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1969
(CC (69) 1st-61st Meetings)

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CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Friday, 3rd January, 1969 at 10 a.m. and 2.45 p.m.

Present:

The Right Hon. HAROLD WILSON, M.P., Prime Minister

The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs

The Right Hon. LORD GARDINER, Lord Chancellor

The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity

The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence

The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade

The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer

The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services

The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department

The Right Hon. FRED PEART, M.P., Lord President of the Council

The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland

The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science

The Right Hon. RICHARD MARSH, M.P., Minister of Transport

The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food

The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales

The Right Hon. JUDITH HART, M.P., Paymaster General

The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The following were also present:

The Right Hon. FREDERICK LEE, M.P., Chancellor of the Duchy of Lancaster

Sir ARTHUR IRVINE, Q.C., M.P., Solicitor-General

The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury

Secretariat:

Miss J. J. NUNN
Mr. R. R. D. McINTOSH
Sir ROBIN HOOPER
Mr. H. L. LAWRENCE-WILSON
Mr. J. CROCKER
Mr. P. E. THORNTON
Miss S. W. FOGARTY

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The Cabinet considered a memorandum by the First Secretary of State and Secretary of State for Employment and Productivity (C (68) 131) covering the draft of a White Paper on a Policy for Industrial Relations.

The Prime Minister said that in the previous summer the First Secretary had entered into consultations with the Trades Union Congress (TUC) and the Confederation of British Industry (CBI) on the broad issues arising from the report of the Royal Commission on Trade Unions and Employers' Associations (the Donovan Commission). She had then begun to formulate proposals for Government action which had been considered, with particular reference to their legal implications, at two meetings of a small group of Ministers directly concerned. He had thought it advisable, following the procedure which had been successfully adopted in the past for prices and incomes policy, that the First Secretary should have further consultations with the TUC and CBI before making recommendations to the Cabinet. Formal consultations had accordingly been initiated on 30th December. The TUC, however, had not yet been able to give the First Secretary their considered comments on her proposals. He proposed that at this meeting the Cabinet should consider the main issues arising on her memorandum and should examine the draft White Paper, but that they should not attempt to reach any formal decisions at this stage.

The First Secretary of State said that, while the report of the Donovan Commission had provided a most valuable basis for changes in industrial relations, she considered that it would be mistaken to proceed simply on the basis that each of the Commission's individual recommendations had either to be accepted or rejected. There were some weaknesses in the Commission's report. In particular, the report had failed to analyse adequately the developing role of trade unions; and its analysis of the problems of collective bargaining in industry was dominated by experience in the engineering and motor vehicle industries. As regards the role of the law in industrial relations, the Donovan Commission had stressed that collective agreements were not at present generally in a form which could be legally enforced, but pointed out that when their form improved they might be made legally enforceable by statute. In consequence, the recommendation to establish a Commission on Industrial Relations (CIR) to improve the form of collective agreements, while highly desirable in itself, had aroused great suspicion amongst many trade unionists. The CBI had made plain their wish to make all such agreements statutorily enforceable. The proposals in the draft White Paper gave greater safeguards to trade unions in this respect than did
those of the Donovan Commission. The role of the law in industrial relations would, under her proposals, be strictly limited for both moral and practical reasons.

First, the present barrier to the direct legal enforcement of collective agreements between an employers' association and a trade union would be removed by modification of Section 4 (4) of the Trade Union Act 1871, but the draft White Paper made it clear that the Government had no intention of bringing pressure to bear to make collective agreements legally enforceable.

Secondly, many of the problems arose from the weakness rather than the strength of the trade unions. It was proposed accordingly to provide a statutory right to all to belong to trade unions and to take steps to assist trade unions to obtain recognition in individual firms and factories. The proposed Trade Union Development Scheme was also intended to assist in the improvement of the structure and facilities of the trade union movement.

Thirdly, it was proposed to provide legal sanctions to defend the rights of the community as a whole in certain strictly limited and closely defined fields. The Secretary of State for Employment and Productivity would be given a discretionary power to require a maximum of 56 days postponement of unconstitutional strikes. During this pause for conciliation the terms of employment to be observed would be those which existed before the dispute arose, so that the delay would not protect an employer who took provocative action. This discretionary power would be exercised only in situations where it was likely to be of practical value and acceptable to public opinion. The Secretary of State would also be given discretionary powers to ensure that members were consulted by ballot, as the rules of a large number of unions already provided, before being brought out on strike. There would also be powers to enforce (by the imposition of fines on employers and/or unions) the recommendations of the CIR on inter-union disputes.

Fourthly, trade unions would be required by the Industrial Relations Bill to register with a new Registrar of Trade Unions and Employers Associations, and registered unions would be required to have rules, of their own framing, governing admission, discipline, elections, strike ballots, and so on.

Finally, an independent review body was proposed to hear complaints by individuals of unfair or arbitrary action by unions, and if complaints were found to be justified the review body would have power to award damages or admission or reinstatement in a union.

The First Secretary of State said that the TUC and CBI had been informed of these proposals at the beginning of the week. The CBI had said that the proposals were totally inadequate without provision for the legal enforcement of collective agreements. They
had welcomed the proposed Trade Union Development Scheme, but were concerned about the provision for maintenance of the status quo during the pause for conciliation imposed in unofficial strikes. The Financial and General Purposes Committee of the TUC had been unable to give the TUC's final comments, since the proposals were to be considered by the General Council on 7th January. But informally it was clear that there were three main points of difficulty for the unions. They objected to provision for compulsory strike ballots; for a conciliation pause in the case of unconstitutional strikes; and for the CIR to make enforceable recommendations in inter-union disputes. They had, however, welcomed many of the proposals. She would hear the final views of the TUC at a meeting which she had arranged for the afternoon of Wednesday, 8th January.

The Cabinet considered in order the issues raised in the First Secretary's memorandum.

*Theme of the Draft White Paper*

It was suggested that the White Paper should give much greater emphasis to the importance of developing more effective negotiating machinery and disputes procedure in industry. The basic theme of the Donovan Commission was that the root of the present troubles in industrial relations was the absence of effective procedures for the rapid and equitable settlement of grievances, and that this lack should be made good as quickly as possible. The proposal in the draft White Paper to use legal sanctions to deal with strikes was misconceived and the draft gave no satisfactory answer to the Donovan Commission's objections to such a step. The record of industrial disputes in the United Kingdom, given in Appendix 2 of the draft, showed that it compared favourably with that of most other countries. This fact too should be given greater emphasis in the draft, and it largely undermined the case for legal sanctions. They should consider very carefully the political and other consequences of introducing legal sanctions to deal with strikes in disregard of the Donovan Commission's recommendations.

In further discussion, it was suggested that, while most of the proposals in the White Paper would be generally acceptable, there was one very important area in dispute—the role of the law in industrial relations. There were four possible courses in this disputed area. First, they could adopt the majority recommendations of the Donovan Commission to the effect, broadly, that the CIR should be established, in the first place without legal powers or sanctions, to work for the speedy reform of existing arrangements for collective bargaining; and only if this voluntary approach failed should consideration be given to providing the CIR with statutory powers. Secondly, they could follow Mr. Shonfield's recommendations in his
note of reservation to the report of the Donovan Commission and establish a CIR with considerable statutory and quasi-judicial functions and powers. Thirdly, there was the possibility of providing for legal enforcement of all collective agreements, as proposed by the CBI and operated in many other countries. Finally, there were the proposals in the draft White Paper for combining action by the CIR on a voluntary basis to improve bargaining machinery with the provision of certain legal sanctions; in particular, discretionary legal powers to the Secretary of State to require strike ballots before official strikes and postponement of unconstitutional ones and to enforce the CIR’s recommendations in inter-union disputes. The Cabinet should be in a position to consider fully the arguments for and against these different courses before taking a decision on a matter of such crucial importance, and the White Paper should also set out the various arguments much more fully than at present.

On the other hand, it was pointed out that, while the White Paper could certainly be amended to give greater emphasis to the importance of reforming the present machinery of industrial negotiation, it was unrealistic—particularly against the present serious economic background—to wait for the voluntary reform of this machinery to put an end to the numerous strikes which were started unconstitutionally, often by a handful of men, without adequate cause but with crippling effects on the economy.

*The Prime Minister,* summing up this part of the discussion, said that the First Secretary should circulate a paper for consideration by the Ministerial Committee on Industrial Relations at the beginning of the following week. The paper should set out the arguments for and against the four different roles of the law in collective bargaining which had been outlined in their discussions. The Committee on Industrial Relations should then report their conclusions to the Cabinet. The draft White Paper would require to be amended in any event to set out more fully the arguments for and against the various possibilities; and, if possible, to give greater emphasis to the importance which the Government attached to speedy reform of the present arrangements for collective bargaining in industry.

The Cabinet—

(1) Invited the First Secretary of State to arrange for the Ministerial Committee on Industrial Relations to consider at the beginning of the following week a report on the lines indicated by the Prime Minister and to report thereafter to the Cabinet.

(2) Invited the First Secretary of State to arrange in due course for amendment to the White Paper on the lines indicated in the summing up.
Commission on industrial relations

In discussion, it was argued that Mr. Shonfield's minority recommendation that the CIR should be given certain quasi-judicial functions and statutory powers deserved further consideration. If the CIR were given substantial statutory powers, there would be little or no case for the proposed legal sanctions to deal with strikes. On the other hand, it was argued that it was not possible to compel two parties to reach an agreement against their wishes, so that statutory powers would not in practice enable the CIR to improve procedure agreements more rapidly and effectively. Moreover, if the CIR were given wide statutory powers, it would reduce its effectiveness in its voluntary role of improving machinery of collective bargaining. The group of Ministers which had been considering the draft White Paper had concluded that, while the CIR should begin its operations on a voluntary basis, the Government should consult with the industrial organisations concerned about the possibility of providing reserve powers in the Industrial Relations Bill. These statutory powers could be invoked on the initiative of the Secretary of State for Employment and Productivity, following a report by the CIR, if experience showed that a completely voluntary system had not proved fully effective.

The Prime Minister, summing up this part of the discussion, said that a decision on the powers and responsibilities of the CIR could not be finally taken before the Cabinet had considered the report referred to in conclusion (1) above.

The Cabinet—

(3) Took note, with approval, of the Prime Minister’s summing up.

Registration of agreements

The Cabinet

(4) Invited the First Secretary of State to consider with the Lord Privy Seal whether the requirement to register procedure agreements should apply to the Civil Service and to the Post Office.

Disclosure of management information to trade unions and employee participation

It was pointed out in discussion that the proposals for providing more information and for removing the legal barriers to the appointment of trade union representatives to company boards would involve significant changes in company law, which would require
detailed consideration. It should be borne in mind that the work of the joint working group drawn from members of the Government and the National Executive Committee of the Labour Party, on company law in relation to the role of large companies, was also relevant.

The Prime Minister, summing up this part of the discussion, said that the group of Ministers which had considered the draft White Paper had concluded that paragraph 44 should make clear that the Government had decided that more information should be made available to employees' representatives and intended to consult further about the implementation of this decision, and that paragraph 45 should make clear that the provisions in the Industrial Relations Bill relating to trade union representation on company boards would make this development possible but not mandatory. The existence and relevance of the Labour Party study might be made clear at a Press conference when the White Paper was published.

The Cabinet—
(5) Took note, with approval, of the Prime Minister's summing up.

Trade union membership: recognition, inter-union disputes

In discussion, it was suggested that the proposed legal sanctions to seek to enforce the recommendations of the CIR on inter-union disputes would provoke bitter opposition and yet prove totally ineffective. On the other hand, there was a wide measure of support for the First Secretary's proposals. They gave the TUC an opportunity to resolve the inter-union disputes before the CIR or legal sanctions were introduced, and public opinion generally would fully support the firm line being taken against the disruptive effects on our economy of stoppages resulting from demarcation and other disputes between unions.

The Cabinet—
(6) Agreed to consider these proposals further in the light of the report referred to in conclusion (1) above.

Trade union development scheme

In discussion it was agreed that these powers would be particularly important in relation to the training of trade union officers and to the development of their research facilities which should be given further emphasis in the draft White Paper. While the proposals might be helpful to the CIR in bringing about some restructuring of the unions parallel to the industrial restructuring undertaken by the Industrial Reorganisation Corporation (IRC), its direct effect in this field might be limited. There were real problems
of public accountability which would need to be carefully considered when the proposed legislation was drafted; the precise purposes for which funds might be used would have to be set out.

The Cabinet—

(7) Approved the proposals referred to in paragraph 16 of C(68)131.

Strikes—compulsory ballots

In discussion some fears were expressed that the proposed compulsory ballot before certain major official strikes might be rarely used and ineffective. The proposal would, however, provoke strong opposition in the trade unions and among the Government's supporters generally, and this might jeopardise the success of the other constructive proposals in the draft White Paper. The TUC were apparently even more opposed to this proposal than to the compulsory pause for conciliation in unconstitutional strikes. On the other hand it was argued that there was no foundation for these fears. The proposal was for a reserve discretionary power which would be used only where a strike would damage the economy and there was doubt about the support it commanded. It was not intended to prohibit strikes but to allow members to express their views before an official strike took place, and the draft White Paper would make this clear. The risk that, if the result of a ballot were in favour of a strike, the leadership would find it more difficult to reach a settlement, could be overcome; the White Paper would be revised to make it clear that the union would be free to provide in its rules that the executive could defer or call off a strike which had been agreed by ballot without the need for a further ballot. While it was important to stress in the White Paper that many unions already included in their rules provision for balloting their members before a strike, it was not the intention to insist that all unions should adopt this practice. The new Registrar of Trade Unions and Employers' Associations would have to be satisfied when registering a union that its rules made provision for the proper conduct of any ballot that might be held. While there would be sanctions against any union which refused to hold a ballot when required to do so, there would be no sanctions against any union which went forward with strike action contrary to the majority view of its members.

In further discussion it was agreed that the First Secretary of State should explain in her memorandum to the Ministerial Committee on Industrial Relations why she had rejected the recommendation of the Donovan Commission against compulsory ballots. The Commission had examined this point in detail but had
found no evidence to suggest that such a power would serve any useful purpose. On the other hand the Commission had reported before the threatened national strike in the engineering industry; and it must be recognised that while major official strikes were rare, and in some ways a less serious problem than local and unofficial strikes, they could do very considerable harm to the economy, as the seamen's strike in 1966 had done.

The Committee—

(8) Invited the First Secretary of State to explain, in her memorandum to the Ministerial Committee on Industrial Relations, why she had rejected the recommendation of the Donovan Commission against compulsory ballots of union members prior to official strikes.

Strikes—pause for conciliation

*The First Secretary of State* explained that the proposed power to require a maximum of 56 days' postponement in the case of unconstitutional strikes would be discretionary. It would not be invoked in respect of very short strikes or those which had no serious repercussions. With the growing inter-dependence of industry, however, comparatively small groups of men could abuse their power and throw many thousands of others out of work, and could cause inconvenience or hardship to the public and substantial damage to the economy. It was right that there should be a power, not to ban strikes, but to provide a breathing space in which the normal procedures of negotiation, or if necessary a court of inquiry, could operate. The proposal related only to unconstitutional or irregular strikes in which, by definition, the procedures agreed and supported by the unions concerned had not been followed; they ought therefore to welcome the proposal which would strengthen their hands. The proposed power could, however, be invoked even where a union called an official strike without having exhausted the normal procedures, and it would make no difference if a strike were declared official after it had started.

*The Lord Chancellor* explained the new proposals for enforcing this provision and those described in paragraphs 54 (union recognition), 81 (compulsory ballots) and 98 (union registration) of the draft White Paper. A new Industrial Board would deal with these cases. It would sit in panels of three, consisting of the President of the Industrial Court or one of the independent legal members, together with two trade unionists from the employees' panel or one trade unionist and one employer, depending on the nature of the case. Whenever more convenient, the Board would sit at the place of dispute. The Board could impose financial penalties recoverable through the county courts and by attachment of wages, but without
liability to imprisonment in default of payment or on account of failure to obey an order. This proposal had been discussed with the President of the Industrial Court who considered it practicable. One great advantage would be the ease with which proceedings could be discontinued if there were a settlement or a return to work. A new section would be added to the White Paper to explain this proposal.

In discussion, considerable doubt was expressed about the effectiveness of the proposal. Normally the men would already be on strike when the procedure was invoked. They could evade an order and any penalties for defying it by giving notice, and even if they went back to work there was no way of ensuring that they worked normally. The Donovan Commission had carefully considered the question of legal sanctions; was there any evidence that they were wrong or that these powers would be any more enforceable than the wartime ones invoked in the Betteshanger Colliery case? Similarly, was there any real evidence that these powers would be more effective than the Taft-Hartley Act had proved to be in the United States? Once the power was available, the First Secretary of State would be under constant pressure to invoke it; and if the first major case was one, such as a Liverpool dock strike, in which it could not be enforced, the deterrent effect would be lost. Was it worth risking the difficulty and the loss of goodwill within the unions and the Labour Party which the proposal would entail?

On the other hand, it was argued that it was essential to take powers to deal with strikes such as the recent stoppage at Girlings (Cwmbran), which caused serious damage to other industries and to the economy generally? In the long term there might be less need for this power as the CIR brought about an improvement in procedures in industry generally, as had already been done with very good results in the coal industry. In the meantime, however, while it could not be proved that the provision would be effective, there was a good chance that it would reduce the number of "wildcat" strikes.

The difficulties of enforcement should not be exaggerated, and psychologically the existence of the power might make men more careful. It would be a discretionary power which would be invoked only in cases where it was expected to be enforceable, where no settlement was in sight, where public opinion was likely to be in favour, and, in the majority of cases, where the action should be supported by the union as strengthening their hand in getting the cause of the dispute considered through the agreed procedures. While every extension of Government intervention in industrial affairs needed to be examined carefully, it must be remembered that unofficial strikers
were themselves interfering with other workers, the public and the economy in general. Although in theory the responsibility for avoiding disruption should rest with the employers, in practice the strikes at which this power was aimed often affected others far more seriously than the immediate employer, who might well be prepared to pay more to buy off trouble than the economy could stand. The problem of "wildcat" strikes was a very serious one and the Government could not afford to appear to be standing aside from it.

*The Prime Minister*, summing up this part of the discussion, said that the need for the proposed power might well diminish in the long term. Recently, however, unofficial strikes had become a more serious problem because the unions no longer refused to negotiate until the men returned to work and the men no longer automatically returned when a court of inquiry was appointed. Serious economic damage was being caused. The Ministerial Committee on Industrial Relations should examine further the arguments for and against taking the proposed new power, and the likelihood of its being effective, in the light of the points made about enforceability. The Lord Chancellor should circulate to the Committee a memorandum setting out his proposals for enforcement through a new Industrial Board. The First Secretary of State should also circulate a short memorandum which might explain how the procedure would work in a typical case, the meaning of "unconstitutional", and the implications, if any, of a strike being declared official. The memorandum might also indicate how often in a recent period the power might have been invoked and give some examples of the damage caused in particular instances. It should also explain the differences between this proposal and the Taft-Hartley Act in force in the United States together with the reasons for thinking it more likely to prove effective.

The Cabinet—

(9) Invited the First Secretary of State to arrange for the Ministerial Committee on Industrial Relations to consider the matter further on the lines indicated by the Prime Minister in his summing up of the discussion.

(10) Invited the Lord Chancellor to circulate to the Ministerial Committee on Industrial Relations a memorandum explaining his proposals for enforcement.

*Strikes and the law*

In discussion attention was drawn to the need to protect the position of the Armed Forces, in respect both of this provision and of others including that dealing with trade union recognition.
The Cabinet—
(11) Approved the proposals in paragraphs 18 and 19 of C (68) 131.

Unfair dismissal, etc.
The Cabinet—
(12) Approved the proposals in paragraph 20 of C (68) 131.

Trade union rules and registration
The First Secretary of State said that the TUC were content with these proposals, particularly since it had been agreed that trade unions should not be given corporate status. The CBI, however, had raised the question precisely what body would be registered if there was no incorporation, and this problem was being examined further.

The Cabinet—
(13) Approved the proposals in paragraph 21 of C (68) 131.

An independent review body
The First Secretary of State said that while the TUC had expressed opposition to the idea of an independent review body, they did not feel strongly on the subject. Her legal advisers were in touch with those of the Scottish Office about the implications for Scotland.

In discussion, some support was expressed for the opposition of the TUC.

The Cabinet—
(14) Approved the proposals in paragraphs 22 and 23 of C (68) 131.

The Prime Minister, summing up the discussion of C (68) 131 as a whole, said that most members of the Cabinet seemed to be in favour of the First Secretary's proposals for compulsory ballots though some members were still opposed to it and others preferred to suspend judgment for the time being. Opinion on the proposal for a compulsory pause for conciliation was more evenly divided, and the arguments for and against it would need to be examined again when further consideration had been given to the alternative proposals in Mr. Shonfield's note of reservation to the Donovan Report. The Ministerial Committee on Industrial Relations would meet early in the following week to consider memoranda by the First Secretary of State (which would also be circulated to the Cabinet) on this and other related issues and to examine the text of the draft White Paper.
The Cabinet would resume their discussion of the First Secretary's proposals and the draft White Paper later in the week, when they would be able to take account of the Ministerial Committee's discussion and of any further views expressed by the TUC. In view of the continuing Press speculation on the subject they should aim to publish the White Paper as soon as possible after the TUC's considered views were known and before the end of the Parliamentary Recess. But no decision should be taken at this stage about the date of publication nor should anything be said about it in public which would in any way limit the Cabinet's freedom to choose between the various alternative courses of action which had been proposed.

In the meantime, the First Secretary of State should continue her discussions with the TUC on the same basis as before. She should make it clear, without implying that any radical changes in her proposals were contemplated, that the Cabinet had not yet reached any decisions on them, and would not do so until they had heard the TUC's considered views. Other members of the Cabinet should refrain from entering into any discussion of these matters with the TUC or CBI and if approached about the First Secretary's proposals they should avoid saying anything which might weaken her position in her own discussions with them.

The timing of legislation would need further consideration. Some anxiety had been expressed about the prospect of a long delay between the publication of the White Paper and the introduction of a Bill to implement the proposals in it. On the other hand the Bill would necessarily be long and complex, and it was difficult to see how it could be ready for introduction before October 1969. The Lord President should circulate a memorandum to the Cabinet on the possibility of introducing legislation in the current Session.

The Cabinet—

(15) Took note, with approval, of the Prime Minister's summing up of their discussion.

(16) Invited the Lord President, in consultation with the First Secretary of State, to circulate to the Cabinet a memorandum on the possibility of introducing legislation in the current Session.

(17) Invited the Paymaster General, in consultation with the First Secretary of State and the Chancellor of the Duchy of Lancaster, to arrange for the preparation of speaking notes on the issues involved for the use of Ministers when the White Paper was published.
2. The Cabinet considered memoranda by the Home Secretary (C (68) 130) and by the Foreign and Commonwealth Secretary (C (68) 133) on United Kingdom Passport Holders in Kenya and Uganda.

The Home Secretary said that there was a possibility that an additional wave of United Kingdom passport holders might seek to enter this country from East Africa in 1969, because the Government of Kenya did not renew their work permits and because of legislative action under consideration by the Government of Uganda designed to reduce drastically the Asian population in that country. In addition, there was a contingent problem of the same kind in the South Yemen, though the latest (but still tentative) estimate of the numbers involved there was 7,500 and not the 30,000 mentioned in C (68) 130. It was impossible to estimate at all accurately how large the influx might be, but it could exceed substantially the numbers of special entry vouchers available for this class of immigrant, and at worst might increase total Commonwealth immigration into this country to 90,000 or more in 1969. This would happen at a time when it appeared that Commonwealth immigration would otherwise no longer continue to increase and might even begin to decline. No policy decisions were required on the handling of this problem at the present meeting, but it was necessary to decide on the line to be taken in bilateral discussion of it with the representatives of the Commonwealth countries concerned during the forthcoming meeting of Commonwealth Prime Ministers. Our objectives in these discussions should be to persuade the Governments of Kenya and Uganda to slow down the flow of Asian migrants; to consider with "old" Commonwealth countries the possibility that they might accept some immigrants from East Africa; and to secure the continuance of the arrangements with the Government of India under which migrants from Kenya who were citizens of the United Kingdom and Commonwealth but who wished to settle in India were allowed to do so on the understanding that they retained their right to enter this country later if they wished. We should not accept the proposal that had been made for an increase from 1,500 to 2,000 in the number of special vouchers for Asians from East Africa.

