the benefit should accrue to the community as a whole in the form of lower prices;

(ii) where it is essential in the national interest to secure a change in the distribution of manpower (or to prevent a change which would otherwise take place) and a pay increase would be both necessary and effective for this purpose;

(iii) where there is general recognition that existing wage and salary levels are too low to maintain a reasonable standard of living;

(iv) where there is widespread recognition that the pay of a certain group of workers has fallen seriously out of line with the level of remuneration for similar work and needs in the national interest to be improved.

35. These criteria will need to be applied firmly and should be read in conjunction with the considerations which are set out below, and where appropriate with the reports of the N.B.P.I.

36. It is of continuing importance to encourage increased productivity and efficiency, and so help stabilise or reduce prices, and priority will continue to be given to increases which are justified under the productivity criterion. Reorganisations of wage and salary structures which can be justified on grounds of economic efficiency and increased productivity may be justified under this criterion. There may also be productivity agreements or major reorganisations of wage and salary structures which, as exceptions, justify above-ceiling increases (see paragraph 43).

37. It will be necessary to ensure that increases under the low pay criterion are confined to low paid workers. Low paid workers will be able

to benefit up to the ceiling if their claims satisfy this criterion. Moreover there can be above-ceiling increases for low paid workers under a settlement which, though covering a wider group of workers, is within the ceiling. In addition the purpose of the new arrangements for family allowances is to ensure that help is given specifically to low paid workers with two or more children.

38. The criterion justifying increases on grounds of comparability needs to be applied selectively, and must not be used to spread pay increases into areas of employment where the original justification does not apply.

39. The criterion justifying pay increases on manpower grounds is retained, but there is a growing acceptance on both sides of industry that the most effective way of remedying a labour shortage is to use existing manpower more efficiently.

40. The ceiling and the criteria described above do not apply to existing arrangements for increasing pay with age, as with apprentices or juveniles, or by means of regular increments within a fixed range or scale, or progressions based on added experience, increased responsibility or special effort, or to increases resulting from promotion to work at a higher level, whether with the same or a different employer. It would be contrary to the policy for posts to be regraded without proper justification as a means of raising pay.

*Cost of Living*

41. Pay increases based on a rise in the cost of living are not justified under the criteria, and should not be conceded. Not only would this be self-defeating since it would result in further increases in costs and prices, but it could set off a wage–price spiral that would damage our competitive position. Cost of living sliding scales are of diminishing importance in industry, and pay increases resulting from such existing arrangements should be taken fully into account in applying the ceiling to the pay of the group covered.

*Interval between Settlements*

42. The period which should elapse between the operative dates of successive settlements should be at least twelve months.

*Exception to the Ceiling*

43. There will be an exception to the ceiling for agreements which genuinely raise productivity and increase efficiency sufficiently to justify a pay increase above 3½ per cent. The guidelines (reproduced in Appendix II) laid down by the N.B.P.I. in their Report No. 36 on "Productivity Agreements" provide the basis for determining the justification for such increases. Major reorganisations of wage and salary structures which can be justified on productivity and efficiency grounds may also qualify for this exceptional treatment.

*Staging*

44. It was stated in paragraph 24 of Cmnd. 3235 that in some cases it is appropriate for substantial improvements in pay or conditions to be achieved by stages, even though justified under the criteria. The application of the ceiling should considerably reduce the number of cases where large increases are justified, but they may still occur where a much longer interval than twelve months has elapsed since the previous increase or improvement. The

need to consider staging in such cases will be particularly important now that the majority of workers will be able to receive only limited increases.

*Application of The Policy*

45. The ceiling and criteria for incomes policy and the considerations set out above are intended to be applied by all concerned with the determination of employment incomes in the private and public sectors, whether at national, local, company or plant level and including arbitrators, independent review bodies and statutory wage fixing bodies.