The Foreign and Commonwealth Secretary said that, in addition to the approaches to Commonwealth countries proposed by the Home Secretary, we should let it be known to countries whose citizens were entering under the main voucher scheme that our prior responsibility was to those entitled to United Kingdom passports and that if we were pressed too hard the numbers of entrants under the normal scheme might have to be reduced. We should also make it plain to...
the representatives of Uganda at the Commonwealth Prime Ministers’ Conference that we were not prepared to accept Asian immigrants from Uganda at a rate of their choosing.

In discussion, there was general agreement with the proposals of the Home and Foreign and Commonwealth Secretaries. A pledge had been given in Parliament during the Committee stage of the Commonwealth Immigrants Bill on 28th February, 1968, that if holders of United Kingdom passports were expelled from their countries of residence, they would be allowed to come to this country. Our aim must be to prevent any new influx of immigrants from becoming so large that it could not be accommodated by adjustments elsewhere in Commonwealth immigration, but no decision should be taken at this stage whether any new influx should be wholly accommodated in this way. One possible way of providing additional vouchers for Asians from East Africa was by reducing substantially the numbers allocated to doctors under the main voucher scheme. Although these doctors were of benefit to the National Health Service in the short run, there would be structural and promotion problems in the Service in the longer term if they were to enter in the very large numbers that were now in prospect.

The Prime Minister, summing up the discussion, said that the Cabinet approved the proposals of the Home and Foreign and Commonwealth Secretaries for handling the problem of additional immigrants from East Africa in discussions during the Commonwealth Prime Ministers’ Conference. When the outcome of these discussions was known, the Cabinet would wish to consider the policy issues involved. They were not disposed at present to increase the total number of immigrants, but if it were possible to reduce the number of doctors admitted under the scheme the vouchers thus made available could be used for the admission of additional Asian holders of United Kingdom passports from East Africa. In the meantime, inter-departmental contingency planning should continue in the light of their discussion.

The Cabinet—

Took note, with approval, of the Prime Minister’s summing up of their discussion.

CONFIDENTIAL

3. The Cabinet considered a memorandum by the Home Secretary (C (68) 132) on whether ratification of the United Nations Convention on the elimination of all forms of Racial Discrimination should be accompanied by a reservation in respect of the Commonwealth Immigrants Acts 1962 and 1968.

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The Home Secretary said that the Cabinet had decided in September 1966 in favour of signing the Convention, subject to a reservation about Rhodesia, leaving the question of ratification for subsequent consideration; the Convention was signed in the following month. The Home Affairs Committee considered the question of ratification at their meeting on 13th December, 1968, and concluded that the United Kingdom should ratify the Convention subject to a further reservation in respect of the Commonwealth Immigrants Acts, 1962 and 1968 and that the Government’s intention to ratify should be announced at an early date. The principle of ratification was not in dispute, and it had been announced in a Written Answer on 19th December that it was hoped to deposit the Instrument of Ratification early in the New Year. He had, however, felt bound to reserve his position on the need for a reservation to cover our Commonwealth immigration legislation and it was on this point that he now sought his colleagues’ views.

They had to choose between two courses each of which held some likelihood of embarrassment. If the Convention were ratified without reservation in respect of the Commonwealth Immigrants Acts it would be open to any State Party at any time to complain formally that we were not giving effect to the provisions of the Convention and to carry the issue to the International Court of Justice for decision. If the Court found the Acts to be incompatible with the Convention we would then have either to denounce the Convention or repeal the offending provisions. If on the other hand we ratified with a reservation in respect of the Acts there would be a period of ninety days within which any State Party could object to the reservation, and if two-thirds of the Parties objected, the reservation would be regarded as incompatible with the Convention; but otherwise the Acts would be secure from further challenge. His objection to entering a reservation was that it appeared to constitute an admission that the Acts were racially discriminatory whereas the Government had consistently maintained that they were not. For this reason he thought that the better course was to ratify without reservation on this point.

In discussion it was pointed out that the form of reservation proposed by officials was in no sense an admission that the Acts were discriminatory; on the contrary it expressly reaffirmed the view of the Government that they were not. Entering a reservation might be thought to betray some lack of confidence by the Government in their case, but the fact had to be faced that many people both at home and abroad were convinced that the Acts were discriminatory. If a reservation were entered it would be subject to challenge for only ninety days, and a careful appraisal showed that it was extremely
unlikely that the two-thirds majority needed to invalidate it could be obtained. If on the other hand we ratified without reservation, we would be open to challenge at any time by any single State Party; and the Government were advised that there was a substantial risk that the International Court would find against us if the issue came before it. The consequences of an adverse decision would be very serious, whether we repealed the Acts or took the (for us) unprecedented step of denouncing the Convention. It was for these reasons that the Home Affairs Committee had concluded, after extensive discussion, in favour of ratification with the proposed reservation; this accorded with the views of the Minister of State at the United Nations.

The Prime Minister, summing up the discussion, said that the general feeling in the Cabinet was in favour of ratification with a reservation to cover the Commonwealth Immigrants Acts. The form of words proposed maintained the Government's position that the Acts were not discriminatory and this being so it did not seem worth running the risks associated with ratification without the reservation; these risks would be increased if pressure to enter this country grew.

The Cabinet—

Agreed that ratification of the United Nations Convention on the elimination of all forms of Racial Discrimination be subject to a reservation in the terms proposed in respect of the Commonwealth Immigrants Acts 1962 and 1968.

Cabinet Office, S.W.1,
3rd January, 1969
SECRET

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2nd Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Wednesday, 8th January, 1969, at 6.30 p.m., resuming on Thursday, 9th January, 1969, at 9 a.m.

Present:

The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The following were also present:

The Right Hon. FREDERICK LEE, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury
Sir ARTHUR IRVINE, Q.C., M.P., Solicitor-General

The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer (9th January only)
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P., Lord President of the Council (9th January only)
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General

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Secretariat:
Sir Burke Trend (9th January only)
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Mr. P. E. Thornton
Miss S. W. Fogarty

Subject
INDUSTRIAL AFFAIRS
Policy for Industrial Relations: Draft White Paper

SECRET
The Cabinet gave further consideration to the proposals in the draft White Paper on Industrial Relations annexed to a memorandum by the First Secretary of State (C (68) 131). They also had before them further memoranda by the First Secretary of State (C (69) 2 and 4) and the Paymaster General (C (69) 3), on aspects of the proposed policy, and by the Lord President (C (69) 1) on the timing of legislation.

The First Secretary of State reported that she had that afternoon met representatives of the General Council of the Trades Union Congress (TUC) to hear their views on the outline which she had given them of the proposals in the draft White Paper. She had earlier learnt that at the meeting on the previous day of the General Council, a motion to oppose her proposals as a whole had been withdrawn in favour of unanimous agreement on the more moderate written comments of the Council which she had circulated (C (69) 4). At her meeting the delegation had been unwilling to add substantively to the written comments which had evidently been the outcome of a difficult negotiation. They had, however, made it clear that they would welcome early publication of a White Paper.

The First Secretary of State also reported that the Ministerial Committee on Industrial Relations had met twice. They had first considered points of substance raised in the previous discussion in the Cabinet and she had reported the outcome in C (69) 2; broadly, after considering the alternative approaches of the Donovan Commission, of Mr. Shonfield and of the CBI, the Committee had reached unanimous agreement on all the proposals in the White Paper, subject to certain changes of emphasis in the drafting, except the conciliation pause in unconstitutional strikes to which a substantial majority of the Committee agreed. At a later meeting the Committee had examined the draft White Paper in detail, and redrafting to take account of their comments and those made previously was in progress.

In discussion it was argued that the conciliation pause would be unworkable and ineffective and that further examination was needed of the proposed procedure and of the difficulties which would arise. Even its presentational advantages would be lost when the public realised that it could not be invoked in the majority of cases; there would be constant pressure to use the power, and disillusionment when it was not employed. Moreover, the proposal would cause major difficulties with the trade unions and the Labour movement. The former were holding back only because they regarded it as unworkable; and it must be recognised that their
co-operation was essential in the manning of the Industrial Board. The procedure would take weeks to apply and there was a risk that it would provoke a hardening of attitudes and increase the number of strikes declared official. The Donovan Commission had recommended against such powers; the practical remedy lay in a speedy reform of procedure agreements, and the Commission on Industrial Relations (CIR) should concentrate at the start on the main trouble spots in industry.

On the other hand it was argued that the conciliation pause was an essential part of the package of proposals. Unofficial strikes were unpopular and many were extremely damaging to the economy. The strike ballot proposal would provide a reserve power in relation to only a very small proportion of strikes; much the more serious problem facing the country was the succession of unconstitutional strikes—especially those where small numbers of workers took advantage of the growing interdependence of industry to hold their employers, fellow workers and the community to ransom. A considerable period must elapse before satisfactory procedure agreements could be negotiated and brought into operation in the more troublesome sectors of industry, even if the CIR concentrated all its energies on them. Even if satisfactory procedure agreements were universally in operation, they would not completely put an end to unnecessary and damaging strikes. The proposal was only to provide a reserve power which could be made effective quickly in appropriate cases, such as the recent Girling strike. The psychological effect of its existence and the threat of its use were, however, expected to be even more important. Moreover, it would often operate to the benefit of the strikers because of the requirement that during the pause, the terms of employment should be those operating before the strike began. It would provide a spur to both management and workers to use to the full the negotiating machinery which would have been instituted in agreement with the trade union. If the proposal became law, the TUC could be expected to co-operate. The proposal of the Donovan Commission that the protection of Section 3 of the Trade Disputes Act, 1906, should be withdrawn from unofficial strikers would be far more bitterly opposed, and rightly so—not all unconstitutional strikes were unjustified. The choice lay between providing only for the long-term improvement of procedure agreements (i.e., doing less than the Donovan Commission proposed and nothing about the immediate problem of unconstitutional strikes) and introducing the conciliation pause as well. The latter, with its imperfections and limitations, would prove effective in some cases. There were a considerable number of proposals in the White Paper going beyond the Donovan Commission’s recommendations in strengthening the rights and powers of trade unions. They, in

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turn, might reasonably be asked to accept the conciliation pause, which affected only strikes begun where the agreed constitutional machinery had not been used. Moreover, opposition so far had been muted; and polls of the public, of trade unionists and of trade union MPs had suggested that there was a substantial volume of support for the proposal.

In discussion of the timing of the White Paper, it was argued that it was essential to secure the maximum possible agreement with the TUC and the Labour movement before the Government became publicly committed to proposals from which it would be difficult to withdraw at a later stage even if the TUC were able to provide satisfactory alternatives. The TUC's comments should be examined in detail and discussed further with them to see whether any concession could be made, for instance on the conciliation pause, to reduce the opposition which would otherwise build up over the next few months. The proposals should also be discussed with the National Executive Committee of the Labour Party and with the Parliamentary Labour Party before final decisions were taken on the content of the White Paper. On the other hand, it was suggested that it was essential to publish the White Paper to provide the basis for further consultations; it would be very unsatisfactory for public discussion to continue on the basis of Press accounts and without an authoritative public statement of the Government's proposals. The White Paper would, where appropriate, indicate that proposals were subject to further discussion. If the TUC put forward, before the Industrial Relations Bill was enacted, satisfactory proposals to deal with union registration, inter-union disputes, or unofficial strikes, the Government could certainly reconsider their own proposals in the new situation. But in the absence of firm Government proposals there was no prospect that the TUC would make real progress with alternatives. Unless the White Paper were published very shortly, considerable difficulty could be expected when Parliament reassembled.

In further discussion the following points were made:

(a) The proposal for strike ballots was more strongly opposed by the TUC in their written comments than was the conciliation pause, but ballots were already required by a number of unions.

(b) The Ministerial Committee on Industrial Relations had discussed the implications for supplementary benefits of the proposals for enforcement and reached provisional agreement on the matter but the detailed position required further study.

The Prime Minister, summing up the discussion, said that it appeared that a substantial majority of the Cabinet were in favour:
of the proposals in the White Paper as a whole. A significant minority were, however, still opposed to the conciliation pause, partly because they feared that it would arouse strong opposition among the trade unions and in the Labour movement, and partly because they were doubtful whether it would be workable or effective. There was some difference of opinion about whether the White Paper should be published immediately, in which case it would provide the basis for consultation with such bodies as the Parliamentary Labour Party and the National Executive Committee, or whether such consultation should take place before the Government were committed by the publication of a White Paper. The Cabinet would resume their discussion on the following day.

The Cabinet—

(1) Took note with approval of the summing up of their discussion by the Prime Minister.

In the resumed discussion on 9th January it was argued that, while making clear their determination to deal effectively with unofficial strikes, the Government need not at this stage commit themselves irrevocably to a particular method. It should be possible to draft the White Paper in a form which would leave the way open for the Trades Union Congress (TUC) to come forward with alternative proposals which the Government could undertake to consider seriously before introducing legislation. The point was also made that it was difficult to contemplate having legislation on industrial relations and on prices and incomes going through Parliament simultaneously and that the trade unions and others concerned would not be slow to realise this. This could have serious consequences for the operation of prices and incomes policy this year and the form and timing of legislation on industrial relations should accordingly be examined further.

The Prime Minister, summing up the discussion, said that the Cabinet were not yet in a position to decide whether or not the White Paper should be published in the following week, but that in order to keep this possibility open the text of the draft White Paper should be sent for printing on the following day. The Ministerial Committee on Industrial Relations should meet this week to examine further the points raised in the discussion. They should consider the problems involved in enforcing the conciliation pause in particular cases; the impact on individual strikers, including the implications for the payment of supplementary benefit and the refund of income tax; and the extent to which the CIR might be expected to improve the arrangements for collective bargaining in key industries in the next 18 months. The Committee should
examine the text of the draft White Paper as revised in the light of earlier discussions. They should consider the possibility of including in it a reasoned statement of the Government's views on the TUC's comments on the proposal for compulsory strike ballots; and whether the White Paper should state the Government's willingness to examine seriously any alternative proposals put forward by the TUC for dealing with unconstitutional strikes and other disputed matters or whether this could best be indicated in answer to queries from the Press. Further consideration would need to be given to the form and timing of the legislation on Industrial Relations; and to the position of the Armed Forces, the Civil Service and other Crown servants under the new legislation and to the form of words to be used on these matters in the White Paper or an accompanying statement. The Cabinet would meet to consider reports on all these matters on Tuesday, 14th January, when they would also have before them a revised text of the draft White Paper.

The Cabinet—

(2) Took note, with approval, of the Prime Minister's summing up of this part of their discussion.

(3) Invited the First Secretary of State—

(i) to arrange for the Committee on Industrial Relations to examine further the points raised in the discussion and to consider the text of the draft White Paper; and to report to the Cabinet at their meeting on 14th January; and

(ii) to arrange for a revised text of the draft White Paper to be printed and circulated to the Cabinet in time for their meeting on 14th January.

(4) Invited the Lord President, in consultation with the Chancellor of the Exchequer and the First Secretary of State, to give further consideration to the form and timing of the proposed legislation on Industrial Relations.

(5) Invited the Lord Privy Seal, in consultation with the First Secretary of State and the Secretary of State for Defence, to consider further the form of words to be used in the White Paper and in any accompanying statement on the position of the Armed Forces, the Civil Service and other Crown servants under the proposed legislation.

Cabinet Office, S.W.1,
9th January, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Tuesday, 14th January, 1969,
at 6.30 p.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P.,
Secretary of State for Foreign and
Commonwealth Affairs
The Right Hon. LORD GARDINER,
Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P.,
First Secretary of State and Secretary
of State for Employment and
Productivity
The Right Hon. FRED PEART, M.P.,
Lord President of the Council
The Right Hon. WILLIAM ROSS, M.P.,
Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P.,
Secretary of State for Education and
Science
The Right Hon. RICHARD MARSH, M.P.,
Minister of Transport
The Right Hon. GEORGE THOMAS, M.P.,
Secretary of State for Wales
The Right Hon. JUDITH HART, M.P.,
Paymaster General
The Right Hon. ROY JENKINS, M.P.,
Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN,
M.P., Secretary of State for Social
Services
The Right Hon. JAMES CALLAGHAN,
M.P., Secretary of State for the Home
Department
The Right Hon. PETER SHORE, M.P.,
Secretary of State for Economic
Affairs
The Right Hon. GEORGE THOMSON, M.P.,
Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD
BENN, M.P., Minister of Technology
The Right Hon. LORD SHACKLETON,
Lord Privy Seal
The Right Hon. ROY MASON, M.P.,
Minister of Power
The Right Hon. JOHN DIAMOND, M.P.,
Chief Secretary, Treasury
The following were also present:
The Right Hon. JOHN SILKIN, M.P.,
Parliamentary Secretary, Treasury
Sir ARTHUR IRVINE, Q.C., M.P., Solicitor-
General

Secretariat:
Sir BURKE TREND
Miss J. J. NUNN
Mr. P. E. THORNTON
Miss S. W. FOGARTY
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1. The Cabinet considered a revised version of the draft White Paper on Industrial Relations (C (69) 6), which had been circulated by the First Secretary of State and Secretary of State for Employment and Productivity, and a memorandum on the conciliation pause proposals (C (69) 7) by the Secretary of State for Social Services and the Paymaster General.

The Secretary of State for Social Services said that in discussion in the Ministerial Committee on Industrial Relations the section of the draft dealing with the conciliation pause had been substantially improved and a number of doubts had been cleared up but this proposal remained as the one issue of policy on which agreement had not been reached in that Committee. The families of strikers who refused to obey an order to return to work would receive the same supplementary benefit as those of any other strikers. While the pause would apply to strikes where there was no existing conciliation procedure, or the procedure was obscure, as well as to strikes which were strictly unconstitutional, an Order would not be made in these cases until an adequate conciliation procedure had been provided. The White Paper must put forward some proposals for dealing with the serious problem of unofficial strikes, and this was the best that had been suggested. However, he remained doubtful whether the compulsory conciliation pause was practicable or desirable. It would therefore be better to present it more as an outline scheme to which constructive amendments would be welcome, and to make it clear that the proposal would be withdrawn if the Trade Union Congress (TUC) came forward with an acceptable voluntary alternative. This approach was followed elsewhere in the White Paper; if it were used here the next few months might be spent in constructive consultation instead of in conflict with the unions. Moreover, if the Government were committed to a Bill with these proposals for next Session they might find it impossible also to undertake new prices and incomes legislation even if economic circumstances made it essential. He therefore invited the Cabinet to agree that paragraph 96 of the draft White Paper should be amended on the lines shown in paragraph 4 of C (69) 7.

The First Secretary of State said that the Ministerial Committee on Industrial Relations had agreed that something must be done about the serious problem of unofficial strikes. They also unanimously agreed in rejecting the proposal by the Royal Commission on Trade Unions and Employer’s Associations (the Donovan Commission) for limiting the protection of Section 3 of the Trades Disputes Act, 1906, and the proposals of the Confederation
of British Industry (CBI) and of the Opposition. No alternative to
the conciliation pause had been put forward by Ministers. Her
proposals were already stimulating some new thinking by the TUC.
If the TUC put forward an effective and enforceable proposal there
could be a revolution in trade union behaviour and attitudes. But if
the pressure were reduced by presenting the conciliation pause in the
way proposed in C (69) 7 the TUC would bring forward unproven
paper proposals on the basis of which they would expect the
Government to withdraw their own. Moreover, to present the
proposals as suggested would indicate weakness and indecision on
the part of the Government. The real choice was either to present the
proposal in the White Paper as a workable and credible contribution to
dealing with what all agreed was a serious problem, or to abandon
it and to do less than the Donovan Commission had proposed. The
mere existence of the powers, however, would be a real incentive to
the trade union movement to produce a workable alternative; in so far
as they did so, the reserve powers would not have to be invoked. She
therefore asked the Cabinet to agree that paragraph 96 of the draft
White Paper should stand as drafted.

In discussion, it was pointed out that of 17 recent unconstitutional
strikes the majority had been settled in less than two weeks and most
of the remainder were concerned with pay. An interval of up to a
fortnight might normally be expected between the start of a strike
and the enforcement of a conciliation pause, and the latter was
generally expected not to be effective in dealing with disputes about
pay. Thus, on recent experience, it was extremely doubtful whether
the conciliation pause could be used to practical effect. The main
purpose of including the proposal was presumably therefore to spur
the trade union movement to produce their own effective measures to
deal with unconstitutional strikes. It was arguable whether this
objective would be more likely to be achieved by presenting the pause
as a firm Government proposal, with an indirect hint that alternatives
might be considered, as in the draft White Paper, or as a tentative
proposal for discussion with the trade union movement and other
interests concerned. There was no doubt, however, that to present
it as a firm proposal would embitter the trade union and Labour
movements. Moreover, while there was general agreement that the
conciliation pause could be introduced, at best, in only a very few
cases, the present draft of the White Paper in effect demanded from the
trade union movement—as the condition for dropping the proposal—
fully effective arrangements for dealing with all unconstitutional
strikes. Although it was intended to make clear in public presentation
that the reserve power to order a conciliation pause could be suitably
invoked in only a few cases, public opinion would inevitably regard
it as the Government's panacea for unconstitutional strikes. As its
ineffectiveness became apparent, public opinion would turn against

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the Government, who would have incurred the deep hostility of the trade union movement to no good purpose. The proposed timetable for publication of the proposals now, followed by an interval of 10 months before the introduction of legislation, greatly aggravated the problem. Mounting opposition in the trade union and Labour movements in this interval would find its full expression at the annual conferences before the legislation had been introduced. If the conciliation pause was to be proposed at all in the White Paper, it should be made clear that, in common with a number of other proposals, it would be the subject of consultation and discussion with the trade union movement and other interested parties.

On the other hand, it was pointed out that the Ministerial Committee on Industrial Relations had unanimously rejected the Donovan Commission's relevant recommendation that the protection given by Section 3 of the Trade Disputes Act, 1906 should be given in future to registered trade unions only; and all other proposals to deal with unconstitutional strikes had been found equally unacceptable. It was the case that the conciliation pause could be expected to help in only a small number of cases, but if it were used successfully to end one or two serious unconstitutional strikes, its influence would begin to bear more widely on the whole problem. The adverse effects of disruptive unconstitutional strikes on the economy and increasingly on industry's ability to obtain export orders must be tackled as soon as possible. The amendment to paragraph 96 of the draft White Paper proposed in C (69) 7 would be clear signal to the trade union movement and to the public that the Government were unable to decide on this crucial proposal and would be ready to withdraw it if the trade union movement made alternative proposals, even though the effectiveness of the latter could not possibly be demonstrated before the Industrial Relations Bill was introduced. The amendment would in practice pave the way to the withdrawal of the proposals for a conciliation pause. If, however, the trade union movement came forward, after publication of the White Paper, with alternative proposals for dealing with unconstitutional strikes, these would be welcomed and it would be emphasised again—as the draft White Paper already emphasised—that to the extent that these alternatives were successful, the reserve powers to order a conciliation pause would not be needed.

The Prime Minister, summing up this part of the discussion, said that the general view of the Cabinet was that the paragraphs dealing with the conciliation pause in the draft White Paper attached to C (69) 6 were satisfactory.

The Cabinet then considered the remainder of the draft White Paper and approved a number of drafting amendments. In addition, the following points were made:

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(a) The method of operation of the Industrial Board and the recovery of any penalties imposed by it in Scotland should be covered in paragraph 62 of the draft.

(b) The First Secretary of State would consult the Chancellor of the Exchequer about the briefing which might be given to the Press about the scope of the proposed Trade Union Development Scheme described in paragraphs 71-75 of the draft White Paper.

(c) If the trade union movement established fully independent and satisfactory machinery to deal with complaints against trade unions by individuals, the Government should be prepared to reconsider the proposal, in paragraph 115 of the draft White Paper, to refer such complaints to the Industrial Board.

(d) The Lord Privy Seal had agreed with other Ministers concerned a formula for dealing with questions about the application of the proposals in the White Paper to the Armed Forces, the Civil Service and other Crown servants.

(e) The proposals in the White Paper would involve the eventual employment of an additional 500 to 600 civil servants. It should be possible to absorb this increase within the manpower ceiling for the Civil Service as a whole. The cost of the proposals, including the staff, had been offset by the additional savings, recently agreed, in public expenditure on the Redundancy Fund.

(f) The First Secretary of State proposed to appoint the Commission on Industrial Relations by Royal Warrant when the White Paper was published. The Commission would subsequently be statutorily established by the Industrial Relations Bill. The draft terms of reference which had been proposed for the Commission required some revision to emphasise its positive role.

The Prime Minister, summing up this part of the discussion, said that the Cabinet agreed that the White Paper should be published on Friday, 17th January. The First Secretary was authorised to make further drafting amendments which did not involve changes of policy and would clear with the Secretary of State for Scotland any amendment to paragraph 62 to take account of the different legal position in Scotland. After consultation with the Lord Chancellor, the Solicitor General and the Scottish Law Officers, the First Secretary of State should circulate to the Cabinet for consideration at their meeting on Thursday, 16th January, the proposed terms of reference of the Commission on Industrial Relations. The Paymaster General would provide speaking notes on the subject for Ministers by Saturday, 18th January. The additional manpower required to carry out the proposals in the draft White Paper should be absorbed within the manpower ceiling for the Civil Service as a whole.
The Cabinet—

(1) Approved the text of the draft White Paper annexed to C (69) 6, subject to purely drafting amendments and those agreed in their discussion.

(2) Invited the First Secretary of State—

(i) to arrange for the White Paper to be published on Friday, 17th January;

(ii) to circulate to the Cabinet for consideration at their meeting on Thursday, 16th January, the proposed terms of reference of the Commission on Industrial Relations to be established by Royal Warrant.

(3) Invited the Lord Privy Seal to consider how the additional civil servants required to implement the proposals in the White Paper could be provided without exceeding the manpower ceiling agreed for the Civil Service as a whole.

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2. The Cabinet resumed their consideration of the memorandum by the Lord President (C (69) 1) on the timing of legislation on Industrial Relations.

The Lord President said that as requested by the Cabinet he had discussed the timing of legislation further with the Chancellor of the Exchequer and, in the absence of the First Secretary of State, with the Joint Parliamentary Under-Secretary of State, Department of Employment and Productivity (Mr. Hattersley). The Chancellor of the Exchequer had advocated a fairly short Bill enacting in the present Session the principal controversial elements of the proposals in the White Paper, including those on the conciliation pause and the strike ballot. They were advised, however, that it would be necessary to work out the details of the totality of the measures after consultation with both sides of industry before instructions for a preliminary Bill could be given and that it was unlikely that instructions would be ready before Whitsun. Thereafter it would be necessary to allow some weeks for actual drafting. Even, however, if a Bill could be ready by July its passage could not be secured without taking all stages on the floor of the House and this would mean sacrificing some legislation already in the Government’s programme but not yet introduced. Among the Bills in this position were Children, Housing, National Insurance (Uprating), Pensions (increase) and Tourism. Moreover to concentrate drafting resources on the hurried
preparation of an interim Industrial Relations Bill would delay the preparation of major Bills for the next Session. He had concluded that it would be virtually impossible either to produce a Bill for introduction in the summer or to find Parliamentary time to pass it.

The Chancellor of the Exchequer said that, while he did not think that it would be impossible to pass a short Bill in the present Session, he agreed that to do so would be extremely difficult and inconvenient. Nevertheless, there were weighty arguments touching the future of the Government in favour of enacting legislation on the more controversial aspects of the proposals in the current Session. Failure to do so might close the option of introducing a Prices and Incomes Bill in the autumn since it would not be possible to take such a Bill at the same time as the proposed major Bill on Industrial Relations, and the Government might find themselves deprived of powers which, in the circumstances of that time, they considered essential to the continued discharge of their public responsibilities. This, however, was not the only consideration. It would be unwise to force a major Bill through against opposition from some of their own supporters in the last Session of Parliament or to meet the trade unions and Labour Party Conferences in the autumn without having implemented the major proposals in the White Paper. Moreover, there was a danger that if damaging strikes occurred in the interval between the publication of the White Paper and the passage of legislation, public opinion would fail to understand why time had been found for less urgent Bills, while the Government had failed to arm themselves with powers which they had themselves declared to be necessary. If the Bill could be introduced in July, the greater part of the month should be devoted to passing it, preferably through both Houses, but at least through the House of Commons.

The First Secretary of State said that when her proposed measures were seen as a whole she believed that the trade unions would accept that they were directed to strengthening the trade unions and not weakening them. It would be politically most unwise to forgo this advantage by selecting for early enactment, in order to satisfy public opinion, those parts of the Bill to which the trade unions were particularly hostile: to do so would emphasise the penal aspects of the legislation. Nor could a preliminary Bill be short. A Bill of 50 to 60 clauses would be required to set up the machinery which provided the context in which the powers to impose a conciliation pause and to require a strike ballot were designed to operate.

In discussion it was pointed out that, while it might be impossible on political grounds to attempt to pass legislation on Industrial Relations and on Prices and Incomes at the same time, there might be advantage in postponing the Industrial Relations Bill until later in
the 1969–70 Session in order to reduce the period during which the Government, having taken new powers, would be exposed to criticism if, as was foreseen, it proved impossible to prevent every damaging strike. On the other hand the advantage of passing a Bill in the current Session would be largely lost if Royal Assent could not be obtained before the autumn conferences; and experience in earlier Sessions had emphasised the importance of giving adequate consideration to the preparation of a Bill and the harm that could be done to the rest of the Government’s programme if extra Parliamentary time and drafting resources had to be found for a Bill introduced towards the end of the Session. It might be possible, however, to reduce the time required for the preparation of a Bill by preparing the major provisions before the consultations with the trade unions were completed and, if necessary, amending the draft later.

The Prime Minister, summing up the discussion, said that while some members of the Cabinet were impressed by the political arguments in favour of passing a Bill in the current Session as proposed by the Chancellor of the Exchequer, a substantial majority thought it not to be practicable to do so and agreed with the views expressed by the First Secretary of State. They agreed, however, that further consideration should be given to the matter in the light of the reactions of the Parliamentary Labour Party and the public in general to the proposals set out in the White Paper.

The Cabinet—

Agreed to consider further at a later date the timing of legislation on Industrial Relations in the light of public reactions to the White Paper.

Cabinet Office, S.W.1.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 16th January, 1969, at 10.30 a.m.

Present:

The Right Hon. Harold Wilson, M.P., Prime Minister
The Right Hon. Michael Stewart, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Richard Crossman, M.P., Secretary of State for Social Services
The Right Hon. James Callaghan, M.P., Secretary of State for the Home Department
The Right Hon. Peter Shore, M.P., Secretary of State for Economic Affairs
The Right Hon. William Ross, M.P., Secretary of State for Scotland
The Right Hon. Edward Short, M.P., Secretary of State for Education and Science
The Right Hon. Richard Marsh, M.P., Minister of Transport
The Right Hon. Lord Shackleton, Lord Privy Seal
The Right Hon. Roy Mason, M.P., Minister of Power
The Right Hon. Anthony Crosland, M.P., President of the Board of Trade
The Right Hon. Roy Jenkins, M.P., Chancellor of the Exchequer
The Right Hon. Barbara Castle, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. Fred Peart, M.P., Lord President of the Council
The Right Hon. Anthony Wedgwood Benn, M.P., Minister of Technology
The Right Hon. George Thomson, M.P., Minister without Portfolio
The Right Hon. George Thomas, M.P., Secretary of State for Wales
The Right Hon. Cledwyn Hughes, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. Judith Hart, M.P., Paymaster General
The Right Hon. John Diamond, M.P., Chief Secretary, Treasury

The following were also present:

The Right Hon. Reginald Prentice, M.P., Minister of Overseas Development (Item 2)
Sir Arthur Irvine, Q.C., M.P., Solicitor-General (Item 3)

The Right Hon. John Silkin, M.P., Parliamentary Secretary, Treasury
Secretariat:
Sir Burke Trend
Miss J. J. Nunn
Sir Robin Hooper
Mr. H. L. Lawrence-Wilson
Mr. P. E. Thornton

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1. The Foreign and Commonwealth Secretary said that politically the situation in Vietnam remained very much as it was. The procedural arguments at the Paris conference continued. The military situation was quiet, though there was some evidence that the Viet Cong were preparing a military offensive.

The Foreign and Commonwealth Secretary said that the Russian proposals for an Arab/Israel settlement appeared to be something more than a mere propagandist move. The essence of the Russian Note was that it translated the United Nations Resolution of 22nd November into a sequence of steps towards a détente ending on completion with an unequivocal guarantee of Israeli security, and it was possible that this might result in something acceptable to us. Any discussions arising from the Soviet proposals would have to be conducted through Dr. Jarring, the Special Representative of the United Nations Secretary-General. The Soviets accepted the Arab position on this, whereas the Israelis themselves were still standing out for direct discussions. We should have to see what we and the new United States Administration could make of the Russian ideas, which at first sight seemed quite promising.

In discussion it was generally agreed that the Soviet proposals were encouraging. Attention was drawn to the French Government’s recent statement that they could not remain indifferent to a threat against Lebanon. It was pointed out, however, that it was unlikely that the Israelis would in fact take aggressive action against that country, though if they were provoked they would of course retaliate.

The Cabinet—

Took note of the statements by the Foreign and Commonwealth Secretary.

2. The Cabinet had before them Notes by the Secretary of the Cabinet covering the final communiqué of the Meeting of Commonwealth Prime Ministers (C (69) 9) and the main speeches on behalf of Her Majesty’s Government made at the Meeting (C (69) 10).

The Prime Minister said that the Meeting of Commonwealth Prime Ministers, which had concluded on the previous day, had been much more successful than had been expected. The general atmosphere had been relaxed and friendly and there had been much goodwill. Although many of those present had been seeking unrealistic solutions of the Rhodesian problem, the discussion of this
item had been conducted without heat or acrimony, a fact which was due in large part to the tour which the Minister without Portfolio had made to Commonwealth countries in Africa towards the end of the previous year and to the consultations with the Presidents of Zambia, Tanzania and Uganda which the Government had conducted before the Conference began. There had been good discussions of the world political situation and also of the world economic situation. In the latter, the Meeting had shown a greater sense of realism than hitherto in concentrating on relatively modest schemes of aid and bilateral arrangements rather than on demands for assistance on a scale beyond our means. It had proved possible to reach agreement fairly quickly on the communiqué issued at the end of the Conference.

The Commonwealth leaders had left the United Kingdom more emotionally attached to the Commonwealth than they had been when they arrived. Many of them had become disenchanted with other groupings such as the Organisation for African Unity or even the United Nations and therefore saw greater value in the opportunity which membership of the Commonwealth gave for exchanges of view between 20 or more Heads of Government. There had been general agreement that another meeting of Commonwealth Prime Ministers should be held in the not too distant future, perhaps in 1970.

Among the Prime Ministers at the meeting, the most outstanding had been Mr. Lee Kuan Yew, Prime Minister of Singapore, who had shown a realistic appreciation of the new problems which independence had brought to former Colonies, problems which could no longer, as in earlier days, be blamed on the Imperialists. Mr. Trudeau, the Prime Minister of Canada, had confined himself mainly to posing questions; and it was perhaps surprising that he was not yet ready to express definite views and conclusions on some of the major issues of the day, e.g., the importance which Canada attached to remaining a member of the North Atlantic Treaty Organisation (NATO). Mr. Gorton, the Prime Minister of Australia, had made a considerable impression on the Meeting and had made a number of succinct and useful interventions, particularly on Rhodesia. Mr. Barrow, the Prime Minister of Barbados, had also played an effective role. In particular, he had taken the Commonwealth countries in Africa to task about the contrast between their own internal policies and their attitude over Rhodesia; and he had pointed out that implementation of the pledge of “no independence before majority rule” (n.i.b.m.r.) would be no guarantee that a majority Government in Rhodesia might not be overthrown by force after independence. Although President Nyerere of Tanzania had been helpful, there was no sign of any change in his basic attitudes or in those of President Kaunda of Zambia.
Rhodesia

The First Secretary of State said that it was evident from the discussion of Rhodesia at the Meeting of Commonwealth Prime Ministers that many Commonwealth leaders were strongly opposed to the British proposals made after the meetings on board HMS Fearless in October 1968 between the Prime Minister and Mr. Ian Smith, and that, if these were ever put into effect, the relatively reasonable attitude which the Commonwealth leaders had shown at the Meeting would change rapidly. The Cabinet should therefore have an early opportunity to consider what our policy should be henceforward. Should we, for example, be ready to contemplate a settlement on the basis of a 10-year period of direct rule in Rhodesia, followed by a period of transition to majority rule, as had been suggested at the Meeting? Although direct rule was at present unacceptable to the régime in Rhodesia, they might have no alternative if South Africa could be brought to endorse this solution on the basis that it was most likely to produce the stability on her northern borders which must be deemed to be one of her major objectives in the longer term.

In discussion it was pointed out that there was no sign that the South African Government regarded direct rule as an acceptable solution or were prepared to help us to press it on the régime. Everything possible had been done to enlist South African support in solving the Rhodesian problem; but the South African Government's attitude remained that, while they would be prepared to press the régime to honour any agreement which they might reach with us, they could go no further than this. Even though they might recognise that the future interests would be better served by having a stable African majority Government in Rhodesia than by a continuance of the present state of affairs, their freedom of action was limited by public opinion in South Africa, which was sympathetic to the white régime in Rhodesia. A careful watch was being kept for any sign of a change of view on the part of the South African Government; but at present there was little to suggest that any major shift in their attitude was likely.

Commonwealth Immigration

The Home Secretary said that, in the course of the Meeting of Commonwealth Prime Ministers, he had made a series of approaches to representatives of the Commonwealth countries about immigration, and particularly about the problems which would arise if there were to be a new influx into this country of Asians from East Africa. Meetings with those mainly concerned had proved possible, except for President Obote of Uganda, who had evaded discussions on the subject. Nevertheless, he had succeeded in making...
it sufficiently clear to the countries mainly concerned that we could not accept an increase in total immigration from the Commonwealth. He had also informed Commonwealth representatives of our intention to withdraw the concession allowing fiancés to enter the United Kingdom in order to marry and henceforward to permit their entry only on compassionate grounds. It had been generally accepted that it was for each country to decide for itself how many immigrants it admitted. But Tanzania, Uganda and Kenya had maintained their view that Asians who had retained United Kingdom citizenship were our responsibility. Other Commonwealth representatives, however, did not accept their arguments without qualification; and the East African Governments were now somewhat on the defensive as a result. In particular, there were some indications that the withdrawal of work permits from non-citizens in Kenya might be slowed down in the interests of the Kenyan economy. The way was now clear, therefore, for us to consider what action to take if, despite the warnings which he had given, there was a large additional influx of Asians from East Africa. Officials had been instructed to examine the problem on the basis that there was no particular sanctity in the figure of 8,500 vouchers a year currently available for issue under the Commonwealth immigration scheme. The matter would in due course be considered by the Ministerial Committee on Immigration and Community Relations.

In discussion, there was general agreement that, in view of the important human and policy issues involved, it would be necessary for the Cabinet to decide in due course what policy to adopt if an additional influx of Asians from East Africa became likely. It was essential, however, that the relevant facts about the number of immigrants that might be involved should first be established and examined by the appropriate official and Ministerial Committees. It had to be recognised that we should be in a weak position to criticise the Governments of countries in East Africa if they were to expel Asians who had taken local citizenship unless we were ourselves prepared to receive Asians who were United Kingdom citizens. On the other hand the very large number of immigrants who might wish to come here posed a problem different in kind from that which we faced at present.

Nigeria

The Prime Minister said that, although there was a convention that the internal affairs of member countries were not discussed at meetings of Commonwealth Prime Ministers, it would hardly have been possible to allow the recent meeting to have taken place without any attempt to solve the problem of the civil war in Nigeria. In view of the convention, the final communiqué had made no mention
of this question; but a number of attempts had been made to arrange meetings between Federal Nigerian and "Biafran" representatives. The attitude of the Biafran representatives had been that they were prepared to attend a meeting only if the Federal Government had new proposals to make. In informal discussions which had been arranged outside the main Meeting, Chief Awolowo, the Federal Nigerian representative, had expressed a willingness to meet Biafran representatives in London without conditions, provided that the meeting was promoted on the initiative not of the Federal Government but of any appropriate third party. He had been prepared to contemplate that, if the war could be brought to an end, there should be a general amnesty for the rebels, not excluding Colonel Ojukwu, the Biafran leader. He had remained insistent, however, that the war could be ended only on the basis of "one Nigeria"; and it appeared that a further attempt to achieve this aim by military action might be made soon. No meeting between the two sides had in fact taken place; and it was doubtful whether there would be one before their respective representatives left London. The possibility of influencing Colonel Ojukwu to allow increased relief supplies into Biafra had been discussed with Presidents Nyerere and Kaunda, as the Heads of Government of the two members of the Commonwealth who had recognised Biafra. But, although they agreed with our own attitude on this question, it was doubtful whether they had any substantive contact with, or influence on, Colonel Ojukwu.

Publicity

In discussion, there was general agreement that the success of the recent Meeting of the Commonwealth Prime Ministers had been inadequately reflected by the Press and other information media. It was the more desirable, therefore, that the Prime Minister should make a statement in the House of Commons soon after Parliament reassembled in the following week, in order to put the outcome of the Meeting in a more correct and favourable perspective.

The Cabinet—

(1) Took note of the statements by the Prime Minister and the Home Secretary.

(2) Invited the Home Secretary to arrange for the problem of United Kingdom passport holders in East Africa who might wish to enter this country to be considered by the Ministerial Committee on Immigration and Community Relations, in preparation for its further consideration by the Cabinet at an early date.
3. The Cabinet considered a note by the First Secretary of State proposing revised terms of reference for the Commission on Industrial Relations (C (69) 11).

The First Secretary of State said that the terms of reference had been amended in the light of discussion at the previous meeting of the Cabinet to emphasise the positive role of the Commission on Industrial Relations (CIR).

In discussion, it was pointed out that the inclusion of a remit to promote improvements would enable the CIR to take action where it effectively could in pursuance of its objectives, but in co-operation with the Department of Employment and Productivity and not by usurping the latter's functions in this field. It was proposed that the terms of reference should follow the normal practice of requiring the Royal Commission to report to The Queen.

The Prime Minister, summing up the discussion, said that the Cabinet approved the proposed terms of reference, subject to deletion of the words after "report".

The Cabinet—

Approved the proposed terms of reference of the Commission on Industrial Relations, subject to the amendment recorded in the Prime Minister's summing up.

4. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C (69) 5), to which was attached a draft White Paper about the change-over to a decimal currency.

The Chancellor of the Exchequer said that he proposed to publish an explanatory White Paper at the same time as the second Decimal Currency Bill was introduced later this month. The proposals on compensation were the only issue which had not been collectively considered by Ministers. It had been made clear from the outset that the Government were not prepared to accept liability for compensation as a general principle, but the Decimal Currency Board had been given the responsibility for considering representations from firms and organisations for compensation in exceptional circumstances and making recommendations to him on them. After considering about a hundred cases, the Board had reached the conclusion that there was no middle way between a policy of general compensation and of no compensation in any circumstances. They had accordingly asked to be relieved of their statutory function of dealing with claims for compensation. He
proposed to provide accordingly in the Decimal Currency Bill and to make plain that there would be no compensation in any circumstances.

The Prime Minister said that the Cabinet approved the White Paper, subject to avoiding the repetition of the conversion table in paragraph 24 and in Table A of the Appendix. The Chancellor of the Exchequer should agree the date of publication with the Lord President.

The Cabinet—

Approved the draft White Paper attached to C (69) 5, subject to the amendment recorded in the summing up by the Prime Minister.

Cabinet Office, S.W.1,
16th January, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 23rd January, 1969,
at 11 a.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign
and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary
of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
(Items 1-4)
The Right Hon. PETER SHORE, M P, Secretary of State for Economic
Affairs
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and
Science
The Right Hon. RICHARD MARSH, M P, Minister of Transport
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries
and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. JUDITH HART, M P, Paymaster General
The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social
Services (Items 1-4)
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home
Department
The Right Hon. FRED PEARCE, M P, Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M P, President of the Board of Trade
The Right Hon. GEORGE THOMAS, M P, Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M P, Minister of Housing and Local
Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M P, Minister of Power
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury
The Right Hon. JOHN SILKIN, M P, Parliamentary Secretary, Treasury

The following were also present:
The Right Hon. Sir ELWYN JONES, Q C, M P, Attorney-General (Item 3)
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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

Attention was drawn to the embarrassment which might be occasioned by the debate on the Second Reading of the Matrimonial Property Bill on the following day. The Bill, which had been introduced by a Private Member, had been widely welcomed as a means of protecting the interests of wives, particularly those divorced under the new Divorce Reform Bill; but the Legislation Committee had agreed that it should not be allowed to receive a Second Reading. The Bill appeared to be consonant with Government policy, and it would be helpful if the Chief Whip, in asking Ministers to be available in case of a vote, would draw their attention to the reasons why such a Bill could not be accepted. The Bill was in fact so defective that it could not be amended in Committee; and a reform of the law on married women's property was already the subject of consideration by the Law Commission who were likely to produce legislation which could be introduced in a later session. The grounds for opposing the present Bill were convincing, and it was important that they should receive publicity sufficient to persuade those who might otherwise misunderstand the Government's refusal to accept the Private Member's Bill.

In further discussion it was suggested that there might be pressure in the House of Commons for a debate on the situation in Northern Ireland. The Prime Minister of Northern Ireland, Captain Terence O'Neill, had, however, recently announced his Government's intention to advise the Governor to appoint an independent commission on the recent disorders in Northern Ireland, and it was important both to his Government's position and to the work of the commission that there should be no suggestion that either was acting under pressure from Westminster. In these circumstances, it would be preferable to defer a debate until the commission had completed their work, which was expected to be in three or four months' time.

2. The Foreign and Commonwealth Secretary said that the procedural arguments at the Paris meetings on Vietnam had been settled, thus opening the way for substantive discussions to begin. He had learnt in confidence from Mr. Averell Harriman, the former United States representative at the talks, that the Soviet Ambassador in Paris had told Mr. Harriman that he had been exerting strong
pressure on the North Vietnamese to reach agreement on procedure and seating arrangements before Mr. Cabot Lodge, President Nixon's nominee as United States representative, took over. The North Vietnamese were now trying to spread the idea that there could be no progress until a "peace cabinet" had been formed in Saigon. This was probably an attempt to put a strain on United States-South Vietnamese solidarity. The talks were likely to be protracted, and the pattern of continuing deadlocks suddenly resolved, as in this instance, was likely to continue. Meanwhile there had been no major change in the military situation in Vietnam itself.

The Foreign and Commonwealth Secretary said that communications had been received from both the Soviet Union and France setting out proposals for a further attempt to resolve the Arab/Israel problem. The Russians had in fact put forward two documents: one giving an analysis of the situation which was heavily biased against Israel, and another putting forward concrete proposals. He had told the Soviet Ambassador that we did not accept the implications of the Soviet analysis. He would be giving the Soviet Embassy a considered reply to the Soviet proposals later that day. This would be on the lines that Her Majesty's Government considered that the Soviet proposals contained constructive elements but that further clarification was required on some of the proposals. In particular, the British Government would wish to know more about the form and status of the document which it was intended should emerge from the discussions proposed by the Soviets. The Soviet proposals also mentioned free passage through the Gulf of Aqaba and the Straits of Tiran. The Foreign and Commonwealth Secretary intended to tell the Soviet Embassy that, in the light of the Security Council Resolution, he assumed that the same principle would apply to the Suez Canal also. The Soviet proposals represented a more serious attempt at a constructive solution than had ever before been made by the Soviet Government; and they should be looked at in that light.

The French proposal was for a four-Power conference at the level of Permanent Representatives to the United Nations. It was his intention to suggest that Dr. Jarring, the Special Representative of the United Nations Secretary-General, should also be invited to any such meeting, since it was important to avoid any implication that the four major Powers were attempting to take the Arab/Israel problem out of the hands of the United Nations. He would be discussing the matter urgently with the United States Government. Shortly before leaving office, Mr. Dean Rusk, the former United States Secretary of State, had indicated that in his view there was no harm in the French proposal, but it was not yet known what the attitude of the new Administration would be.
The Foreign and Commonwealth Secretary added that there had been a number of reports that Israel was planning further major attacks on her neighbours. There was no evidence that these reports were accurate, though if Israel herself were attacked there was no doubt that she would retaliate very vigorously. It was possible that the stories were being spread by the Iraqis or by Soviet diplomatic missions in the Middle East.