46. It will continue to be the aim of the Government in consultation with the C.B.I. and the T.U.C., and with the assistance of the parties, and of the N.B.P.I. in appropriate cases, to secure the effective and consistent application of the policy both in the private and public sectors.

*Notification of Claims and Proposed Settlements*

47. Under the existing early warning arrangements described in Cmnd. 2808 the Government receive information on a voluntary basis about claims and proposals to increase pay from the C.B.I. and the T.U.C., from organisations which are not members of either of these bodies, and directly from firms and employers' organisations in the case of local and company negotiations. There are similar arrangements for the public sector.

48. It is intended that these arrangements will continue, and consequently information about claims and proposed settlements, whether at national, local, company or plant level, will continue to be required. While all settlements are subject to the requirements of the policy, the information to be submitted under the early warning arrangements relates to claims and proposed settlements which might be significant (e.g. because of the nature of the claim, or the possible repercussions on the pay of other groups) and, in any case, to all those involving more than 100 workers.

49. The information about claims should specify the nature and terms of the claim, the proposed date of implementation, the number and category or workers covered, and the date and terms of the previous settlement covering this group of workers. The notification should also include an assessment of the justification for the proposed improvement against the criteria and considerations set out in paragraphs 34–44. The information about proposed settlements should give details of the way in which the ceiling has been calculated and applied.

*Other Forms of Employment Income*

50. Many individual salaries and other forms of remuneration, including that of company directors and executives, are fixed outside the usual process of collective bargaining. The principles of incomes policy should however be applied equally to them as to other forms of income. The Companies Act of 1967 has provisions concerning the disclosure of the remuneration of directors and executives.

51. The incomes and scales of charges and fees of self-employed persons, including all forms of professional fees, are expected to conform with the policy. The Government have referred to the N.B.P.I. the remuneration of solicitors, and architects' costs and fees. The Board's report on solicitors' remuneration was published in February, and its recommendations are being considered by the Government.

*Non-Employment Incomes*

52. The Government are committed to use their fiscal powers or other appropriate means to correct any excessive growth in aggregate profits, whether distributed or not, as compared with the growth of total wages and salaries, after allowing for short-term fluctuations. The Budget provides for the rate of Corporation Tax to be increased by 2½ per cent to 42½ per cent, and for a special charge, which is expected to yield a revenue of £100 million, to be made on the investment income of an individual for 1967–68 where this exceeds £3,000.

53. The Government will also refer for examination prices cases where the growth of profits or dividends is based on excessive market power.

54. As already announced in the Chancellor of the Exchequer's Budget Statement the Government propose to take statutory powers relating to notification of dividend increases and prevention of excessive distributions. All companies are asked not to increase dividends without good reason, and to limit any essential increase. In any case total ordinary dividends in respect of a company account year should be limited to:—

(i) not more than 3½ per cent above the amount of ordinary dividends declared in respect of the preceding account year; or

(ii) not more than the amount in respect of the account year before that; or

(iii) where dividends in each of the last two account years were abnormally low, and subject to examination and approval by the Treasury, not more than the amount in respect of an earlier account year.

55. This requirement affects all companies incorporated in the United Kingdom with the exception of unit trusts, investment trusts, those close companies which increase distributions to meet the requirements of the Finance Act 1965, and companies wholly owned by other companies where ordinary dividend payments are exclusively inter-company transactions. It affects all distributions in respect of paid-up ordinary share capital which are recommended after 19th March 1968.

56. The call for dividend restraint is addressed to all other companies, and in order to achieve its objectives the Government will institute early warning arrangements in the main company sector comparable to the arrangements made in the field of prices and pay. All quoted companies are therefore asked to notify the Treasury whenever an intended distribution would involve any increase at all above total declarations in respect of the preceding company accounts year, and such companies should not take irrevocable action upon such intentions without the Treasury's consent.

## IV. RENTS AND RATES

*Rents of Houses*

57. House rents are a large item in the family budgets of workers, and sharp changes in rent levels are, therefore, of significance for incomes policy.