The Foreign and Commonwealth Secretary recalled that at their meeting on 10th December, 1968, the Cabinet had approved the Agreed Minutes of a meeting which had taken place at The Hague on 25th November between Dutch, German and British Ministers about gas centrifuge collaboration, with the qualifications that we were prepared to collaborate only in arrangements that were commercially viable and that we must remain free, if we wished, to set up a gas centrifuge plant in this country to meet our own requirements. There had subsequently been a tripartite meeting of officials in Bonn on 19th–20th December at which a number of working parties had been set up, and there would be a further meeting of officials in the following week. Thereafter, and before a tripartite Ministerial meeting which was planned for late February, a full report on the results of the official talks would be made to the Cabinet.

In discussion, the Cabinet were informed that, although insufficient information was yet available on which to reach decisions on the proposed collaboration, it was clear that we needed enriched uranium earlier than the Germans, who did not therefore wish to proceed as rapidly as we did with a centrifuge programme. Preliminary indications on the technical side were that the Dutch were broadly at the same stage of development as ourselves and that the Germans were not as far advanced. The Dutch might therefore be the natural partners for us technically. As regards classification of information about centrifuges, we had given the American authorities a memorandum setting out our views. They had indicated that they were unlikely to give us a reply before the end of February and the proposed tripartite Ministerial meeting might therefore have to be postponed. Attention was drawn to an article which had appeared that day in The Times dealing with the political and military implications of the gas centrifuge process. Although the article did not add to the information which had already appeared in technical publications, it was desirable that a suitable opportunity should now be found to make an authoritative statement of Government policy on the gas centrifuge.

The Cabinet—

Took note of the statements by the Foreign and Commonwealth Secretary.
3. The First Secretary of State said that the inter-union dispute within the British Steel Corporation (BSC) had been considered on the previous day by the Trades Union Congress (TUC), which had invited the unions involved to suspend the industrial action proposed until the TUC had had an opportunity to discuss the problem further with the unions and to make proposals. The Finance and General Purposes Committee of the TUC would be seeing the clerical and the manual workers’ unions separately, the latter on the afternoon of Friday, 24th January. Mr. Dai Davies, Secretary of the Iron and Steel Trades Confederation, had not dissented from the TUC decision to issue this invitation, but would give no assurance of its acceptance by the manual workers’ unions. If the invitation were refused on 24th January, this would leave very little time for intervention before industrial action was due to begin at midnight on Saturday, 25th January, but she would in those circumstances meet the union representatives involved during the course of 25th January. It was not possible at this stage to predict the outcome.

The Prime Minister said that the Secretary of State for Economic Affairs had been asked to co-ordinate inter-departmental contingency planning to deal with the industrial consequences of a strike.

The Cabinet—

took note of the statements by the First Secretary of State and by the Prime Minister.

4. The Cabinet considered memoranda by the Chancellor of the Exchequer (C (69) 8) about proposed increases in the pay of doctors and dentists and of school-teachers, and by the Secretary of State for Education and Science (C (69) 13) on the pay of school-teachers.

The Chancellor of the Exchequer said that the recommendations of the Review Body on Doctors’ and Dentists’ Remuneration were within the ceiling set by the incomes policy but they were based upon general comparability with other salaries and thus ran counter to the recent recommendations by the National Board for Prices and Incomes (NBPI) on the pay of university teachers, in which this principle had been rejected. The proposal for a pay award amounting to 7.1 per cent for school-teachers did not fall within the incomes policy ceiling, since the Ministerial Committee on Prices and Incomes had not accepted the argument that 1 per cent of this proposed award, which would pay for more senior posts in primary schools, should not be counted for the purpose of calculating the size of the increase. The principal argument for agreeing to
7.1 per cent was the need for reaching agreement within the Burnham Committee. The recent upward trend of wage and salary increases underlined the continuing need for great restraint.

The Secretary of State for Social Services said that the Review Body's recommendations were within the incomes policy ceiling, and the issue was the basis upon which the award was recommended. For dentists, there were very careful costings of the fees for services which, in effect, amounted to payment by relation to work done. For doctors, the basis taken was comparability with other professions and with wages and salaries generally. Rejection of the principle of comparability would not be acceptable to those concerned unless a satisfactory alternative principle for determining pay for doctors and others in the public sector were substituted; however, none had yet been found. In any event, comparability seemed a particularly acceptable criterion to use in determining the pay of those—like the doctors, but unlike university teachers—who were not being recruited or retained in adequate numbers. There had been no assurance to the medical profession that the Review Body's recommendations would not be referred to the NBPI, but the profession had been assured that any such reference would be preceded by consultation with the Review Body and the profession.

The Secretary of State for Education and Science said that if the Burnham Committee agreed upon an award for teachers' pay, the Government were obliged to implement it; if there was disagreement, arbitration followed and an arbitration award could be set aside only by an affirmative resolution of both Houses of Parliament. The wide difference between the teachers' initial claim and the maximum of 6½ per cent permissible within the incomes policy ceiling had been reduced to the 1 per cent which was at issue. This could properly be regarded as regrading for increased responsibility which within any other part of the public or private sectors would be regarded as a decision by management about structure and not as an element of a pay settlement requiring to be confined within incomes policy limits. It would not be possible, as he had previously thought, to persuade the teachers' representatives on the Burnham Committee to accept a five months' postponement of the operative date for the 1 per cent and thus bring it within the incomes policy ceiling. It was desirable to achieve a settlement on this occasion rather than to force the issue to arbitration. Nothing would be achieved by a reference at this stage to the NBPI.

Doctors and Dentists

In discussion of doctors' and dentists' pay, it was argued that the principle of comparability had not hitherto been examined in sufficient depth and that it was applied differently by the various
bodies concerned with pay in the public sector. The arrangements for co-ordinating advice on pay in the public sector needed to be improved and the present recommendations from the Review Body offered an opportunity for doing so. Acceptance of the Review Body's recommendations should be accompanied by a statement that this would be the last time that there would be unco-ordinated arrangements for settling public sector pay.

On the other hand, it was argued that any public statement implying a total re-shaping of the present arrangements governing public sector pay would provoke widespread anxiety among those concerned. Before making any such statement the Departments concerned, with the assistance of the NBPI, should make a thorough confidential investigation of the principle of comparability and possible alternative criteria for assessing public sector pay. Alternatively, or subsequently, it might be desirable to establish a public inquiry. One consequence of accepting the Review Body's recommendations would be the need to include within the scope of the NBPI's current examination of armed forces' pay the pay of doctors and dentists in the Services, who were already being paid less than civilian doctors.

The Prime Minister, summing up this part of the discussion, said that the Cabinet approved the recommendations of the Review Body on Doctors' and Dentists' Remuneration. They also agreed that, within a week of the announcement of the Government's acceptance of the Review Body's recommendations, but after advance notification to those concerned, including the Review Body itself, a further statement should be made that the Government intended to work out new arrangements to co-ordinate advice on pay in the relevant area of the public sector. This advice would cover the use of comparability as a criterion.

The Cabinet—

(1) Approved the recommendations of the Review Body on Doctors' and Dentists' Remuneration.

(2) Invited the Chancellor of the Exchequer, in consultation with the other Ministers concerned, to arrange for

(a) consideration to be given to the form of the new arrangements required to co-ordinate advice on pay in the public sector;

(b) preparation of a statement about the Government's intentions as indicated in the Prime Minister's summing up, and its prior communication to the bodies concerned.

(3) Invited the First Secretary of State to arrange for the current review by the NBPI of pay in the Armed Forces to deal with the pay of Service doctors and dentists.
Teachers

In discussion of the proposals for teachers' pay, it was generally agreed that the complementing of senior staff in primary schools should be regarded as a normal management function not to be taken into account in determining whether a pay settlement fell within the incomes policy ceiling. However, the proposals for providing additional senior posts in primary schools should be carefully considered in order to ensure that they were not simply concealed increases in pay for carrying out the same work. There would, however, be difficulty in ensuring that an agreement in the Burnham Committee to a 7·1 per cent pay increase was not wrongly taken as signalling the Government's willingness to find a pretext for approving pay increases outside the incomes policy ceiling.

The Prime Minister, summing up this part of the discussion, said that the Cabinet approved the proposal to increase the offer made within the Burnham Committee to 7·1 per cent including the increased responsibility payments in primary schools. The question of a possible reference to the NBPI of the structure of teachers' pay could be explored in due course.

The Cabinet—
(4) Invited the Secretary of State for Education and Science to seek agreement within the Burnham Committee on a pay increase for school-teachers of 7·1 per cent from 1st April, 1969: this increase would include the cost of additional payments for posts carrying special responsibility in primary schools.

5. The Cabinet considered a memorandum by the Minister of Transport (C (69) 12) to which was attached a draft White Paper on the reorganisation of the ports.

The Minister of Transport said that the proposals in the draft White Paper had been approved by the Parliamentary Committee. The scope of the proposals had been limited by the need to avoid a hybrid Bill. The proposals for compensation, which had not been circulated, had been agreed with the Chancellor of the Exchequer. The White Paper indicated, inter alia, that unification of all pilotage was desirable, and he would be consulting Trinity House and the other interests involved about proposals to this end, which would be the subject of separate legislation from that required to give effect to the other proposals in the White Paper. He now
proposed to publish the White Paper on 29th January in order to avoid a clash with the White Paper on National Superannuation and Social Insurance which would be published on 28th January.

In discussion, it was suggested that there should be a longer interval than one day between the publication of the two White Papers. On the other hand, there were objections to publication on 30th and 31st January and later.

The Prime Minister, summing up the discussion, said that the Cabinet approved the White Paper. The Lord President should agree, if possible, with the Minister of Transport and the Secretary of State for Social Services a suitable date for publication of that White Paper; and would refer the issue back to him if he were unsuccessful.

The Cabinet—
(1) Approved the draft White Paper on Reorganisation of the Ports attached to C (69) 12.
(2) Invited the Lord President, in consultation with the Minister of Transport and the Secretary of State for Social Services, to arrange a suitable date for the publication of the White Paper.

Cabinet Office, S.W.1,
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 30th January, 1969,
at 11 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. CLEWDYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The Right Hon. JOHN STONEHOUSE, M.P., Postmaster-General
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General
The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury

The following were also present:
The Right Hon. JOHN STONEHOUSE, M.P., Postmaster-General (Item 5)
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General (Items 1-3)
The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury
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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

2. *The Prime Minister* reported to the Cabinet the proceedings of the last meeting of the Parliamentary Committee.

The Committee had considered the Government’s response to the speech on Commonwealth immigration which had recently been made by Mr. Heath, the Leader of the Opposition, at Walsall. As a result, both the Home Secretary and he himself had found occasions to make it publicly clear that Mr. Heath’s speech had created a very misleading impression of the nature and scale of the real issues involved and that the Government had no intention of allowing themselves to be stampeded into premature legislation on this subject.

The Committee had agreed that, despite the continuation of civil disturbances in Ulster, the Government should refrain from overt intervention but should continue to assure the Prime Minister of Northern Ireland (Captain O’Neill) that they would give him all the support which they properly could, provided that he was seen to press forward as rapidly as possible with his programme of reforms. At the same time it would be expedient to consider what measures the Government might have to adopt if the situation deteriorated further; and the necessary arrangements for this purpose were in train.

In this connection, The Prime Minister informed the Cabinet that the Government of Northern Ireland had decided to establish a Parliamentary Commissioner on the model of the office which had been created in Great Britain; and they had indicated that they would be glad if Sir Edmund Compton, the present Parliamentary Commissioner for Great Britain, could assume the corresponding responsibility in Northern Ireland for an initial period until a suitable Ulster appointment could be made. Consultation with the Opposition in the House of Commons had established that this arrangement would be acceptable to the Imperial Parliament, provided that the powers to be given to the Northern Ireland Parliamentary Commissioner would be comparable with those which he enjoyed in relation to Great Britain; and, since it had been established that this proviso would be satisfied by the legislation to be introduced in the Parliament at Stormont, the way was now clear for Sir Edmund Compton’s appointment in respect of Northern Ireland to be announced in the near future.
The Parliamentary Committee had also considered the future of specialist Select Committees. They had agreed that a new Select Committee on Overseas Aid should be appointed when the Select Committee on Agriculture finished its work at the end of February but that the experiment represented by specialist Select Committees should terminate with the present Parliament and that a group of Ministers under the chairmanship of the Lord President should examine the main lessons to be learned from this experiment and should consider whether it should be repeated in the next Parliament.

The Committee had also reaffirmed the view that the Select Committee on Nationalised Industries should not be prevented from considering the work of the Bank of England but should be debarred from examining the Bank in its capacity as a banker to other banks and private clients or as an adviser to the Government on financial and monetary policy. The reasons for this decision would be explained by the Chancellor of the Exchequer and the Lord President to an early meeting of the Government's supporters in the House of Commons.

In discussion of the Prime Minister's report of the proceedings of the Parliamentary Committee it was suggested that, as regards the specialist Select Committees, the experiment would in any event terminate at the end of the current Parliament; and the Government should not, therefore, make any announcement to this effect which might imply that they thought that the Committees had failed in their purpose or represented a procedural innovation which should not be repeated in future Parliaments. Indeed, it might be preferable to make no announcement at all; and, before reaching a decision on this issue, the Parliamentary Committee and the Cabinet would need to consider the report from the group of Ministers under the chairmanship of the Lord President, which should consider the future of the specialist Select Committees in the wider context of the reform of Parliamentary business as a whole.

3. The Prime Minister said that the Parliamentary Committee had discussed on 27th January in connection with the Freedom of Publication (Protection) Bill the handling of Private Members' Bills generally and, in particular, the question whether it was appropriate to issue a Whip confined to Ministers in order to ensure the defeat of a defective Bill at Second Reading. He proposed that the group of Ministers under the Lord President, who would consider Select Committees, should also examine the political implications of the Government's handling of Private Members' Bills, and he had asked the Paymaster General to bring the matter before the group. In the meantime, it was necessary to decide what line should be taken
on the Freedom of Publication (Protection) Bill, which was down for Second Reading on Friday, 31st January. The Legislation Committee had decided that the Bill should not be allowed to reach the Statute Book, and had invited the Lord President to consider, with the Chief Whip and the Attorney-General, how best this could be ensured. It had subsequently been agreed that the Attorney-General should explain the defects of the Bill, and this again raised the question whether and, if so, by what means, Ministers should be asked to attend and vote. He accordingly thought it right to bring the matter before the Cabinet.

The Lord Chancellor said that the Freedom of Publication (Protection) Bill was based on a report produced by a Working Party brought together by Lord Shawcross. The recommendations of the Working Party had been heavily criticised and Bills based upon them in succeeding Sessions had been blocked. The present Bill relaxed in certain respects the law relating to contempt of court, official secrets, and libel, and went somewhat beyond the earlier proposals. It was defective in law, and, although it had been warmly welcomed by the Press, he thought that it should be opposed at Second Reading. Whatever line the Government adopted, however, they should adopt overtly.

In discussion, it was suggested that if the Bill was seriously defective the defects should be explained to the House, but the Government spokesman would be in some embarrassment if he thought it right to oppose a Second Reading but was not supported by his colleagues. The Bill was not wholly contrary to Government policy, however, except in relation to the Official Secrets Acts, and there was reason to suppose that if the Government shortly announced their intention to review the application of these Acts, as recommended by the Committee on the Civil Service (the Fulton Committee), the sponsors of the Bill would be prepared to drop the relevant clause. In that event, it might be possible to amend the remaining provisions of the Bill satisfactorily in Committee, and the Government would not necessarily wish to see it defeated. It might, therefore, be appropriate for the Attorney-General in the Second Reading debate to explain the defects in the Bill, and to indicate that the Government would not seek to influence the vote but that if the House gave the Bill a Second Reading they would seek to have it amended in Committee and reserved the right, if the Bill were not satisfactorily amended, to reconsider their position at a later stage. In this event, the House might well not divide on the Second Reading. It should be recognised, however, that a long Committee stage would give the Press an opportunity to campaign in favour of the Bill, and
it would be necessary for the Government to stand firm notwithstanding this if the Bill were still unacceptable when it left Committee.

In further discussion, it was suggested that while the Freedom of Publication (Protection) Bill was not incurably defective, there might be other Private Members’ Bills, such as the National Insurance (Further Provisions) Bill, which were wholly contrary to Government policy. If Bills of this nature secured a high place in the ballot for Private Members’ Bills, they could not be blocked by the recognised means and could be defeated only by an adverse vote. On these occasions it would be justifiable for the Chief Whip to seek to mobilise Ministers to vote against the Bill. In order to avoid a formal Whip addressed only to Ministers, the Chief Whip should arrange for a telephone message asking Ministers not committed to appointments out of London to attend and vote. Ministers should give instructions that any such message was to be brought to their own personal attention and to that of junior Ministers in the Department, and that the Whips’ Office was to be informed whether the Ministers would be available.

The Prime Minister, summing up the discussion, said that it was agreed that the Attorney-General should intervene in the Second Reading debate on the Freedom of Publication (Protection) Bill to explain the defects in the Bill. He should say that, while the Government did not propose to influence the vote, if the House saw fit to give the Bill a Second Reading they would press for its amendment in Committee and reserve the right to consider their position afresh if the Bill were still defective in form when it returned to the House. An attempt should be made to persuade the promoters of the Bill to abandon the clause on the Official Secrets Acts in the light of the Government’s intention to institute a review of the Acts. The Cabinet should have a further opportunity of considering the Bill at the Report Stage. Where a Private Member’s Bill was not merely defective in form but in conflict with the Government’s own proposals for legislation, Ministers should be asked, by means of a telephone message to the Minister’s Private Office, to vote against its Second Reading, and Ministers should ensure, on the lines suggested in discussion, that these messages were brought to their notice and an appropriate reply sent to the Whips’ Office.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.

(2) Agreed to consider the Freedom of Publication (Protection) Bill further in the light of the amendments made in Standing Committee.

CONFIDENTIAL
The Prime Minister took occasion to refer to unfounded Press reports, in connection with the Matrimonial Property Bill, that the Chief Whip had been the subject of criticism by other Ministers. He wished to make it clear that the Chief Whip retained his complete confidence.

Oversea Affairs

4. The Foreign and Commonwealth Secretary said that in the Paris discussions on Vietnam the first meeting on matters of substance had taken place. It had lasted (with translations) for six and a half hours and had been devoted mainly to prepared statements. Discussion would come later.

The United States were pressing for a return to respect for the demilitarised zone and the integrity of Cambodia; and for the observance of the Geneva agreements on Laos. The other side were opposing this.

The Foreign and Commonwealth Secretary said that the present Government of Iraq, whether we regarded it from the point of view of its internal policies or from that of its relations with the United Kingdom, was one of the worst in the Middle East. We (as well as other Governments and the Pope) had made appeals for clemency for the accused in the recent spy trials. No publicity had been given to these appeals, as it had been thought that this might be counter-productive. The appeals might have had some effect, since six of the accused were eventually acquitted. He had received a deputation from the Board of Deputies of British Jews. He also intended to approach other Arab Governments, who had not shared Iraq's gloating reaction to the executions which had taken place, on the basis that the action taken by Iraq could only discredit the Arab cause. If other Arab States could be induced to protest, this might carry more weight with the Iraqis than protests from the West. He would also try to get Members of Parliament with an interest in Middle Eastern affairs and who were—or were reputed to be—Arab sympathisers to send appropriate messages to the Government of Iraq. The Foreign and Commonwealth Secretary drew attention to the very confidential nature of these two latter points.

Turning to the demonstrations which had taken place outside the Iraqi Embassy in London, the Foreign and Commonwealth Secretary said that the demonstration had on the whole been non-violent, though one or two windows had been broken and the Israeli flag had been hoisted over the Embassy. It had been reported that in the course of the latter operation one of the individuals concerned had received a flesh wound from a stab with a knife and
that Iraqi officials had discharged firearms. The Iraqi Ambassador had telephoned to the Foreign and Commonwealth Office to protest against the demonstration, adding that he could not answer, in the circumstances, for what might follow in Iraq. The Foreign and Commonwealth Office had expressed regret for the material damage done, but had pointed out that in the United Kingdom the right of peaceful and orderly demonstration was accepted, and that the British Government held the Iraqi Government responsible for the protection of British lives and property in Iraq. In any further communication there might be with the Iraqis on this subject, full account would be taken of the allegations, if they were verified, that members of the Iraqi Embassy staff had threatened demonstrators in London or used violence towards them.

In discussion, attention was drawn to the tactless behaviour of the British Broadcasting Corporation television reporting unit, which had set up an elaborate outside broadcast organisation outside the Iraqi Embassy with powerful arc lights. The Commissioner of Police of the Metropolis had reported that the police had been dazzled by these lights and hampered in their task of restoring order. There had been similar complaints from Northern Ireland, where there was reason to believe that television producers had induced demonstrators to stage prearranged clashes with the police for the benefit of their programmes. The situation gave cause for concern and it was for consideration what action could usefully be taken.

The Cabinet—

(1) Took note of the statement by the Foreign and Commonwealth Secretary.

(2) Invited the Home Secretary, in consultation with other Ministers as appropriate, to consider what action could be taken to restrain the undesirable activities of television reporters and producers referred to in discussion.

5. The Cabinet considered a memorandum by the Lord Privy Seal on the pay of overseas telegraph operators in the Post Office (C (69) 15).

The Chancellor of the Exchequer said that at their meeting on 27th January the Parliamentary Committee had invited the Lord Privy Seal, together with the Postmaster-General and the Joint Parliamentary Under-Secretary of State, Department of Employment and Productivity (Mr. Hattersley), to meet the Union of Post Office Workers (UPW) in order to make it clear that the reports of Ministerial disagreement which had appeared in the Press were
unfounded and to explore whether there was any scope for further discussions on productivity. The Ministerial Committee on Prices and Incomes had considered the outcome of this meeting, which had resulted in deadlock, and had concluded that it would be wrong to contemplate any last-minute concession to persuade the UPW to call off their strike. It had emerged at the Committee’s meeting that the reintroduction of the overseas tape relay unit (OTRU) would result, on average, in a significant loss of take-home pay for the operators. The Committee were unable to assess the significance of this point, which had not previously been brought to their attention, but they considered that it deserved further examination.

*The Lord Privy Seal* said that at their meeting with the UPW the Government’s representatives had had little room for manoeuvre. They had clarified the Government’s attitude towards the costing of certain productivity improvements and had put forward modified proposals on arbitration. They had however made no progress on the introduction of OTRU; and the UPW had made it clear that they regarded productivity agreements as a matter for negotiation and were not prepared to submit them to arbitration in any form. For the Government to concede this would have serious implications for other parts of the Civil Service, and for this reason the dispute had an importance out of all proportion to the numbers involved.

*The Postmaster-General* said that following the UPW’s ballot in favour of strike action the Ministerial Committee on Prices and Incomes had rejected his proposal to offer 5 per cent only, leaving productivity to be negotiated later. At a subsequent meeting on 23rd January he had proposed to renew the offer of 5 per cent, with a further 2 per cent productivity increase, but to reserve the position on OTRU for further discussion. The Committee decided against this because it would mean giving in to a threat of industrial action. The loss of take-home pay resulting from the reintroduction of OTRU was not a new factor. Officials of the Civil Service Department and the Department of Employment and Productivity had known about it for several months and he had referred to it explicitly in a letter which he had sent the Lord Privy Seal in November. It had been implicit in the proposals he had put to the Committee on Prices and Incomes, though he had not brought it out explicitly because it was not at that time a key issue in the negotiations. Subsequently the General Secretary of the UPW had decided to lay great emphasis on it in an attempt to drive a wedge between his colleagues and himself. While it was desirable to try to find a formula for resuming negotiations, it would be damaging to the Post Office and other employers to concede the union’s argument
on take-home pay. It was, moreover, important that the conduct of
the negotiations should remain with the Postmaster-General.

In discussion there was agreement that the reduction of take­
home pay resulting from the reintroduction of OTRU must be
regarded as a new factor since it had not been set out in terms in the
papers submitted to the Committee on Prices and Incomes or in
discussion there. It appeared that the reintroduction of OTRU
would mean on average a loss of 7s. 0d. a week for most overseas
telegraph operators and 10s. 0d. a week for others. It was unrealistic
to expect the unions to regard this as a satisfactory basis for
negotiating a productivity agreement. On the other hand there was
support for the view that the reduction of take-home pay could not
be advanced as the reason for making a concession now since the
UPW would know that the Postmaster-General had been aware of
the point from the beginning.

The Prime Minister, summing up the discussion, said that
officials of the Departments concerned should be asked to prepare,
for consideration by the Ministerial Committee on Prices and
Incomes on the following day, a formula which might provide the
basis for resumed negotiations with the UPW. Subject to the
Committee’s approval of a formula and to any other conditions they
might require, the Postmaster-General should conduct the resumed
negotiations, with the assistance on productivity questions of a
Minister from the Department of Employment and Productivity.
Departments with responsibility for wage negotiations in the public
sector should in future consult the Department of Employment and
Productivity at an early stage and, where appropriate, seek the
assistance of its manpower and productivity service.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing
up of their discussion.

(2) Invited the Chancellor of the Exchequer to arrange for
officials to prepare, for consideration by the Ministerial
Committee on Prices and Incomes the following day, a
formula which might provide the basis for resumed
negotiations with the Union of Post Office Workers.

CONFIDENTIAL

6. The Chancellor of the Exchequer said that at their meeting
on 23rd January the Cabinet had decided that a statement should be
made that the Government intended to work out new arrangements
to co-ordinate advice on pay in the public sector, including advice
on the use of comparability as a criterion and had asked him
to arrange for the preparation of such a statement. Further
consideration had led him to feel some concern about the possible
repercussions of a statement in precisely this form. It was clearly desirable to press on with the interdepartmental examination of comparability and the co-ordination of advice on pay in the public sector. But to announce publicly the Government’s intention of doing so in this particular manner, before anything could be said about what system would replace it, would in his view subject the Government to serious and unnecessary public criticism. After consultation with the Secretary of State for Social Services, the First Secretary of State and the Lord Privy Seal, he had come to the conclusion that there would be advantage in awaiting the reaction to the Government’s announcement of their acceptance of the recommendations of the Review Body on Doctors’ and Dentists’ Remuneration before finally deciding what, if any, public statement should be made about comparability. If the reaction to the statement about the Review Body’s recommendations was fairly mild it might be better not to make a statement at all. If, on the other hand, preliminary reactions suggested that there might be mounting criticism, then he would favour making a slightly modified statement, the terms of which he would propose to agree with the Ministers directly concerned.

The Cabinet—

Agreed that a statement about the co-ordination of advice on pay in the public sector should not be made unless public reaction to the Government’s acceptance of the recommendations of the Review Body on Doctors’ and Dentists’ Remuneration indicated that one was necessary.

7. The Cabinet considered a memorandum by the Secretary of State for Defence (C (69) 14) covering the draft statement on the Defence Estimates, 1969.

The Secretary of State for Defence said that the draft White Paper incorporated amendments which had been agreed at a meeting of the Defence and Oversea Policy Committee in the previous week. The White Paper was due to be published on 20th February. It showed that, at constant prices, the defence budget for 1969–70 was about £100 million below the target set in the Statement on Public Expenditure in 1968–69 and 1969–70 of January 1968 (Cmnd. 3515) and that, for the first time since 1958–59, it was lower than that for the immediately preceding year. Recruiting to the forces was, however, poor, and in 1968–69 it was expected that only 28,000 men would be recruited against a requirement of 38,000 for all three
Services. The first chapter of the White Paper had been drafted with the aim of giving confidence to the forces about their future. After the forthcoming interim report of the National Board for Prices and Incomes on forces’ pay was available, he expected to make proposals to his colleagues about this.

In discussion, certain amendments to the draft White Paper were agreed, including the omission, from paragraph 2 on page 117 of C (69) 14, of the Statement that the Armed Forces would need about 44,000 male entrants in 1969–70. It was suggested that the section of Chapter 1 of the draft which dealt with the Defence of Europe might, with advantage, be shortened somewhat. Ministers were invited to inform the Defence Secretary quickly of any further drafting suggestions.

The Cabinet—

Approved the draft Statement on the Defence Estimates, 1969, subject to the points made in discussion.

Cabinet Office, S.W.1,
30th January, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 6th February, 1969, at 11 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEARL, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUNITH HART, M.P., Paymaster General
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The Right Hon. FREDERICK MULLEY, M.P., Minister of State for Foreign and Commonwealth Affairs
The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury

The following were also present:

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

In discussion it was suggested that time should be found in the near future for a debate in the House of Commons on the White Paper on National Superannuation and Social Insurance in order that the work of explaining the proposals to the public might begin without delay. It might be possible to arrange a debate on this White Paper in the week beginning 16th February by deferring the proposed debate on the Family Law Reform Bill (Lords). It was also important that the Government should not be thought to be reluctant to arrange a debate on the White Paper on Industrial Relations, “In Place of Strife”, though there would be no objection if the debate expected to take place in the House of Lords on 19th March preceded that in the House of Commons.

The Cabinet—

Invited the Lord President to give further consideration, in consultation with the Ministers concerned, to the timing of debates on the White Papers on National Superannuation and Social Insurance and on Industrial Relations.

2. The Minister of State for Foreign and Commonwealth Affairs said that discussions in Paris continued between the United States and South Vietnamese on the one hand and North Vietnam and the representatives of the National Liberation Front (NLF) on the other. There had so far been no major development, and the North Vietnamese and the NLF appeared to be trying to take the measure of the new United States Administration.

The Minister of State for Foreign and Commonwealth Affairs said that the United States had now accepted the French proposal that there should be a four-Power meeting on the Middle Eastern situation within the framework of the Security Council. In general, the United States views were in line with our own.

The Minister of State for Foreign and Commonwealth Affairs said that the situation in Iraq appeared to be quieter, though a number of Iraqis were still under detention on political charges, and would in due course be brought to trial. The one American citizen who had been arrested on such charges had recently been released. There appeared to be no truth in the rumours that General Takriti, a Deputy Prime Minister and Minister of Defence, had resigned.
The Minister of State for Foreign and Commonwealth Affairs said that there had been rumours of a new peace move in the Nigerian conflict on the part of the French-speaking African countries who were currently holding a meeting in Kinshasa. There was a possibility that emissaries from two of these countries which were favourable to Biafra might be dispatched to Colonel Ojukwu while a similar mission from two countries favourable to the Federal Government might go to General Gowon, in an attempt to bring the two together. Meanwhile, the Italian Parliament had passed a unanimous resolution, of which, under the Italian Constitution, the Italian Government were bound to take account, calling on the Italian Government to raise the Nigerian issue in the United Nations. Since U Thant, the Secretary-General of the United Nations, had now said publicly in a Press conference what he had already said to us in private, namely that he regarded the Nigerian problem as an internal issue and thus inappropriate for discussion in the United Nations, and since he had moreover said that he would not be a party to raising the question of secession in the United Nations, it was difficult to see what useful purpose an Italian initiative would serve.

In discussion reference was made to reports of anti-Semitism and persecution of Jews in Poland. The Minister of State for Foreign and Commonwealth Affairs undertook to enquire about this and inform his colleagues of any developments.

The Cabinet—

(1) Took note of the statements by the Minister of State for Foreign and Commonwealth Affairs.

The Home Secretary said that in recent weeks there had been a number of admissions of refugees to the United Kingdom on political and compassionate grounds. In view of the current state of opinion on immigration these had been made as inconspicuously as possible, but he thought his colleagues should know of the position.

The Cabinet—

(2) Took note of the Home Secretary’s statement.

The Prime Minister referred to discussions which Mr. George Brown had been having with European leaders. He emphasised that Mr. Brown had been speaking in a private capacity and that what he had been saying in Europe did not in any way commit the Government, with whom he had had no previous consultation, or the Parliamentary Labour Party. This had been made clear to the Press. Mr. Brown had been talking in terms of a major initiative, providing for a federal European structure to deal with political and defence matters separate from but in parallel with the European Economic Community. From the full reports which had been received of
Mr. Brown's talks in Germany it did not appear that his discussions there had been very productive. However, the Italians, who were themselves thinking on similar lines, though not in terms of a federalist structure, had been more receptive. The Prime Minister considered that Mr. Brown's initiative had been a healthy and beneficial one, provided that it was clearly understood by all concerned that his activities did not in any way commit the Government or the Labour Party; and this appeared to be the case. Part of Mr. Brown's objective appeared to have been to take soundings in connection with M. Jean Monnet's Action Committee of which he was a member. In conclusion the Prime Minister drew his colleagues' attention to the excellent and robust speech made recently in the Italian Parliament by Signor Nenni, the Italian Foreign Minister, on European and North Atlantic Treaty Organisation matters.

The Cabinet—

(3) Took note of the statement by the Prime Minister.

CONFIDENTIAL

3. The Cabinet considered a memorandum by the Minister without Portfolio reporting consideration in the Agricultural Policy Committee of the Government's negotiating limits in the 1969 Farm Price Review (C (69) 16).

*The Minister without Portfolio* said that the Agricultural Policy Committee had been unable to reach agreement. The Agricultural Ministers had argued that an award of £50 million was required this year in order to provide the means and the incentive for the expansion programme announced last November. Anything less than this would not satisfy the expectations aroused among farmers by that announcement and in consequence the expansion programme as a whole, and the important import saving which would result from it, would not materialise. An award of £50 million would provide full recoupment of cost increases and an additional incentive of £12 million. The Treasury, which proposed an award of £20 million, and the Department of Economic Affairs, which proposed £24.5 million, had both argued that their proposals were consistent with the achievement of the objectives announced for 1972–73 and with the basis on which those objectives had been agreed by Ministers collectively. In their view, the programme announced in November amounted to a rolling forward by two years of the original selective expansion programme announced in 1965 and called for no new or special incentives. The exceptional squeeze on public expenditure in 1969–70 made it very difficult to offer an award on a substantially more generous basis than in 1968, when the farmers had been left
with less than 50 per cent of their productivity gain. He had reached the conclusion that it was not possible to accept the proposal of the Agricultural Ministers that farmers should be left with 140 per cent of their productivity gain in the coming year: this would appear to be the most generous basis of an award for the past 10 years. Nevertheless, he considered that, despite the public expenditure problem, the award should be on a rather more generous basis than in 1968, and he had therefore proposed an award of £26 million, which would leave the farmers with 60 per cent of their productivity gain in 1969-70.

There was general agreement that the major part of the award should be allocated to beef, barley and wheat. The estimated increase in the production costs of fat cattle was 6s. 7½d. Against this, the Agricultural Departments were proposing an increase of 15s. at this Review, while the Economic Departments had suggested that 7s. 6d. would be enough: and the Treasury would agree to provide an assurance that the guaranteed price for beef would not be reduced below the 1969 level between now and 1972-73 if the increase at this Review did not exceed 7s. 6d. On wheat and barley, production costs had increased by 9s. 3d. and 8d. per cwt., and the Agricultural Departments were proposing an increase in the award of 1s. 9d. for both. The Treasury had suggested increases of the order of 1s. and 9d. He had mentioned these details because the Agricultural Ministers had emphasised the importance, in order to achieve the required expansion, of a total recoupment of cost increases. While it was not possible in his view to provide total recoupment in respect of all commodities, it would be possible to provide complete recoupment for beef, wheat and barley—the three most important commodities—within his proposed total of £26 million, though this might require some reductions in the proposals for other commodities by the Agricultural Ministers. An award limited to £26 million would no doubt come as a considerable disappointment to farmers, but he considered that it was consistent with the policy statement by the Minister of Agriculture last November and could be presented as a reasonable settlement in the light of the very considerable financial stringency under which the Government had to operate in the coming year; and that the basis of the settlement would be more generous than in 1968. If his colleagues agreed on the total size of the award and that the emphasis should be as far as possible to recoup the cost increases on beef, wheat and barley, the Departments concerned would no doubt be able to reach agreement on the details of the Government’s negotiating limits.

The Minister of Agriculture said that after collective consideration by Ministers of all the issues involved, he had announced in November an agricultural expansion programme which, consistently with the Government’s general aim of switching resources
to improve the balance of payments, was aimed to save £160 million of imports by 1972–73. In his view, this was the most important Farm Review for very many years and its outcome would decide whether or not we should get the increase in output and import saving for which we aimed. He had made it clear in his public statement that there would be a measure of flexibility in the programme which extended over a period of four years. But this would be the most important Review in that period; if the objectives on cereals and beef were to be achieved by 1972–73, incentives and resources must be provided now: there were long time lags between decisions to expand agricultural production and their fulfilment. Moreover, the farmers were reserving judgment about the expansion programme—and whether therefore they should plan to fulfil it—until they saw the outcome of the current Review. The 350,000 farmers in the country, of whom 93 per cent farmed between 5 and 300 acres, would not accept the risk of expanding production without an assurance of reasonable prospects.

The index of output last year had fallen five points as a result of a bad harvest and the aftermath of the epidemic of foot-and-mouth disease. Productivity had been lower and net farm income was estimated to have fallen by £39 million. As C (69) 16 rightly pointed out, net farm income was not comparable with ordinary wages and salaries. He had reached the conclusion that an award of £50 million was required to achieve the 1972–73 objectives after the most thorough examination of the situation and with the help of expert economic and technical advice. Only £28 million of this £50 million would fall on the Exchequer in 1969–70 and this would bring the estimated cost of agricultural support in that year within the original Public Expenditure Survey estimate. The expenditure on agricultural support in the current year was now estimated to be some £35 million below the original estimate and such a short-fall had been a common feature of recent years.

The Agricultural Ministers had accepted the maximum possible cut in the support for eggs. As regards milk production, they were aiming to keep the position stable. There had been a cost/price squeeze on cereals for several years past and income from cereal production in real terms had declined substantially. The achievement of the 1972–73 target for cereals would save approximately £70 million of imports a year. The average earnings of beef farmers, after providing interest on capital, were £21 a week, less than the average industrial wage.

Mere recoupment of increased costs would not provide the necessary resources or incentives for expansion: indeed, it would
simply be a waste of money. If the Government were to demonstrate that their objectives were more than paper ones, it was necessary to give the realistic award this year for which he asked.

The Chancellor of the Exchequer said that while it was true that the award suggested by the Minister of Agriculture would not exceed the existing public expenditure survey estimate for 1969–70, it would lead to an excess over the estimate for 1970–71. But this was not a reasonable basis on which to judge the size of the award. They had to decide what public expenditure was absolutely essential for the purposes in mind. An award of £20 million would not mean the abandonment of the policy objectives stated last November. The agricultural objectives for 1972–73 had been accepted by the Government on the explicit basis that rising productivity would enable the expansion to be achieved with a continuing cost/price squeeze on the farming industry. This meant that it was not necessary to give the farmers an award which left them with the whole of their productivity gain. The latter, taking good years with bad, was accepted by the farmers and the Government as amounting on average to £30 million a year. In 1968, after a relatively good year, the award had left the farmers with 45 per cent of their productivity gain. This year, the Minister without Portfolio had proposed that they should be left with 60 per cent of their gain and he would be prepared reluctantly to accept this. In reaching a decision, they should have regard to the recent report of the National Board for Prices and Incomes on agricultural pay. The pay increase concerned accounted for about £17 million of the total cost increases of £38 million, and the NBPI had commented that it was in the Government’s own power to prevent this increase from falling on consumers and taxpayers. The suggestion by the Agricultural Ministers that the settlement should be on the basis of leaving the farmers with 140 per cent of their productivity gain was wholly unacceptable, particularly having regard to the extreme stringency which had to be exercised on other public expenditure programmes.

In discussion, it was argued that after a drop of £39 million in income in 1968–69, the farmers must be given a relatively generous award to provide the incentive and—even more important—the resources to expand production in 1969–70 and subsequently. Bank credit would not be available on the scale required for the investment needed. Small farmers would find it particularly difficult to obtain credit. There had in fact been no productivity gain in 1968–69. Agricultural output would be practically the same in 1968 as in 1964. The very detailed and thorough studies which had been carried out last year had shown that, whereas productivity had been rising much faster in agriculture than in industry for many years, incomes had been rising more slowly. While the desired expansion might be achieved with an award of somewhat less than the £50 million
recommended by the Agricultural Ministers, an award of only £26 million would be wholly ineffective and therefore a waste of public money.

On the other hand, it was argued that the basis on which the agricultural expansion programme had been adopted was that this could be achieved if the farmers were able to retain on average about 50 per cent of their productivity gain. The bad weather during last year's harvest might justify an increase to 60 per cent this year, although farmers had not been asked in the past to forgo part of their award on the grounds that the previous year's weather had been better than average. Agriculture was a priority category for bank advances, and, despite the severe credit squeeze, there had been an increase of £23 million in advances to agriculture in the 12 months ended November 1968. A further increase in the price of milk to the consumer, as proposed, was undesirable in itself and would lead to larger production of milk products and therefore to increasing difficulties with our traditional overseas suppliers. This proposal should therefore be further considered.

The Prime Minister, summing up the discussion, said that the Cabinet would resume their discussion in the following week. For that meeting the Chancellor of the Exchequer and the Minister of Agriculture should provide papers, which should so far as possible be factual, dealing with the doubts expressed in the discussion. In particular, it would be helpful if the Chancellor would set out the relationship between the size of an award and actual Treasury expenditure. It would also be helpful if he would set out the facts about the increase in farmers' income over recent years and their relevance to the annual award. A number of Ministers had recognised that last year's poor harvest justified some increase in the award this year, but it was not clear whether in the past farmers had accepted a lower award after a good year. It would be helpful if the Minister of Agriculture could deal with the possibility of providing some automatic link from year to year between the size of the award and the effects of the weather on the previous year's harvest.

The Cabinet—

(1) Agreed to resume their discussion the following week.
(2) Invited the Chancellor of the Exchequer and the Minister of Agriculture to circulate memoranda for that meeting on the lines indicated by the Prime Minister in his summing up.

Cabinet Office, S.W.1,
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 11th February, 1969 at 10 a.m.

Present:

The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. PETER SHORE, M P, Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. ANTHONY GREENWOOD, M P, Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M P, Minister of Power
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department
The Right Hon. FRED PEAUT, M P, Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M P, President of the Board of Trade
The Right Hon. GEORGE THOMSON, M P, Minister without Portfolio
The Right Hon. RICHARD MARSH, M P, Minister of Transport
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. JUDITH HART, M P, Paymaster General
The Right Hon. JOHN SILKIN, M P, Parliamentary Secretary, Treasury

Also present:

The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

SECRET
SECRET

Secretariat:
Sir Burke Trend
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. E. Thornton

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SECRET
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Lord Chancellor said that the Ministerial Committee on the House of Lords had considered points arising from the debate on the Second Reading of the Parliament (No. 2) Bill and had invited the Lord President and the Chief Whip to ascertain whether the Opposition would be interested in further discussion of the possibility, mentioned by the Prime Minister and the Home Secretary in their speeches, of resolving the differences between the Parties on the question when the reform of the composition of the House of Lords should be introduced. The Committee had also commissioned a paper on the advantages and disadvantages of alternative ways of implementing changes in the composition of the House.

In discussion the Cabinet were informed that the Opposition had themselves indicated that they would be interested in informal discussion of possible changes in the proposals on the composition of the House of Lords. The Ministerial Committee would consider later in the week what changes might be acceptable.

The Prime Minister said that if the Ministerial Committee were unable to agree on the line to be taken in discussion with the Opposition, the matter should be brought before the Cabinet; if they were in agreement, the Cabinet should be informed of the outcome of their discussion.

2. The Chancellor of the Exchequer said that at their meeting on 28th January the Ministerial Steering Committee on Economic Policy had agreed that he should publish a White Paper on 20th February giving details of public expenditure in 1968–69, 1969–70 and 1970–71. All the necessary policy decisions had been taken but it would not be possible to complete the drafting of the White Paper until the end of this week. He would circulate the text not later than Monday, 17th February, for the information of the Cabinet and on the basis that if there were disagreement on a major point in the White Paper it could be considered by the Cabinet or by the Ministerial Steering Committee on Economic Policy, as appropriate, before publication.

The Cabinet—

Took note of the statement by the Chancellor of the Exchequer.
3. The Foreign and Commonwealth Secretary said that our objective in the Western European Union (WEU) had been to seek co-operation, for as long as we were excluded from the European Economic Community (EEC), within the framework of the WEU with the EEC countries. The French were naturally opposed to this. The other five members of WEU were anxious for us to be admitted to the EEC but the extent to which they were prepared to press our case in the face of French hostility varied from country to country. However, when he had visited the German Foreign Minister, Herr Brandt, during the latter’s recent convalescence in the Black Forest, Herr Brandt had been considerably more forthcoming than on previous occasions. After the previous Ministerial Meeting of the WEU in Rome, an informal meeting had been held of all WEU members except the French, at which the Italian representative had been invited to prepare a paper on European co-operation. The Italians had come to Luxembourg with a considerable list of constructive proposals. On the first proposal, for regular consultations on foreign policy, all the WEU countries except France had stated their firm intention of adopting this practice. The French had not yet rejected the proposal out of hand, but had said that they would give their views at the next Council Meeting in three months’ time. Meanwhile, the Foreign and Commonwealth Secretary intended to do what he could to establish the habit of consultation so that when the French expressed their negative views the other WEU Powers would not weaken in their resolve. With this in mind he intended to propose a consultation on Middle Eastern affairs in preparation for the proposed meeting of the Security Council representatives of the four Powers (the United Kingdom, the United States, the Soviet Union and France). All this was something of a side issue in comparison with the main problem of British entry into the EEC; but at least it established that our not being members of that body did not exclude us from consultation with those EEC Powers which wished to consult with us, and that the EEC was not the only forum for consultation. Moreover, it emphasised French isolation, of which the French were becoming increasingly conscious, and might also encourage the other members of the EEC to take a more robust attitude to the British application for membership.

The Foreign and Commonwealth Secretary said that the restrictions which the East German authorities had placed on travel by land to Berlin by political personalities from the Federal Republic in connection with the Presidential Elections were similar to those which had been imposed on previous occasions. They were unlikely to have much practical effect, since few of those involved would
travel by road or rail anyway. Unless, therefore, there were some sudden and unprecedented change in East German policy, there did not appear to be any major cause for anxiety.

The Foreign and Commonwealth Secretary said that talks in Paris between representatives of the United States Government and the Government of South Vietnam on the one hand and representatives of the North Vietnamese and the National Liberation Front (NLF) on the other were still at the propaganda stage, with the representatives of North Vietnam and the NLF making speeches intended to make difficulties for the other side. He added that he agreed with the Home Secretary's decision to allow Madame Binh, the Deputy Leader of the NLF delegation to the Paris talks, to come to the United Kingdom for the Easter Rally of the Campaign for Nuclear Disarmament (CND). This would afford an opportunity for testing the sincerity of the critics of the Government's policy in regard to Vietnam and of establishing publicly whether they were primarily concerned with furthering the interests of the North or whether they really wanted peace in Vietnam. In this connection he hoped that the CND would urge on Madame Binh a progressive de-escalation of the war, which North Vietnam and the NLF had so far consistently opposed.

The Cabinet—

Took note of the Foreign and Commonwealth Secretary's statements.
technologists and junior management. On the other hand it was argued that to do anything which might lead to an extension of the power of white-collar unions, most of whose members were junior clerks and draughtsmen, would be a retrograde step and would impede progress towards industrial unionism.

The Prime Minister, summing up the discussion, said that one of the main weaknesses of British industry was that middle management was less effective than in many other countries, including the United States and Japan. The case for instituting an enquiry, which should not be related to the present dispute in the steel industry, into the role and status of foremen, middle management and other supervisory staff should be further examined.

The Cabinet—

(1) Invited the First Secretary of State to examine the case for instituting an enquiry into the role and status of supervisory staff.

The Secretary of State for Education and Science said that the Burnham Committee had reached agreement on teachers’ salaries in England and Wales but that the National Association of Schoolmasters had refused to accept the settlement and had decided to work to rule. As a result some members of the Association had been suspended, against his own advice, by the local authorities concerned. The Association had now threatened strike action. Their intention was presumably to try to influence the discussions at the forthcoming conference of the National Union of Teachers and it seemed clear that no action could be taken to end the dispute until after that conference.

The Cabinet—

(2) Took note of the statement by the Secretary of State for Education and Science.

The First Secretary of State said that, after sending warning letters to the men concerned, the employers had suspended those dockers who had taken part in unofficial strike action in the Royal Docks to support their claim for higher wages. She had warned the employers in advance that suspension would be pointless as the men could appeal to the National Dock Labour Board which was certain to take the line that suspension was not appropriate in cases of collective indiscipline. They had, however, decided to proceed and there had been further unofficial strike action as a result. Fortunately the unions had now advised the men to appeal to the Board and it should be possible to avoid further stoppages. It would be some time before the men’s appeals were heard and in the
meantime the employers would press ahead with implementing the second stage of the modernisation of the structure of dock workers’ pay.