58. Many private rents are still rigidly controlled under the Rent Act 1957. For those subject to rent regulation under the Rent Act 1965, fair rents are determined by Rent Officers or Rent Assessment Committees. In certain cases these can give rise to sharp increases, and it is therefore proposed that in the present situation the Housing Ministers should be empowered to make Regulations for phasing increases above a stipulated minimum amount over a period not exceeding three years.

59. Most local authorities have followed Government advice and kept increases in the rents of their houses to no more than has been needed to meet increases in costs. Many have adopted or improved rent rebate schemes. Some, however, have raised rents more sharply, for example on a scale designed to secure sufficient revenue now to cover cost increases over several years ahead. In present circumstances this is not compatible with prices and incomes policy.

60. The Government have decided therefore to take powers to require early warning of rent increases, and to enable them to direct local authorities to moderate or phase rent increases which they regard as too high in present circumstances.

61. The need for moderation in rent increases applies also to housing owned by new towns and the Scottish Special Housing Association. The responsible Ministers are able under existing arrangements to ensure that any necessary increases are moderated or phased.

*Rates*

62. Rates as a form of taxation are outside the scope of prices and incomes policy: they are necessary to help pay for the range of services provided by local authorities. Better services are bound to cost more money, but the Government have taken steps to reduce the impact of rates on householders by providing special grants which have reduced the amount in the £ they have to pay, by 5d. in the £ last year and 10d. in the £ this year. As a result of this, and of the savings made by local authorities, most householders during 1967–68 paid little, if any, more in rates than they did in the previous year. There is every reason to believe that this will also be the case in 1968–69, though larger increases may be unavoidable in some areas. In addition the income limits for rate rebates are being raised from next October and this will help many householders with small incomes, particularly those with large families.

63. In Scotland rates are fixed much later in the year and it is not yet possible to say what their level will be in 1968–69. However, special grants will reduce the amount householders have to pay by 1s. 8d. in the £ compared with 10d. in 1967–68, and the higher income limits for rate rebates will also apply from next October.

## V. NATIONAL BOARD FOR PRICES AND INCOMES

64. The work of the National Board for Prices and Incomes and its role as an independent statutory body in furthering the objectives of the productivity, prices and incomes policy will be of increasing importance.

65. The Government will continue to exercise the statutory powers in relation to prices and pay through the process of reference to the N.B.P.I. The Board has been strengthened to enable it to deal with an increased volume of work covering the expected increase in post-devaluation prices and incomes references, and it will be further strengthened if this should prove necessary.

66. In consultation with the C.B.I., the T.U.C. and other interested bodies, the Government will continue to refer to the Board appropriate cases relating to the application of the productivity, prices and incomes policy and matters of longer term importance to the policy.

## APPENDIX I

### PART A

*Goods and Services Subject to Early Warning Arrangements*

*Ministry of Agriculture, Fisheries and Food*

Bread
Flour
Biscuits
Cakes
Breakfast cereals
Sausages
Meat pies
Canned fruit
Canned vegetables
Jams and marmalade
Margarines and cooking fats
Milk products (including condensed milk)
Pickles and sauces
Processed vegetables
Quick-frozen foods
Ice-cream
Soft drinks
Chocolate and sugar confectionery
Soups
Table jellies
Tea
Processed coffee
Manufactured pet foods
Animal feeding stuffs
Beer
Cider and perry
Wines and spirits

*Ministry of Technology*

Domestic refrigerators (electric)
Gas cookers
Electric cookers
Washing machines
Vacuum cleaners
Gas fires
Electric storage heaters
Domestic boilers

Domestic water-heaters
Electric lamps—coil and fluorescent
Household electrical wiring components
Cash registers
Office photocopying machines
Typewriters
Domestic sewing machines
Industrial sewing machines
Chain link fencing
Domestic electric power tools and their attachments
Electric motors
Primary cells and primary batteries
Secondary batteries
Contractors' plant
Agricultural machinery
Tractors
Commercial vehicles
Motor cars
Bicycles and motorcycles
Radio and television electronic components (including valves and cathode ray tubes)
Copper cylinders and boilers
Galvanised steel cisterns and tanks
Plastic cold water tanks