In discussion it was suggested that everything possible should be done to ensure that ill-considered action on the part of the employers did not provoke a stoppage in the docks which could have very damaging effects on the economy.

The Cabinet—

(3) Took note of the statement by the First Secretary of State.

5. The Cabinet resumed their consideration of the memorandum by the Minister without Portfolio (C (69) 16) and also considered memoranda by the Chancellor of the Exchequer (C (69) 17) and the Minister of Agriculture (C (69) 18) about the Farm Price Review 1969.

The Minister of Agriculture said that his memorandum set out the movements in farm output, income and costs over the five years of the present Administration. There would be an estimated 5-point fall in the index of agricultural production between 1967–68 and 1968–69 due to very adverse weather and other difficulties. In consequence, farmers would have made no gain from increased productivity in 1968–69 and their net income was expected to be £39 million lower than in the previous year. Thus the improvement which last year’s award was intended to produce had not materialised, and farmers’ incomes this year had fallen far behind those of the rest of the community. It was acknowledged that the record of the agricultural industry since the war had been an exceptionally good one under the stimulus of agricultural support provided by the Government. The very substantial expansion in output had made a major contribution to our balance of payments and, in consequence of rapidly increasing efficiency, had been combined with releases of manpower at the rate of 20,000 or more a year since 1945. Meanwhile the level of Government financial support had been reduced in real terms. Farmers had however been left with a smaller growth in real incomes than the rest of the community since the mid-1950s and the divergence had widened very sharply in the current year. It had been argued that an award of £50 million would increase net farm income by £42 million, but it had to be borne in mind that there would be further cost increases in 1969–70 additional to those identified for the purposes of the Review. The tables on page 3 of his memorandum indicated very clearly that
farm incomes were not comparable with wages and salaries. Even on a large farm, the net income left to a farmer in 1967–68 did not leave much over for investment. It was not possible to establish any precise statistical relationship between the size of the award and of the subsequent agricultural output, but if the award were insufficient to maintain farmers’ confidence there would certainly be stagnation. The award of £50 million for which he was asking had been based on most careful judgment of all the factors involved and was in his opinion necessary to maintain confidence and obtain the expansion of output, and consequent import saving, on which the Government had determined last November. He fully accepted that, once the farming industry was back on course, the farmers should bear out of their productivity gain a reasonable proportion of their increasing costs. It was relevant to their consideration that in every year since 1964 the actual cost of agricultural support had been substantially less than the estimate.

The Chancellor of the Exchequer said that the Minister of Agriculture in his memorandum had chosen 1964–65 as the base year; as that year had been an exceptionally favourable one, the picture in C (69) 18 of the development of output and income since 1964–65 had been severely distorted. He thought perhaps the best indication was given by the figures in Annex B of his own memorandum (particularly the three year moving average) which had also been circulated to the Agricultural Policy Committee and which showed a rising trend of both income and output between 1964–65 and 1967–68. He believed that there were a number of misconceptions about the nature of net farm income. It was true that it was not comparable with a wage or salary, but nor was the whole of farm investment provided from it. The comparison of the incomes of farmers with those of others in the table in paragraph 11 of C (69) 18 was misleading in that the index of farmers’ income was calculated after provision for depreciation, whereas the indices of the incomes of other sole traders, professional persons and gross company profits were calculated before provision for depreciation. It had also to be borne in mind that the number of farmers was decreasing by about 5,000 a year, so that the aggregate net farm income was shared out between fewer farmers each year, the same did not apply to professional persons and other sole traders.

It had been strongly emphasised by the Agricultural Ministers that increased income was required next year in order to finance additional investment. But the economic statistics provided for the Review by the Agricultural Departments showed, inter alia, that gross capital formation in agriculture between 1963 and 1968 had risen, at current prices, from £167 million to £205 million and had not varied from year to year according to income or climatic
conditions. Investment in plant, machinery and vehicles in 1968 was, in fact, virtually equal to the depreciation provision which had been deducted before estimating net farm income in 1968–69. Thus, the whole of this type of investment appeared to be financed out of provision for depreciation. Similarly, investment in buildings and works was allowed for in computation of gross rents which were also deducted in calculating net farm income. Investment which had to be financed by farmers out of net income or borrowing was thus limited to the increase in value of their crops and livestock. The continually rising price of agricultural land—an increase of two-and-a-half times in the last ten years—did not suggest that farmers were dissatisfied with their return. As regards the expected fall in farmers’ net income in 1968–69, it appeared from other information recently circulated by the Agricultural Departments that a moderate increase was expected in net income in Northern Ireland from all except mixed farms. Substantial increases were forecast from all except cropping farms in Scotland in 1968–69. In England and Wales, a fall in 1968–69 was forecast for dairy, cropping and mixed farms, but an increase was expected for livestock and specialist pig and poultry farms. The increase in income expected from livestock rearing throughout Great Britain was particularly relevant to the claims for special treatment for beef in the current Review. Any excessive generosity in the current Farm Review would reduce the contingency reserve for 1969–70 and greatly increase the risk of a repetition this summer of the painful pruning of public expenditure required last summer. He considered that an award of £26 million would be generous.

The Minister without Portfolio said that they should bear in mind that the selective expansion programme to 1972–73 had been agreed on the basis of extensive groundwork by officials and economic advisers on the implications and requirements of such a programme. The official report had indicated that between now and 1972–73 the programme would be achieved if the farmers were left with about 50 per cent of their real productivity gain. In considering the size of the award at this Review, he believed that this was the rational starting point. An award calculated to leave the farmers with half of their real productivity gain in 1969–70 would amount to £23 million. There were, however, special and conflicting considerations affecting 1969–70. It would not be right to ignore the bad weather in 1968–69 and the aftermath of the foot-and-mouth epidemic, or the announcement in November of the Government’s selective expansion programme to 1972–73. If the confidence of the farmers was to be maintained—and this was clearly of great importance—then an award more generous than
the norm was indicated. On the other hand, he had borne in mind the extremely tight expenditure position in 1969–70 which had led to the review of the programmes of other spending Departments last summer and had resulted in very difficult reductions in expenditure on roads, housing and education. Taking these two conflicting considerations into account, he had reached the conclusion that leaving the farmers with 60 per cent instead of 50 per cent of their expected productivity gain in 1969–70 would meet the case. An award on the scale proposed by the Minister of Agriculture which would leave the farmers with 140 per cent of their productivity gain in 1969–70 seemed completely to depart from the basis on which they had agreed the selective expansion programme; or else it would mean that a minimal award of only 5 per cent of the productivity gain could be made at each of the following two Farm Reviews in order to restore the norm of 50 per cent on average.

The Prime Minister, summing up the discussion, said that opinion was fairly evenly divided between those Ministers who supported the recommendation by the Minister without Portfolio for an award of £26 million and those who wanted more. On balance the Cabinet agreed that the Minister of Agriculture should be authorised to negotiate an award of £30 million. The Agricultural Policy Committee should be consulted about the details of the settlement. If in the course of the negotiations the Minister decided that he must ask his colleagues to increase this limit on his negotiating authority, he was of course free to do so. But, in view of the extremely serious public expenditure and budgetary problems which now faced the Government, the Minister of Agriculture should not expect the agreement of his colleagues to any significant increase beyond £30 million.

The Cabinet—
Invited the Minister of Agriculture to negotiate a total award in the Farm Price Review for 1969 of £30 million.

_Cabinet Office, S.W.1,_
_11th February, 1969._
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 20th February, 1969, at 11 a.m.

Present:
The Right Hon. Harold Wilson, M.P., Prime Minister
The Right Hon. Michael Stewart, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Lord Gardiner, Lord Chancellor
The Right Hon. Barbara Castle, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. Fred Peart, M.P., Lord President of the Council
The Right Hon. Anthony Crosland, M.P., President of the Board of Trade
The Right Hon. George Thomson, M.P., Minister without Portfolio
The Right Hon. Anthony Wedgwood Benn, M.P., Minister of Technology
The Right Hon. Cledwyn Hughes, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. George Thomas, M.P., Secretary of State for Wales
The Right Hon. Judith Hart, M.P., Paymaster General
The Right Hon. Roy Jenkins, M.P., Chancellor of the Exchequer
The Right Hon. Richard Crossman, M.P., Secretary of State for Social Services
The Right Hon. James Callaghan, M.P., Secretary of State for the Home Department
The Right Hon. Peter Shore, M.P., Secretary of State for Economic Affairs
The Right Hon. William Ross, M.P., Secretary of State for Scotland
The Right Hon. Edward Short, M.P., Secretary of State for Education and Science
The Right Hon. Richard Marsh, M.P., Minister of Transport
The Right Hon. Lord Shackleton, Lord Privy Seal
The Right Hon. Roy Mason, M.P., Minister of Power
The Right Hon. John Diamond, M.P., Chief Secretary, Treasury

Also present:
The Right Hon. John Silkin, M.P., Parliamentary Secretary, Treasury

SECRET
**Secretariat:**

Sir Burke Trend
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. J. Hudson

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1. The Prime Minister reported that the Parliamentary Committee, at a meeting earlier that morning, had discussed the slow progress which the Parliament (No. 2) Bill was making in Committee. They had agreed that, since some of those among their own backbenchers who were opposing the early clauses of the Bill, on the composition of the reformed House of Lords, might not oppose later clauses dealing with powers, it would be premature to consider now what tactics to adopt in the later stages. The situation would be reviewed in a week’s time. The Home Secretary had reported that the confidential meeting with leading members of the Conservative Opposition, which had been mentioned at the Cabinet’s previous meeting, had made it clear that the Opposition were not interested in a compromise on the timing of the introduction of changes in the composition of the House of Lords, but only in the postponement to the next Parliament of these provisions as a whole. The Government’s attitude to this should be considered when more progress had been made in Committee.

The Parliamentary Committee had also considered the tactics to be adopted in the debates likely to take place early in March on the White Papers on National Superannuation and Social Insurance and on Policy for Industrial Relations. It was agreed that the White Papers should be debated on Motions identical in substance, which would on the one hand place the Opposition in difficulty \textit{vis-à-vis} their own policies, and, on the other, enable critics among the Government’s supporters to vote in favour of the Motion without committing themselves to the details of the proposals. The Lord President and the Chief Whip had been asked to work out the terms of a Motion in consultation with the Secretary of State for Social Services and the First Secretary of State and it might be necessary that the Motions should be approved by the Parliamentary Committee or the Cabinet before they were tabled.

The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Cabinet discussed the growing interest evinced by the Opposition in problems of crime, and noted that it would be necessary to consider later how best to contain the tendency to make crime into a political issue.

2. The Foreign and Commonwealth Secretary said that in the recent elections in India the Congress Party had suffered a setback in four states. In West Bengal, the Communist-dominated Front had won a landslide victory. The elections would increase the
Central Government's difficulties in achieving working relationships with the State Governments, and although no convincing alternative to Congress as a national Government had yet emerged, there was some doubt about its prospects in the 1972 elections. If as a result of present developments democracy in India were to fall into disrepute, the consequences would be serious.

The Foreign and Commonwealth Secretary said that in Pakistan the situation, as might be expected after 10 years of authoritarian government, remained disturbed, and the outlook was uncertain. Opposition to President Ayub's Government was widespread and a number of political figures had come out publicly against him. The President had made some conciliatory gestures recently but his opponents (in particular Air Marshal Asghar Khan, the Chief Justice, and Mr. Bhutto) appeared unwilling to enter into discussions with him.

The Foreign and Commonwealth Secretary said that the four-power meeting on the Middle East situation, previously arranged for 19th February, had not in the event been held, but he hoped it would take place before the end of the week. In the British view the first step was to agree on a message of support from the four powers to Dr. Jarring, the Special Representative of the United Nations Secretary-General and a request to the opposing powers to co-operate with him. All of the four powers had already condemned the latest attack on an Israeli airliner and urged Israel to refrain from retaliation.

On the substance of the dispute the aim must be to devise a comprehensive settlement comprising all the elements in the Security Council Resolution, including also concessions which each side might offer in order to make the settlement more acceptable to the other. A four-power initiative was needed to break the deadlock created by the fact that the opposing sides and to some extent Dr. Jarring, had all taken up rigid positions.

One encouraging development had been that the Soviet Embassy, in response to our request for clarification of some points of detail in the recent Soviet note on the Middle East situation, had suggested that representatives of the two countries should discuss the Soviet proposals in parallel with the four-power conversations in New York. It seemed possible that the Soviet Union had now concluded that their interests would be better served by a settlement in the Middle East than by a continuance of the existing state of tension.

The Cabinet—

(1) Took note of the statements by the Foreign and Commonwealth Secretary.
General de Gaulle's Proposals for Anglo-French Discussions: European Co-operation in the Western European Union (Previous Reference: CC(69)8th Conclusions, Minute 3)

The Foreign and Commonwealth Secretary said that recently the President of the French Republic, General de Gaulle, had sent for HM Ambassador in Paris and had put to him a series of ideas on the future organisation of Europe. The essence of General de Gaulle's suggestions had been that there should be an independent Europe which would make the North Atlantic Treaty Organisation unnecessary. The European Economic Community (EEC) would be transformed into a looser but at the same time wider, economic association within which there would be an inner political directorate of the larger European powers, i.e., France, Britain, Germany and Italy. General de Gaulle had suggested that France and Britain should enter into bilateral talks on defence and other matters. The Foreign and Commonwealth Secretary said that General de Gaulle's basic propositions were quite unacceptable. Neither we nor our other potential partners in the EEC wished to disrupt either the EEC or the Western Alliance. It was difficult to see how such proposals could work in practice. They would be unwelcome to the other members of the EEC, who would see in what General de Gaulle proposed in respect of the Community the destruction of its solid achievements in exchange for a concept which remained entirely vague. The smaller powers would object violently to the idea of a European political directorate. General de Gaulle's motives in making these proposals were not entirely clear. But their effect would certainly be disruptive; and probably their intention was too. It was important not to allow General de Gaulle to get into a position in which he could tell the Europeans that British entry into the EEC no longer mattered, since he and the British were now planning a new and entirely different arrangement. If this were allowed to happen, we should lose our friends in Europe and gain no advantage for ourselves. Past experience suggested that General de Gaulle might have something of this nature in mind and this surmise was confirmed by some of the (probably inspired) leakages which had taken place.

We had accordingly replied to General de Gaulle making it clear that his basic ideas were unsatisfactory to us. While we would be prepared to have bilateral discussions with him, we could not do so without informing our partners in the Western European Union (WEU). During his visit to Bonn the Prime Minister had informed Dr. Kiesinger, the German Chancellor, of General de Gaulle's approach, and the same information had been given to the other members of the WEU. In this way we had avoided the risk of being placed in a false position by General de Gaulle and of arousing suspicions in the minds of our WEU partners that we were attempting to do a deal with the French at their expense. It was possible that
in making his approach to us when he did General de Gaulle had
had in mind the forthcoming visit of the President of the United
States, Mr. Nixon, to Europe, and the desirability of trying to
convince the President that he had put forward reasonable proposals
in regard to Europe but that the British had rejected them.

Turning to the question of political consultation in the WEU,
the Foreign and Commonwealth Secretary said that in this case, as
in others, an important question of substance had arisen under the
guise of a question of procedure. Both we and the other members
of WEU (the “Five”) believed that so long as Britain was excluded
from the EEC there must be as much consultation as possible
between us and them in the fields not covered by the Treaty of Rome,
and in forums other than the EEC. One important reason for this
was that if we showed no interest in consultation with our European
partners—for which the initiative had come from them—they would
tend to lose interest in us and in our entry into the Community.
Moreover, there would be an increasing tendency to centre discussion
of matters not covered by the Treaty of Rome, within the EEC, with
the result that we should be excluded, perhaps permanently, from
such discussions. For so long as we were not members of the EEC,
we must ensure that it did not become the sole forum of discussion
in Europe.

It was with these considerations in mind that we had proposed
the discussion on the Middle Eastern situation between the
Permanent Representatives on the Council of the Western European
Union which had taken place on 14th February. The five European
members, other than France, had welcomed this meeting, had found
it useful and had taken the view (which was opposed by the French)
that in calling and holding the meeting the Secretary-General had
acted wisely and properly. The French had objected to the meeting,
and had attempted to bring pressure to bear on the Secretary-General,
who had however stood firm. The French would probably persist
in boycotting such meetings. If they did, we should not attempt
to exclude them, but neither should we feel debarred from carrying
on without them. It was hoped that such meetings would continue
and give a new lease of life to the WEU, which would now begin to
fulfil some of the purposes for which it was intended.

The German attitude over this episode had been somewhat
confused. At first the Germans had strongly supported the holding
of these meetings, but later their enthusiasm had waned and
Dr. Kiesinger, it appeared against the advice of the German
Ambassador in London and the Foreign Ministry in Bonn, had
issued a somewhat ambiguous statement. This had been followed
by two further statements, which were also obscure, and appeared
to be motivated by the desire to please both sides. The Germans
were being asked for clarification of their attitude; but as this appeared to be that only meetings of Ministers required unanimous approval, and they seemed to have no objection to the holding of regular fortnightly meetings of Permanent Representatives, which could be used for the purposes we had in mind, their position did not appear to preclude us from getting the substance of what we and the other European powers wanted. Though on present indications it was unlikely that the Germans would refuse to attend meetings at which the French were not present it would be inadvisable to discuss political issues in a forum from which both France and Germany were absent.

In discussion the point was made that while the ambiguity of the German attitude over the recent WEU meeting was regrettable, it had to be borne in mind that the Federal Government attached as much importance to the Franco-German alliance and the burying of traditional enmities which it represented, as they did to their relations with us. This was a genuine and legitimate German interest. Moreover, they were facing a general election within the next few months. There were therefore limits to the degree of co-operation we could expect from them. The diplomatic manoeuvres in which we were engaged vis-à-vis France should not be carried to a length which might endanger our relations with Germany. On the other hand it was pointed out that the revelation of General de Gaulle's thinking and in particular of his ideas regarding the EEC had made a considerable impression on the German as on other European governments. German policies were bound over the ensuing months to be influenced by electoral considerations and Dr. Kiesinger in particular would be forced to do what he could to keep at least the semblance of a Franco-German alliance in being. However, no German party could afford to be forced into a position where it could be represented as being so subservient to French policies as to be prepared to throw away the benefits of good relations with Britain in the interest of good relations with France. It was for us to make it clear by our actions that it was the French and not ourselves who were being unreasonable and doing the bullying: opinion in Germany, in Europe generally, and even to a large extent in France, appeared to be reaching this conclusion. During the Prime Minister's visit to Bonn the German Government had been left under no misapprehension about the frustration and resentment which had been caused in Britain by the fact that on two important issues (trading arrangements with the EEC and the Harmel proposals for political co-operation) the Germans had appeared to be siding with the French rather than with ourselves. Dr. Kiesinger had assured the Prime Minister that the German attitude had been inspired not by sympathy with France but by tactical considerations.
With regard to General de Gaulle's initiative, it was deplorable that Britain and France should be at variance: but the differences between the two countries could not be solved by making concessions to the General, who had demonstrated his hostility not only to Britain but to the sort of Europe we and our European partners wanted and (as his attitude towards the Non-Proliferation Treaty had shown) to even wider interests. In general, the outcome of the Luxembourg meeting of the WEU, the Prime Minister's visit to Bonn, and the action subsequently taken in WEU had been favourable. We should now work towards a situation in which any discussion (at any rate between the "Five") of new policies should take place in a manner which allowed of consultation, whether collectively or bilaterally, with ourselves, and in which positions within the EEC would not become hardened so long as the French attitude towards British entry remained unchanged.

The Cabinet—

(2) Took note of the statement by the Foreign and Commonwealth Secretary and the points made in discussion.

The Prime Minister said that discussions with the Germans on questions of technological co-operation had on the whole been satisfactory. On ELDO he had emphasised the desirability of carefully examining the issues of cost and political benefit in order to ensure that projects were financially viable and brought a real economic return and had fully explained the reasons underlying our attitude towards the organisation. This had brought no adverse reaction from the Germans. On the Airbus, he had expressed his surprise that the Federal Government should have reached a decision on the form of aircraft they favoured and had announced this apparently before they had assessed the state of the market and the sales prospects of the aircraft. He had deprecated any attempt to establish a link between the Airbus project and that for the multi-role combat aircraft (MRCA). To this, both the Federal German Chancellor, Dr. Kiesinger, and the Finance Minister, Herr Strauss, had signified their assent. In his view, it would be a mistake to build, for political reasons, an Airbus which could not be sold and an MRCA which did not meet the military requirement. The two projects must be treated on their technical, political and commercial merits, and it was essential that the governments concerned should be satisfied that they were viable. Discussion of collaboration in producing enriched uranium by the gas centrifuge process had led into a discussion of the Non-Proliferation Treaty (NPT) and its implications for the application for peaceful uses of nuclear energy. It had been agreed that Dr. Stoltenberg, the Federal Minister for Scientific Research, could usefully discuss these aspects with the
Ministers concerned when he visited London on 11th March. This would help to overcome Herr Strauss' opposition to signing the Treaty, which he was basing on the ostensible ground that it would inhibit peaceful nuclear development. The Germans had expressed a degree of satisfaction at the Soviet intimation that if the Federal Government signed the NPT their accession would not have any discriminatory implications and that the Security Council Resolution No. 235 would extend to the Federal Government in the same way as to other non-nuclear signatories. Some anxiety evidently remained in their minds that the Soviet Government might claim to retain the right of intervention under the "enemy states" clauses of the United Nations Charter. The Prime Minister had pointed out in this connection that the essential security assurance for the Federal Government was provided by the North Atlantic Treaty Organisation (NATO) and the United States commitment to NATO. It seemed likely that the Federal Government would eventually sign the NPT, though not until after the elections, and though there was a possibility that German signature of the Treaty might become an election casualty.

In discussion, the point was made that collaboration with Europe in technical matters had already reached a high level even though the political problem had not yet been resolved. We should not therefore be unduly discouraged by current political difficulties or allow political considerations to dominate questions of technical co-operation. As against this, it was pointed out that the opportunities which had presented themselves in the technical field had arisen precisely because we had succeeded in convincing our European partners that we were European-minded and anxious to collaborate with them. If the political momentum were allowed to slacken, the picture might be a very different one.

The Cabinet—

(3) Took note of the statement by the Prime Minister and of the points made in discussion.

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3. The First Secretary of State said that there was a risk of serious trouble in the steel industry as a result of the conflict between the recommendations of the Trades Union Congress (TUC) on union recognition and the findings of the court of inquiry under Lord Pearson. The six craft unions were taking a stand on the former and the two white-collar unions on the latter; and both groups were ready to take industrial action if the decision went against them.
She had told the British Steel Corporation (BSC) that while her Department would do all they could by way of conciliation they could not act as arbitrators nor could they impose a settlement on the lines of the findings of the court of inquiry or otherwise. It was the statutory duty of the BSC as part of its management function, to decide which unions to recognise. She had urged the BSC to bear in mind the need to avoid damaging stoppage in the industry; and her Department were now trying to assess the relative damage to the economy which strike action by the six craft unions on the one hand and the two white-collar unions on the other might cause. It should be borne in mind that while action by the white-collar unions might extend to the motor industry and other sectors of the engineering industry, a strike by the craft unions would bring the steel industry to a halt and so cause serious disruption throughout the steel-using industries.

In discussion it was pointed out that the conflict between the TUC's recommendations and the court of inquiry's findings had placed the Chairman of BSC in a very difficult personal position. It would therefore be important to assure him that the Government would support any decision taken by the BSC management on recognition. The risk of strike action might be reduced if the craft unions could be brought to accept a measure of recognition for the white-collar unions, at local level, in plants where they were strongly represented. On the other hand it was important that the Government should not recommend to the BSC any particular course of action in what was essentially a matter for management decision.

The Cabinet—

(1) Took note of the statement by the First Secretary of State.

(2) Invited the Secretary of State for Economic Affairs to arrange for contingency planning to deal with the industrial consequences of a strike to be kept under review as the situation developed.

*The First Secretary of State* said that a serious situation had developed in the motor industry. The trades unions concerned had approved by a narrow majority the agreement on wages and conditions which had been negotiated with the Ford Motor Company. The shop stewards from the Amalgamated Union of Engineering and Foundry Workers (AEF) had however refused to accept it and were being supported by shop stewards from the Transport and General Workers Union. A meeting of the employees' side of the Ford Motor Company's national joint negotiating committee was to be held on the following day and it
was expected that if a majority of the unions represented at the meeting voted in favour of the agreement, the AEF would formally dissent and give official backing to the shop stewards’ action.

The Cabinet—

(3) Took note of the statement by the First Secretary of State.

Cabinet Office, S.W.1.
20th February, 1969
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 27th February, 1969, at 10 a.m.

Present:

The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity (Items 1-5)
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. RICHARD MARSH, M.P., Minister of Transport (Items 1-4)
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food (Items 1 and 2)
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEAR, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade (Items 1-3)
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio (Items 1 and 2)
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government (Items 1-4)
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power (Items 1-5)
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

Also present:

The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury

SECRET
Secretariat:

Sir Burke Trend
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Sir Robin Hooper
Dr. F. H. Allen

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1. The Minister of Transport drew the attention of the Cabinet to a report in The Guardian of 24th February about Ministerial discussion of his Green Paper on the roads programme, in which it was stated that certain of his colleagues had forced him to agree to the inclusion of a particular road in the programme. The report referred to the Cabinet, but it clearly reflected detailed briefing on the discussion which had taken place in the Steering Committee on Economic Policy in the previous week.

There was general agreement that briefing of this kind, which led to speculation about disunity in the Cabinet, was much to be deplored.

2. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Home Secretary said that, in the face of determined opposition from a minority of Members, the Parliament (No. 2) Bill was making only slow progress in Committee. The House had already devoted seven days to the subject, including the debates on the White Paper and on the Second Reading of the Bill, and the failure of the Government’s own supporters to attend late sittings forced them to waste time that could have been saved by moving the closure had sufficient of their supporters been present to ensure that they could carry the division. He still thought that it would be possible to carry the Bill through provided that they were prepared to devote sufficient time to it, preferably in morning sittings; but undoubtedly the time required would exceed the estimate, and it was for consideration whether it was right to persist with the Bill.

The Chief Whip said that the Government could have no certainty of being able to carry a Timetable Motion. There would be less opposition to committing the Bill to a Committee upstairs, and this might avoid further expenditure of time on the floor of the House.

In discussion it was pointed out that the Government had based their plans on the assumption that the Bill would be handled as an agreed measure, but the Opposition had failed to support them; and, in the absence of the usual informal arrangements between the Chief Whips on either side and of sufficient voting strength to secure a Timetable Motion, it was impossible to secure the passage of the
Bill against the determined opposition of a minority of Members. In the new situation which now obtained it would be worth considering whether the Bill could usefully be sent to a Standing Committee, but there might be disadvantages in this solution and they should also consider whether they should abandon the Bill altogether or persist with its discussion on the floor of the House. To withdraw the Bill in the face of determined opposition from only about 60 Members might have a more harmful effect on the remainder of their programme than occupying more time on the floor of the House, because it would encourage the opponents of other Bills in their attempts to obstruct them. It was important, however, to dispel the impression shared by a number of back-benchers on the Government side that the Government were not united in their determination to push the Bill through. It would also be important to deflect the discontent with late sittings from the Government to those responsible for the filibuster, for example, by making it clear that failure to support the Government in putting their programme through would threaten other Bills to which Members attached importance, and that time lost on the Parliament (No. 2) Bill might be made up by reducing the length of the Whitsun recess.

The Prime Minister, summing up the discussion, said that it would be helpful if the Home Secretary, as the Minister in charge of the Bill in the House of Commons, would discuss with the Lord President and the Chief Whip, and with other Ministers concerned, the proposal that the remainder of the Committee stage might be taken in a Standing Committee. Subject to further consideration of this arrangement, the present feeling in the Cabinet was that to withdraw the Parliament Bill would give dangerous encouragement to the opponents of major Bills in the remainder of the Government's programme. They should therefore rally their supporters by making it clear that the Government intended to secure the passage of the Bill. In particular, Ministers should impress upon their own junior Ministers and on Parliamentary Private Secretaries that they must show a united determination to push the Bill through, and that the delaying tactics of the opponents of the Bill endangered the other measures in the current programme. They would consider the matter further in the light of the Home Secretary's discussion of the proposal that the Bill should be sent upstairs.

The Cabinet—

(1) Invited the Home Secretary, in consultation with the Lord President and the Chief Whip, and other Ministers concerned, to consider the proposal that the remainder of the Committee stage of the Parliament (No. 2) Bill should be taken in Standing Committee.
(2) Invited Ministers to make clear to junior Ministers in their Departments and their Parliamentary Private Secretaries the Government's determination to secure this and other Bills in their programme, and the importance of active and united support.

3. The Foreign and Commonwealth Secretary said that in Vietnam the Communists had launched a military offensive. The North Vietnamese and the National Liberation Front had concurrently adopted a harder line at the Paris discussions. So far, the offensive had not met with much success; and the United States were unlikely to react violently to it, either in Paris by breaking off the talks, or in Vietnam by an escalation of their military effort. The United States view was that no progress was likely until the North Vietnamese were ready once again to talk to them in private. Such advances as had been made up to now had been entirely as a result of private conversations and not in consequence of anything that had been said in plenary session.

The Foreign and Commonwealth Secretary said that the main development since he had last reported to the Cabinet had been that it had become public knowledge that the talk between HM Ambassador in Paris, Mr. Christopher Soames, and the French President, General de Gaulle, on 4th February, had taken place. We had given a full account to our allies and to the Press: in doing so, we had had in mind the unfortunate precedent in 1966, when the French had given distorted and inaccurate accounts of Anglo-French conversations to their partners in the European Economic Community (EEC) without informing the British Government. HM Ambassador had visited London for consultations and had returned to Paris with a message to the French Foreign Minister, M. Debré, to the effect that we were prepared to enter into discussions, though we could not accept the ideas General de Gaulle had advanced on European "independence" of the United States, the future of the North Atlantic Treaty Organisation, and EEC; and that we should have to inform our allies. The French Government had protested against our disclosure of their approach, maintaining, though without justification, that we had distorted what General de Gaulle had said. We should be replying orally maintaining our position and refuting the allegations of distortion. In the debate in the House of Commons on 25th February, the attack on the Government's handling of the matter had clearly failed; and there had been no speculation about the alleged differences between the Government and HM Ambassador.
in Paris, whose handling of the matter had in fact been wholly correct throughout. The French now seemed anxious—as we were ourselves—to take the heat out of the situation. The action we had taken appeared to have been justified by events; and much of the comment in other countries seemed to bear this out.

In the circumstances, it was all the more important to enhance the importance of the Western European Union (WEU) and make it into the forum of European consultation which it had originally been intended to be. It was essential for so long as we were excluded from the EEC that that body should not be the sole focus of European co-operation. After some initial hesitation, the Federal German Government had agreed to our proposal for a meeting of Permanent Representatives to the WEU. The fact that all members of the WEU except France had attended this meeting was of major significance, and the consultations thus initiated would continue. Besides discussing the Middle East, the meeting had dealt with the question of Greece, with particular reference to the resolution of the Consultative Assembly of the Council of Europe on Greek membership of that body. The general view had been that it would be best to await the report of the Commission on Human Rights. The Foreign and Commonwealth Secretary would shortly be seeing HM Ambassador in Athens and would also discuss the problem with the Greek Foreign Minister, Mr. Pipinelis, at the spring meeting of the North Atlantic Council. The next topic for discussion by the Permanent Representatives to the WEU would be Nigeria. This discussion also would be useful to us. While it would be unprofitable to speculate about French motives, the 1966 episode to which he had referred had to be borne in mind. Had an inaccurate version of the General’s discussion with Mr. Soames been first in the field and remained unchallenged, the consequences to our relations with our European allies might have been serious. If, as the General had asked, we had agreed to keep the talks with the French secret until they had actually begun, our allies would have accused us of bad faith, this quite apart from the explosive nature of the French proposals themselves, which were calculated to arouse acute concern in both their economic and their military aspects. In all the circumstances, and given in particular the extremely delicate situation in which the timing of the General’s approach had put the Prime Minister in regard to his talks with the German Chancellor, Dr. Kiesinger, there was no practical alternative to the course which had been adopted.

In discussion there was general agreement with this view. It was suggested that we might have informed our European Free Trade Area partners as well as our fellow-members of WEU. It was pointed out, however, that the former were not in all cases our military allies and were thus less closely concerned. The point

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was made that the General had not insisted, as a precondition for talks, on British acceptance of his ideas on the future development of the Western Alliance and the EEC; and we had made it clear that we could not agree to them. This was largely because we judged that they would be as totally unacceptable to our European allies as they were to ourselves. On the other hand, if when our allies had been fully informed of the proposals they were to think them worth consideration, that would be a different matter. As things now stood, there was little chance that the French proposal for Anglo-French talks would be revived: but in time the episode would blow over. In the long run, it might have done less harm to Anglo-French relations than might at present be thought to be the case. General de Gaulle tended to respect those who stood up to him and despise those who did not.

The Cabinet—

Took note of the statement by the Foreign and Commonwealth Secretary and of the points made in discussion.

The Prime Minister said that the visit of the President of the United States, Mr. Nixon, had gone very well. The President had made an excellent start by emphasising the desirability of much closer personal consultation at all levels between the United States and the United Kingdom Governments than had been the case under the previous United States Administration. President Nixon was evidently anxious that he and the Prime Minister should keep in touch by means of fairly frequent informal meetings. He also evidently hoped that there would be consultation between British Ministers and their United States counterparts, and that these consultations would extend beyond the sphere of international relations and into that of domestic problems of common concern. The President also clearly envisaged increased contacts at the administrative and official level.

On the North Atlantic Treaty Organisation (NATO) and East/West relations generally, the views of the new Administration were in close accord with our own. The President desired to strengthen NATO and accepted the concept of a European identity within the Alliance. He had emphasised, and had also made this point in public, that the purpose of building up the strength of NATO was to create conditions in which a détente would be possible, and had intimated that the ideas of the United States Administration were moving in the direction of bilateral discussions with the Soviet Union on arms limitation. The President was obviously concerned at the prospect of further nuclear proliferation.
In discussion of Middle Eastern affairs, it had become apparent that the two Governments were in full agreement on how the situation should be handled.

The discussion on monetary affairs had been a brief one, and would be followed up bilaterally. The President had fully shared our misgivings about a full-scale international conference on the subject.

In general, the Prime Minister had been agreeably impressed by the President's pragmatic attitude and his evident desire for closer consultation with Britain and his other allies. It seemed unlikely that the new Administration would take any embarrassing initiatives like the Multilateral Nuclear Force; and it looked as though the new President would be well served by his advisers and would not allow himself to be insulated from realities. The new United States Secretary of State, Mr. Rogers, did not have much background knowledge of foreign affairs; but he was agreeable and friendly. It seemed likely that the main impetus in the field of international relations would come from Mr. Kissinger and his staff in the White House. For his part, the President had been much impressed by the presentations made by British Ministers in the formal meeting on the morning of 25th February, by the quality of the contributions made by members of the Cabinet to the informal discussion in the evening, and by the markedly friendly and intimate atmosphere in which the talks had been conducted.

The only unsatisfactory feature of the visit had been its treatment by the British Broadcasting Corporation (BBC). The fact that the Corporation has subsequently volunteered a public apology for the manner in which they had treated certain aspects of the occasion was sufficient to disprove any allegation that the Government had sought to control or influence their presentation of the event. But their comments on the arrangements made for the President to meet the Leader of the Opposition and other political spokesmen had been the more unfortunate in that those arrangements in fact represented a considerably more generous attitude on the part of the Government than that adopted by the then Administration, now the Opposition, in connection with previous Presidential visits. As a result Press comment had tended to concentrate on the alleged dispute between the Government and the BBC at the expense of adequate coverage of what had been an extremely successful visit.

The Cabinet—

Took note of the statement by the Prime Minister.
4. The First Secretary of State said that, as she had forecast to the Cabinet on 20th February, the Amalgamated Union of Engineering and Foundry Workers (AEF) and the Transport and General Workers’ Union (T & GWU) had now declared an official strike at the Ford Motor Company’s plants. The company were accordingly seeking an injunction against the unions to desist from acting in breach of the agreement which they had negotiated with the company. Fords had done this entirely on their own initiative, thus confirming that under existing law it was open to any company to seek legal enforcement of contracts entered into by its employees.

The agreement, which had been negotiated over a period of nearly three months, provided for an average increase in pay of 8 per cent and significant improvements in fringe benefits. It would protect the men against automatic lay-offs arising from interruptions in the supply of components; and would give the company, in return, some protection against unofficial strikes. The company’s proposals had been generally welcomed by the trade union negotiators, who had not at any stage raised any objection to the principle of applying financial penalties to those involved in unofficial strike action. The trade union side of the company’s national joint negotiating committee had twice approved the proposals by a small majority but on each occasion the leadership of the AEF and the T & GWU had refused to accept the majority view. Apart from telling the company, after consultation with the Treasury, that the agreement was acceptable under the Government’s incomes policy (subject to a review after six months) she had not so far intervened in the dispute. It would now be necessary to determine the Government’s attitude to it. In her view Fords had made a determined effort to achieve a breakthrough in their industrial relations and the opposition to the agreement appeared to be based on the realisation that, if put into effect, it would severely reduce the power of the shop stewards. The economic cost of a prolonged strike would be substantial but the long-term consequences of encouraging the company to give way to the militants’ demands could well be much more damaging.

In discussion it was recognised that firm decisions could not be taken until the result of the company’s application for an injunction was known. So long as the matter was sub judice a Government statement on the merits of the case would be inappropriate, though consideration would need to be given at a later stage to the best way of bringing the issues at stake home to the men on the shop floor. The effect on exports of a prolonged strike could not be ignored but there were powerful arguments against giving way to politically
motivated pressure from militant trade union leaders. The worst possible course would be to stand firm initially and then give way.

The Prime Minister, summing up the discussion, said that it would be necessary to await the outcome of the company’s application for an injunction. In the meantime an estimate should be prepared of the possible effects of a prolonged strike on the next few months’ trade figures. The Parliamentary Committee would keep the situation under review.

The Cabinet—

1. Took note that the Prime Minister would arrange for the Parliamentary Committee to keep the situation under review.

2. Invited the President of the Board of Trade to arrange for an estimate to be prepared, for consideration by the Parliamentary Committee, of the effect of a prolonged strike on the next few months’ trade figures.

The Cabinet were informed that the British Steel Corporation would announce their decision on union recognition in the steel industry later that day. It would be important to make it clear that the Government backed the Corporation’s decision, while avoiding the twin dangers of, on the one hand, appearing to pass judgment on the merits of the decision, and, on the other, encouraging the unions to believe that further pressure would lead to its being modified.

The Cabinet—

3. Took note of the situation.

5. The Chancellor of the Exchequer informed the Cabinet that Bank Rate would be increased that day from 7 per cent to 8 per cent.

The Cabinet—

Took note of the statement by the Chancellor of the Exchequer.

6. The Cabinet considered a memorandum by the Lord President (C (69) 20) setting out the main arguments for and against continuance of the national programme of space technology, known as BLACK ARROW.
The Lord President said that the case for continuing the BLACK ARROW programme rested on two main considerations: firstly, that it offered the means of maintaining a centre of expertise on space technology which would be of value to other Government Departments and to industry, and also in protecting our investment in international organisations; and secondly, that investment in such a space programme, at a rate of about £3 million in 1969–70 rising to £5 million in 1973–74, would in the long run be justified by economic returns, although these could not at present be quantified. The Ministerial Committee on Science and Technology, with the exception of the Minister of State, Treasury, had been in favour of continuing the programme. The Minister of State, Treasury, was opposed on the grounds that the economic returns from the project were highly uncertain and the programme could not be shown to satisfy the criteria now being applied to new projects.

The Minister of Technology said that the BLACK ARROW programme as now put forward was a minimum programme which would have to stand or fall as a whole. The Ministerial Committee on Science and Technology had shared his view that the arguments in favour of completing and using the British launcher outweighed those for switching to a United States launcher. By 1970 there would be about 75 civil satellites in orbit, communicating with about 70 ground stations scattered throughout the world. The BLACK ARROW national programme should enable the United Kingdom aerospace industry to retain a share of this rapidly growing market. Our expenditure on national space programmes was small by comparison with the corresponding expenditure of some other industrialised countries of medium size; and since he had incorporated the BLACK ARROW programme into the Category I expenditure of his Department, no additional funds would be required. Finally, a minor point in favour of BLACK ARROW, but one which should not be overlooked, was the political advantage of having ourselves launched an all-British satellite from Woomera in 1970.

The Chief Secretary, Treasury, said that there was no clear-cut economic case to indicate whether BLACK ARROW should be supported or abandoned. On the other hand, there was nothing to show for the expenditure on the programme so far, and it was without question a highly speculative venture. There was no evidence to suggest that the United Kingdom aerospace industry was dependent on the programme to maintain its competitive position and secure further international contracts for space equipment in the future. Experience showed that pioneers in new fields of technology often lost money, the profits being made by those who stepped in at a

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later stage and operated under licensing arrangements. As to the public expenditure position, the continuation of BLACK ARROW would not prejudice other departmental programmes in the immediate future; but cancellation of the programme would increase the general contingency allowance. For all these reasons he took the view that the programme should be discontinued.

In discussion it was argued that the BLACK ARROW programme represented our last foothold in space technology, which was a new field that we would be unwise to abandon. Support for new technological projects was often an act of faith, and it would be a mistake to adopt a negative attitude in all such cases because of our present economic position. If we opted out of space technology now it was unlikely that the United States would later be willing to grant licences to us as potential competitors. It would be helpful if the BLACK ARROW programme could be subject to a more detailed and rigorous economic assessment. Techniques for this purpose had been devised in recent years, and if necessary we could seek advice from the United States on how these could be applied to BLACK ARROW. In 1965, the Space Review Committee, under the chairmanship of Professor H. Bondi, had given qualified support to the BLACK ARROW programme. They had assessed the economic prospects in different fields of space technology and had concluded that these were most favourable for ground stations, less so for satellites and non-existent for large launchers. It was consonant with these conclusions that we should have withdrawn support for ELDO but should be willing to continue with the BLACK ARROW programme of space technology. Against this, it could be maintained that, although there was no overwhelming case for cancelling the BLACK ARROW programme, the resources involved could be deployed to better effect in other fields.

The Prime Minister, summing up the discussion, said that on balance the Cabinet were agreed that the BLACK ARROW programme should be continued for a further period of 12 months, during which time it should be subject to a more detailed and rigorous economic assessment. The Secretary of State for Foreign and Commonwealth Affairs should be consulted before any announcement were made about the continuation of the programme in order that our relations with the European space organisations might not be prejudiced.

The Cabinet—
(1) Approved the continuation of the BLACK ARROW programme in 1969–70, as set out in paragraph 21 of the Appendix to the memorandum by the Lord President of the Council (C (69) 20).
(2) Invited the Minister of Technology, in consultation with the Secretary of State for Economic Affairs, to arrange for a detailed economic assessment of the programme on the lines indicated in the discussion.

*Cabinet Office, S.W.1,*
28th February, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 6th March, 1969,
at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign
and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and
Secretary of State for Employment
and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic
Affairs
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries
and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General

The following were also present:
The Right Hon. JOHN SILKIN, M.P., Mr. EDMUND DELL, M.P., Minister of
Parliamentary Secretary, Treasury State, Board of Trade (Items 3 and 4)
The Right Hon. Sir ELWYN JONES, Q.C.
M.P., Attorney-General
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Secretariat:
Sir Burke Trend
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. E. Thornton
Mr. J. Crocker

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1. The Cabinet noted with satisfaction that, for the fifth year in succession, their annual Statement on Defence had been approved by the House of Commons.

The Cabinet were informed of the business to be taken in the House of Commons in the following week.

*The Home Secretary* recalled that the Cabinet at their previous meeting had invited him, in consultation with the Lord President, the Chief Whip and other Ministers concerned, to consider the proposal that the remainder of the Committee Stage of the Parliament (No. 2) Bill should be taken in Standing Committee (CC (69) 10th Conclusions, Minute 2). Their examination had shown that this course offered little advantage and they could not recommend it to their colleagues; time on the floor of the House would have to be found not merely for the necessary motion but also for the Report Stage of the Bill, which would not be needed if Committee Stage were completed on the floor; there was a risk that the motion would not be carried; it would be extremely difficult to keep a majority in the Committee; and the Committee Stage would not be completed early enough to send the Bill to the House of Lords in good time. If this view were accepted and withdrawal of the Bill was out of the question, the choice seemed to lie between continuing on the present basis and imposing a timetable. The Bill embodied proposals which had been virtually agreed between the Parties, but it had received very little support from the Opposition Front Bench, and attempts to arrange a formal meeting to clarify the attitude of the Opposition had been met with evasions. Opposition among their own backbenchers was confined to a small minority, but if they continued with the Bill they could not rely on all-night sittings to speed progress because their supporters would not be willing to attend in sufficient strength to enforce the closure. In the circumstances they had concluded that the best course would be to table a timetable motion; there were a number of precedents for guillotining major constitutional measures. The motion should allot four more days for the completion of the Committee Stage, leaving it to the Business Committee under Standing Order 43 to work out the detailed timetable. He understood that the Shadow Cabinet had decided that any such motion would be met with a three-line whip, but this would help to rally the Government’s supporters and he thought
that some of those opposed to the Bill would be prepared to support the motion in order to save the rest of the Government's legislative programme.

The Chief Whip said that when at the previous meeting he gave as his view that the Government could have no certainty of carrying a timetable motion, he had been assuming that the Conservative Party would not press their opposition very hard. It was now clear that this was a false assumption and that not merely would a three-line whip be issued, but opponents of the Bill would be active to see that it was observed; only about 50 Conservative Members supported the Bill, whereas about 120 were hostile to it and another 70 mildly so. He now estimated that the motion would be lost by between 30 and 35 votes.

In discussion there was general agreement that the Government should reconsider their attitude to the Parliament Bill. They had sought to arrive at an agreed solution, and in making concessions to the Opposition had included in the Bill provisions which were most unwelcome to some of their own supporters. They had expected to rely on substantial support from the Opposition, but this was not forthcoming, whether because the Front Bench were unable to control their backbenchers or because they took pleasure in the Government's difficulties. They were entitled to ask the Opposition where they stood in this matter and if they were unwilling to come to any accommodation the Government could not be regarded as bound by the previous consultations and would be free to introduce a Bill of their own devising which would be more acceptable to their supporters.

On the other hand the Government could not allow their policy to be dictated by a minority of their own supporters; they had other legislative proposals which were bitterly opposed by some of their supporters and if they gave way in the present case the dissidents would be encouraged and the prospects of the Industrial Relations Bill, in particular, would be prejudiced. It was therefore out of the question to abandon the Parliament Bill. It might be somewhat less damaging to the Government's authority to withdraw it and substitute a more radical measure, but any such Bill would have to be passed under the Parliament Act and the price would be the disruption of the Government's legislative plans for what would probably be the last Session of the present Parliament.

On the suggestion that a timetable motion be tabled, most members of the Cabinet accepted the Chief Whip's assessment of the position, and there was general agreement that for the Government to fail to carry the motion would be a major defeat. Even if the motion could be carried there was good reason to think

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that, if the Government imposed a timetable, the House of Lords would reject the Bill; but, if the Bill passed the Commons in the usual way, they could hope for more co-operation from the Opposition in the House of Lords. It might be necessary to make concessions on the date of operation of the changes, but there was a good chance that the Bill could be carried in its present form.

In further discussion emphasis was laid on the importance of the Government's maintaining a united and determined front. There was a feeling abroad that they were half-hearted about the Bill and many of their difficulties were due to this fact. It was essential for the Government to re-establish their authority within the party; the majority of loyal Labour Members were increasingly resentful of the activities of a minority of dissidents who opposed the Government's policies on issue after issue, and the time had come to arrest the fall in morale by strengthening discipline. As a first step a party meeting should be summoned to emphasise the need for loyalty and cohesion.