*Board of Trade*

Fertilisers
Glass jars and bottles
Insurance premiums
Man-made staple fibre and filament yarn
Sewing thread
Building and decorative paints
Paper and board
Wallpaper
National daily and Sunday newspapers
Polyethylene
Polyvinyl chloride
Rubber footwear
Tyres
Household soaps and detergents
Acetylene and oxygen
Coastal shipping rates (freight and passenger)

*Ministry of Public Building and Works*

Asbestos cement
Cement
Bricks
Glass
Glazed floor tiles
Ceramic sanitaryware
Plaster and plaster board
Pitch fibre pipes
Roofing felt
Clay pipes

*Ministry of Power*

Petrol
Derv
Fuel oils

Bottled gas
Coal
Coke
Manufactured fuel
Iron and steel products
Gas
Electricity (England and Wales)

*Scottish Development Department*

Electricity (Scotland)

*Ministry of Transport*

Rail fares (country-wide charges outside London Passenger Transport Area)
Rail freight charges (published scales for parcels and sundries; and other country-wide charges)
B.R.S. Parcels Ltd. (published scale of country-wide charges for parcels)

## PART B

*Goods of which the Trend of Manufacturers' Prices is kept under review*

*Board of Trade*

Carpets, mats and matting
Cotton and man-made fibre spun yarns
Footwear (other than rubber)
Electric power cables
Wool yarns for weaving and hosiery
Knitting wool
Clothing
General chemicals
Hosiery and knitwear
Leather

*Ministry of Public Building and Works*

Building blocks
Sand and gravel
Ready mixed concrete

## PART C

*Foodstuffs subject to Constant Watch*

*Ministry of Agriculture, Fisheries and Food*

Carcase meat and offal
Bacon and ham
Poultry (including broilers)
Eggs
Fresh fruit
Fresh vegetables (including potatoes)
Lard, cooking and edible oils
Fish
Sugar
Cheese
Butter
Cream

## APPENDIX II

### National Board for Prices and Incomes Guidelines for Productivity Agreements

The guidelines for productivity agreements in the N.B.P.I. report No. 36 (Cmnd. 3311) are as follows:—

(i) It should be shown that the workers are making a direct contribution towards increasing productivity by accepting more exacting work or a major change in working practices.

(ii) Forecasts of increased productivity should be derived by the application of proper work-standards.

(iii) An accurate calculation of the gains and the costs should normally show that the total cost per unit of output, taking into account the effect on capital, will be reduced.

(iv) The scheme should contain effective controls to ensure that the projected increase in productivity is achieved, and that payment is made only as productivity increases or as changes in working practice take place.

(v) The undertaking should be ready to show clear benefits to the consumer through a contribution to stable prices.

(vi) An agreement covering part of an undertaking should bear the cost of consequential increases elsewhere in the same undertaking, if any have to be granted.

(vii) In all cases negotiators should beware of setting extravagant levels of pay which would provoke resentment outside.

---

## EXPLANATORY NOTE

*(This Note is not part of the Order.)*

This Order sets out the considerations to which the National Board for Prices and Incomes are required to have regard in examining questions relating to prices, incomes and other matters referred to them under section 2 of the Prices and Incomes Act 1966 and in complying with instructions to keep such questions under continuous review under section 3.

The Order provides that, from the date of its coming into operation, the said considerations shall be those set out in the Schedule to this Order (which reproduces the White Paper "Productivity, Prices and Incomes Policy in 1968 and 1969"—Cmnd. 3590) in substitution for those set out in the Schedule to the Prices and Incomes (General Considerations) Order 1967 (S.I. 1967/642).