The Prime Minister, summing up the discussion, said that the Cabinet were agreed on the need to reappraise the Government's attitude to the Bill. They were also agreed on the need for the Government to show a resolute and united front and Ministers must be careful to avoid voicing in private opinions, whether on this or other issues, which might give the impression that the Government were divided or half-hearted in their support of their policies. The general feeling was that they could not afford to withdraw the Bill, and most members of the Cabinet felt that the risks associated with a timetable motion were too great to be acceptable; but no firm decisions were being taken at this stage. The first essential was to clarify the attitude of the Opposition. The Chief Whip should seek a meeting with the Opposition, at which the Lord President and the Home Secretary should be present, to discuss the question of a timetable for the Bill; if the Opposition would not accept a timetable motion, they might, as on other occasions, be prepared to agree to a voluntary timetable. If the Opposition were not prepared to co-operate in any form, the Government must arrange its policies accordingly and it might be desirable to put the issues before a party meeting. The Cabinet would consider the matter further in the light of the Opposition reaction, and in the meantime the Ministerial Committee on the House of Lords should meet as soon as possible to examine the alternatives open to the Government. If the Lord President were challenged, on the Business Statement, about the Government's intentions on the Bill, he should maintain their determination to secure its passage and explain that the failure to allocate time was due to the pressure of defence business.
The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Invited the Chief Whip to seek to arrange a formal meeting with the Opposition with a view to agreeing a timetable for the remainder of the Committee Stage of the Parliament Bill.

(3) Invited the Lord Chancellor to arrange for the Ministerial Committee on the House of Lords to meet as soon as possible to explore further the alternatives open to the Government, if the Opposition declined to co-operate.

(4) Agreed to resume their discussion at a later meeting.

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2. The Foreign and Commonwealth Secretary said that President Nixon's conversations with the Federal German Chancellor, Dr. Kiesinger, had concentrated on East/West relations and the Common Market. With regard to the former, President Nixon had confirmed that he had no intention of entering into discussions with the Soviet Union without consulting his allies and in isolation from them. On the latter point both Governments had agreed that it was not possible to conceive of any real future for Europe without Britain. In France the atmosphere of the talks with the French President, General de Gaulle, had been cordial; but it appeared that both Governments had stated their positions on the North Atlantic Treaty Organisation and Europe without change and without reaching agreement. President Nixon had, however, formed the impression that the French would not regard bilateral talks between the United States and the Soviet Union on strategic arms limitation as a "new Yalta"; that the French attitude on the Middle East had become somewhat less rigid; and that in the talks on this subject which were to take place between the representatives on the United Nations Security Council of the United Kingdom, the United States, France and the Soviet Union, France would not necessarily adopt the same attitude as the Soviet Union on every issue. It did not appear that in the conversations with the French Government there had been any mention of nuclear matters or of the provision of nuclear information by the United States to France.

In general, President Nixon's visit could be said to have achieved its primary object of helping the President to get to know the United States' European allies and raising the latter's morale.
Germany
(Previous Reference: CC(69) 8th Conclusions, Minute 3)

The Foreign and Commonwealth Secretary said that, as the Cabinet would be aware, the Social Democratic candidate, Dr. Gustav Heinemann, had been elected President of the Federal Republic of Germany, albeit by a small majority. So far the holding of the Presidential election in West Berlin had not resulted in any serious incident, though there was still a possibility that the Soviet or East German forces might harass the departure of members of the Federal Assembly. The East German authorities had rejected attempts by the Federal German Republic and the West Berlin Senate to come to an arrangement whereby the holding of the Presidential elections in Berlin would have been abandoned in exchange for concessions allowing greater freedom of movement between the Soviet Sector of Berlin and the Western Sectors.

Nigeria
(Previous Reference: CC(69) 7th Conclusions, Minute 2)

The Foreign and Commonwealth Secretary said that he had recently seen the Nigerian High Commissioner in London and had raised with him the question of the bombing of civilian targets by the Federal Nigerian Air Force. A similar approach had been made by the United Kingdom High Commissioner in Lagos to General Gowon, the Head of the Federal Military Government. General Gowon had shown the High Commissioner the orders issued to Federal Nigerian pilots, which contained strict instructions to avoid such targets; but both the Foreign and Commonwealth Secretary and

The Foreign and Commonwealth Secretary said that Anguilla, a small West Indian island with a population of 6,000, had hitherto been part of the "Associated State" of which the other members were St. Kitts and Nevis. Anguilla had felt neglected by the central authority, and had announced its intention of seceding from the Association. It would be undesirable for the British Government to get more involved than necessary; on the other hand, we had certain responsibilities in this matter and there might be repercussions in the United Nations. If Anguilla seceded from the Association, there was a danger that elements from the underworld in the United States might move in. He proposed, as a first step, to send to Anguilla Mr. Lee, a former colonial civil servant who was well known in the island and had long experience of its problems. Depending on how Mr. Lee was received, he would consider instructing the Joint Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, Mr. Whitlock, who was at present in the Caribbean area, to visit the island.

The Cabinet—
(1) Took note of the statement by the Foreign and Commonwealth Secretary.
the United Kingdom High Commissioner had pointed out to the Nigerians that whether through disobedience or incompetence, the pilots were not in fact complying with their instructions. When urged to agree to the international observers now operating in Federal territory to operate also in rebel-occupied territory, General Gowon told the United Kingdom High Commissioner that he wanted to think this over. The Nigerian High Commissioner in London, however, had said that he thought his Government would be prepared to agree; and this was being pursued further.

In discussion the point was made that the situation in Nigeria was arousing increasing public and Parliamentary interest and that many members of the Parliamentary Labour Party had misgivings about the Government’s policy. It was for consideration whether there should not be a debate in which the Government could make clear their attitude, and in particular their abhorrence of the indiscriminate bombing in which the Federal forces had been indulging, and could bring into the open the efforts which Britain had been making to secure a cease-fire. It was pointed out, however, that the Biafrans also had bombed civilian targets in Federal territory, and that there had been no reaction from us. The Federal Government could accuse us of bias if they were now singled out for condemnation. The Federal Government appeared to be making a genuine effort to ensure that their forces obeyed orders, and had indeed executed a number of officers who had been charged with atrocities. While there were certainly misgivings about Government policy in the Parliamentary Labour Party, it was difficult to tell how widespread these were, and it would be unwise to give the impression that the Government were prepared to reconsider their policy towards Nigeria as a result of outside pressures. On the other hand, the question of introducing international observers into the territories of the contending parties should be vigorously pursued; and it would be helpful if the Foreign and Commonwealth Secretary could prepare a paper on the Nigerian situation for consideration in the Defence and Oversea Policy Committee.

The Cabinet—

(2) Took note of the Foreign and Commonwealth Secretary’s statement and of the points made in discussion.

(3) Invited the Foreign and Commonwealth Secretary to continue his efforts to secure the introduction of international observers into both Federal Nigerian territory and Biafra.

(4) Invited the Foreign and Commonwealth Secretary to circulate a memorandum on the Nigerian situation for consideration in the Defence and Oversea Policy Committee.

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3. The First Secretary of State said that over 40,000 of the Ford Motor Company’s employees were still on strike. The company had been granted an interim injunction restraining the trade unions concerned from taking further action to promote the strike, and it was expected that the court’s decision on their application for a mandatory injunction would be known shortly. The Acting General Secretary of the Trades Union Congress would be seeing representatives of the unions concerned later that day in an effort to find a basis for the resumption of work. For the time being therefore the Government could only await developments.

The Minister of State, Board of Trade, said that Fords’ current production for export was estimated to be worth about £3.5 million a week. Given the widespread nature of the strike it must be assumed that most of this output was being lost. The effect on the monthly trade figures would not be immediate and his tentative judgment was that if the strike were to come to an end shortly the effect might be small. A more prolonged strike could begin to have a significant effect on exports in March or April and the amount involved could build up to about £15 million a month.

The Cabinet—

Took note of the statements by the First Secretary of State and the Minister of State, Board of Trade.

4. The Cabinet considered a memorandum about the Farm Price Review 1969 by the Secretary of State for Scotland and the Minister of Agriculture (C (69) 22).

The Minister of Agriculture said that negotiations with the farmers’ representatives had been proceeding on the basis of an award not exceeding £30 million, which had been authorised by the Cabinet. It was clear that, while there was agreement with the farmers that the emphasis in the award should be on beef, pigs and cereals, a total as small as £30 million would be wholly unacceptable, and if it were imposed on the farmers there would be a serious crisis in the industry. The farmers had made plain their view, with which he agreed, that such an award was quite inadequate to achieve the expansion programme, and consequent import saving, to which the Government were committed. Since the Cabinet had last considered the situation, the increase in Bank Rate would raise costs by
£2.4 million; the publication of the Economic Assessment to 1972 had confirmed the Government's commitment to the expansion programme announced last November; and the report of the Select Committee on Agriculture, published on 5th March, had strongly favoured agricultural expansion. In the circumstances, it was necessary to increase substantially the size of the award in order to reach a settlement which could be defended as consistent with the Government's declared policy. Within the total award, he proposed to place the main emphasis on beef, pigs and cereals; he intended to make a neutral award on milk; and to provide less than full recoupment of cost increases on sheep, oats and potatoes. He was proposing to give no increase at all for sugar beet.

The Minister without Portfolio said that the Agricultural Policy Committee had been unable to reach agreement on how the award of £30 million might best be divided between the various commodities concerned. The Agriculture Ministers had insisted that it was necessary to provide as much for beef—15s. 0d. a cwt.—within a £30 million award as within their original proposed £50 million. It seemed clear from discussion in the Agricultural Policy Committee that an award of this size for beef could not be made consistent with a total award of £30 million, since it would not leave sufficient for sheep and a number of other commodities. He could not accept that an award of £30 million was inconsistent with the Government's agricultural expansion policy announced last November. That policy was decided on the basis of an extensive report by officials and economic advisers which had, inter alia, reached the conclusion that agricultural expansion could be expected to proceed at the rate agreed by Ministers if the farmers were left, over the next four years, with about half their annual increase in profits. Moreover, an increase of 15s. 0d. per cwt. for beef—more than double the increase in costs—would be the largest for many years. He had reached the conclusion, therefore, that on economic grounds an award of £30 million remained adequate. He could not ignore the fact that the cost of the award to the Exchequer would reduce the contingency reserve which had been so painfully established by last summer's expenditure cuts. Any addition to the award would still further reduce the contingency reserve and therefore the Government's future freedom of political and economic manoeuvre.

In discussion, it was pointed out that the farmers' incomes and output had fallen substantially in 1968-69 and that the investment, expansion and import saving required could not be expected without an adequate allowance for these setbacks in this year's award. It was suggested that, if an award of £30 million were imposed, the Government would have to admit that they had been compelled to defer the start of the new expansion programme.
On the other hand, it was suggested that there was general agreement that there should be negative awards—minus £6·9 million—for milk and eggs. In consequence, within a total of £30 million, the remaining commodities would share an award of £36·9 million, i.e., £4·5 million in excess of their total increases in cost (including those due to the increase in Bank Rate). The Government would be able without difficulty to demonstrate in these circumstances that the award was consistent with the expansion programme announced last November. The only significant change since this matter had last been considered was the increase in Bank Rate. The Bank Rate had, however, been reduced last year after it had entered into the computation of costs for the purposes of the Review, and the same could happen again.

In further discussion, it was suggested that the size of the award could be increased, without increasing public expenditure, by raising the awards for milk and sugar. On the other hand, it was argued that any further encouragement to milk production would seriously worsen the already difficult situation which existed with our Commonwealth and other traditional suppliers of milk products; and that an increase for sugar would create difficulties in relation to the Commonwealth Sugar Agreement.

Finally, it was suggested that if the award were substantially increased above £30 million the Government should explain to the farmers’ representatives that this was in all the circumstances generous, and would be taken into account in subsequent reviews.

The Prime Minister, summing up the discussion, said that Ministers were very evenly divided between those who considered the limit should be £30 million and those who wanted more. On balance, the Cabinet were now prepared to accept an increase to a final figure of £34 million on the clear understanding that they would not consider a request for any further increase.

The Cabinet—

Invited the Minister of Agriculture to negotiate a total award of £34 million in the Farm Price Review 1969.

Cabinet Office, S.W.1,
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Wednesday, 12th March, 1969, at 10 a.m.

Present:

The Right Hon. HARROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity (items 1-4)
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. PETER SHORE, M P, Secretary of State for Economic Affairs
The Right Hon. GEORGE THOMSON, M P, Minister without Portfolio
The Right Hon. ANTHONY WELGWOOD BENN, M P, Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M P, Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M P, Minister of Power
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

The following were also present:
The Right Hon. JOHN SILKIN, M P, Parliamentary Secretary, Treasury

The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department (items 1-5)
The Right Hon. FRED PEART, M P, Lord President of the Council
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science (items 1-5)
The Right Hon. RICHARD MARSH, M P, Minister of Transport
The Right Hon. CELDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. JUDITH HART, M P, Paymaster General

The Right Hon. JOHN ELWYN JONES, Q C, M P, Attorney-General (items 5 and 6)
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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Minister of Agriculture informed the Cabinet that the publication of the White Paper on the Farm Price Review, and the related statement, had been postponed until Wednesday, 19th March. He thought it right to warn the Cabinet that there was reason to expect strenuous Parliamentary criticism.

The Prime Minister said that he had seen the President of the National Farmers' Union (Mr. G. T. Williams), who had put the farmers' case but had not submitted any arguments which had not already been put to the Cabinet by the Agriculture Ministers. He had made it clear to Mr. Williams that the Cabinet's decision on the matter had been final, but as a courtesy had undertaken to report Mr. Williams' representations to his colleagues.

The Cabinet—

Took note of the statements by the Prime Minister and the Minister of Agriculture.

The Lord President reported that, in accordance with the decision of the Cabinet at their previous meeting, he, with the Home Secretary and the Chief Whip, had had a discussion with the Deputy Leader of the Opposition, Mr. Maudling, and the Opposition Chief Whip, Mr. Whitelaw, about the possibility of reaching agreement on a voluntary timetable for the Parliament (No. 2) Bill. It had become apparent that there was no prospect of reaching accommodation on a voluntary timetable because the Opposition were unable to guarantee that it would be observed; and that they would oppose a Motion for a formal timetable. In view of this, and of the attitude of the opponents of the Bill on the Government's side of the House, a timetable Motion would probably be defeated.

The Lord Chancellor said that the remaining options had been discussed by the Parliamentary Committee, who had considered whether there would be advantage in withdrawing the Parliament (No. 2) Bill and substituting a more radical measure dealing with the powers of the House of Lords alone. They had concluded, however, that the introduction of such a measure and its passage under the Parliament Act would so disrupt the Government's important legislation for the next Session that there would be no advantage in adopting this course. They had also seen no advantage in seeking to take the remainder of the Committee Stage of the Bill in Standing Committee, since amendments might well be carried against them and
they would be faced with a prolonged Report Stage in which the Bill would have to be restored to its original form. There would consequently be no net saving of time on the floor of the House.

In discussion it was emphasised that the solution of the Government's difficulty lay in the firm assertion of their determination to secure the passage of the Bill. It was not impossible that sufficient firmness might secure the passage of a timetable Motion, but if the Whips could ensure the attendance of sufficient Members to obtain a closure it should be possible to complete the Committee Stage without undue delay on the floor of the House by sitting until 11 p.m. and resuming on the following morning.

The Prime Minister, summing up the discussion, said that the Cabinet were agreed that the best course was to continue to fight the Bill through the Committee Stage on the floor of the House and to present a firm and united front to the opponents of the Bill. If this posture was to carry conviction it was important that neither members of the Cabinet nor junior Ministers should give any ground for the belief that the Government were divided on the merits of the Bill. In addition, the Lord President and the Chief Whip should summon the Labour Members who were, in part, responsible for prolonging the discussion of the Bill, and impress upon them that, since the Government had no intention of giving way, the expenditure of unnecessary time on the floor of the House could only prejudice the despatch of other Government business.

The Cabinet—

(1) Reaffirmed their intention to secure the passage of the Parliament (No. 2) Bill.

(2) Agreed that the Committee Stage of the Bill should be continued on the floor of the House.

(3) Invited the Lord President and the Chief Whip to speak to the opponents of the Bill among the Government's supporters on the lines indicated by the Prime Minister.

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2. The Foreign and Commonwealth Secretary said that the Action Committee for a United States of Europe had held a useful meeting in London on 11th March under M. Jean Monnet's chairmanship. This had been the first meeting of the Committee to be attended by representatives of the British political parties. Such meetings served to keep up interest in British entry into the European Economic Community (EEC) both on the Continent and in this country. The Committee had decided to set up four study groups covering monetary affairs, agriculture, technology and institutions. It was expected that the reports of these groups would confirm that
there was no well-founded basis for the objections which had been raised to British accession to the EEC. A further meeting of the Committee would be held in Bonn in May, when it was hoped to consider preliminary reports from the study groups.

In discussion, it was pointed out that the Government would in no way be committed to these reports, since the Action Committee itself was composed of representatives of Parliamentary Parties and Trade Unions and not of Governments. However, in view of the eminence of those responsible for the studies, it could be expected that their impact would be generally helpful. M. Edgar Pisani was dealing with agriculture, Professor Hallstein with institutions, Lord Plowden with technology and Signor Guido Carli with monetary affairs.

The Foreign and Commonwealth Secretary said that he had had a useful discussion with Dr. Mahmoud Fawzi, the Egyptian Foreign Minister, on 10th March. Dr. Fawzi had emphasised that it was more important for Egypt to obtain a good settlement than a quick settlement. Dr. Fawzi had said that the only solution he could foresee was for the four Powers to agree on the basis of a settlement and then to apply pressure to persuade both the Arab and Israeli sides, however reluctantly, to accept it. It was expected that four-Power talks would begin during the coming week.

The Foreign and Commonwealth Secretary said that the latest message from the Salisbury régime had been no more than a recapitulation of the line they had taken during the discussions in HMS Fearless. It did not amount to anything like the fresh plan at which Mr. Smith had hinted in some of his speeches. The régime's attitude on the second safeguard remained unchanged. Equally, Mr. Selwyn Lloyd's account of his discussions in Salisbury had revealed no new development. A reasoned reply had been sent to the régime explaining why we could not accept what they proposed. If the régime put it about that our reply had been an unhelpful one, they could be invited to come forward with constructive proposals of their own. Commonwealth Governments and the United States, Portuguese and South African Governments had been informed of the general tenor of the exchanges which had taken place.

The Foreign and Commonwealth Secretary said that, following an encouraging report from Mr. Lee, a former Colonial civil servant who was well known in Anguilla, Mr. Whitlock, the Joint Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, had arrived in the island by air on 11th March. He had been well received at the airport but later in the day Mr. Webster, the separatist leader in Anguilla, and his supporters changed their attitude. Hostile demonstrations had taken place during which shots
were fired. Mr. Whitlock had been advised to leave the island and had done so. He was expected to arrive in London during the course of that day. Until he had reported, it would be premature to decide what our next steps should be. News of his return from Anguilla and of the circumstances in which he had left the island had already broken and Mr. Whitlock would be warned to say nothing of substance to the Press before reporting to the Foreign and Commonwealth Secretary.

In discussion, it was pointed out that a frigate had been standing off during Mr. Whitlock’s visit, but that it had been decided not to make any visible show of force, which might have worsened the prospect of an eventual political solution to the problem of the island’s future. It would, however, be advisable to keep the frigate available in case of emergencies.

The Cabinet—

(1) Took note of the statements by the Foreign and Commonwealth Secretary.

(2) Invited the Foreign and Commonwealth Secretary:
   (i) To report on developments in the Anguilla situation as soon as further information was available.
   (ii) To remain in touch with the Defence Secretary in case a situation arose in which a frigate might have to be despatched to Anguilla.

3. The First Secretary of State said that her Department had not yet succeeded in bringing the Ford Motor Company and the trade unions together. Talks were continuing but even if they did not break down they would have to be adjourned later in the day to enable some of the trade union representatives to attend meetings in York. Fords had withdrawn their legal action and had undertaken to renegotiate the clauses in the agreement to which the trade unions objected as soon as work was resumed. The unions were confused and divided. The Electrical Trades Union strongly supported the company’s line. The Transport and General Workers Union (T & GWU) and the Amalgamated Union of Engineering and Foundry Workers (AEF) were insisting that the agreement must be renegotiated, to remove the so-called penal clauses and provide a further increase in pay, before work was resumed. The company were concerned about the cost of the strike but recognised that the consequences of giving into the militants’ demands would be much more damaging. There was now a real possibility of a prolonged strike but this would, in her view, have to be faced despite the harm it would do to the economy. She proposed, if the talks broke down, to make a statement in Parliament that afternoon.
In discussion it was emphasised that the strike could no longer be treated as an ordinary industrial dispute. It was clear that some of the trade union leaders involved were using the strike for political ends and had no desire to reach a settlement. The leaders of the T & GWU and the AEF in particular were concerned to assert the right of trade unions to complete freedom from Government intervention and legal action. On the other hand it seemed clear that a large number of Ford workers, especially at Dagenham, were opposed to the strike; and the possibility of holding a ballot, at an opportune moment, should be borne in mind. Careful consideration should be given to the way in which the issues at stake were presented to the workers concerned and to the public generally. It would be important to make clear to the workers the effects which a prolonged strike would have on industry and employment in Britain. Fords was an international company which planned its operations in Europe regardless of national frontiers; and the strike might have a lasting influence on the company's willingness to expand production and investment at its British plants.

The Prime Minister, summing up the discussion, said that the Cabinet recognised that the strike raised issues of far-reaching importance. He would have an opportunity, in a speech on Merseyside later in the week, to make a considered statement about the Government's attitude. The general question of the way in which the issues should be presented to the public required further examination, and he would consider with the First Secretary how this should be undertaken.

The Cabinet—

Took note, with approval, of the Prime Minister's summing up of their discussion.

4. The Cabinet considered a memorandum by the Secretary of State for Foreign and Commonwealth Affairs (C (69) 24) on policy towards Nigeria.

The Foreign and Commonwealth Secretary said that policy towards Nigeria had been considered on several occasions. The immediate occasion for the present review had been the concern which had been expressed in Parliament and by the public at large over the bombing of civilians in rebel-held territory. His own view remained that the truth of the matter was as had been set out in paragraphs 2–6 of C (69) 24, namely that the bombing of civilians had not been a deliberate act of policy, but that there had been recklessness and disregard of orders by individual pilots.
Representations had been made to the Federal authorities through both the Nigerian High Commissioner in London and the United Kingdom High Commissioner in Lagos. In each case the reply had been that instructions would be tightened up and offenders disciplined.

The basic problem was whether it was right to maintain our policy of supplying arms to the Federal Government. This was a major issue with far-reaching implications affecting the whole future of Africa. It was also a question on which there were genuine and deeply-held differences of opinion; and it was not possible to strike a clear balance between the moral issues involved and our material interests. When Nigeria had become independent, the Commonwealth and the United Nations had both accepted her for membership without reservations. Her unity and viability as a State had not been in question. If the war were to be halted and Colonel Ojukwu, the Biafran leader, were able to achieve his objective of a continuing separate existence for “Biafra”, the Biafran secession would be followed by secessions elsewhere, leading to a period of increasing bloodshed in Africa. We might be tempted to feel that even if our policy was right in principle, it could not be sustained against the pressure of the criticism it had aroused; but if it were abandoned, any resulting relief would be short-lived. Other African States with similar problems would criticise us for the stimulus we would have given to secessionist movements, while at home criticism from the opponents of our present policy would merely be exchanged for better-justified criticism from those who had loyally supported it. Last summer he had said that if it were the intention of the Federal Government not merely to preserve the unity of Nigeria, but to proceed without mercy with the slaughter and the starvation of the Ibo people, or if the Federal Government intended to take advantage of a military situation to reject a reasonable settlement, we should have to reconsider our policy. Neither of these contingencies had arisen. Charges of genocide had been conclusively refuted by the international observers; and the Federal Government had repeatedly declared their readiness to consider any solution consistent with the maintenance of Nigerian unity. He had therefore reached the conclusion that it would be neither right nor wise to cut off arms supplies to the Federal Government. At the same time, he attached great importance to the proposals for concurrent action set out in the conclusion (paragraph 16, (1)-(5)) of his memorandum. We should do what we could to promote negotiations between the contending parties and bring the war to an end in a manner consistent with the concept of “one Nigeria”. The prospect of a clear-cut Federal military victory was receding, and this might increase Federal willingness to negotiate. But a cease-fire in isolation would merely afford Colonel Ojukwu a respite and an opportunity to build up his military strength. The Federal Government would not
accept this, and could not be expected to do so. A cease-fire would make sense only if it were accompanied by an effective arms embargo. One possible method of opening the way to a comprehensive settlement comprising a cease-fire, an arms embargo and the institution of "mercy corridors" for relief would be to try to induce the two sides to meet without preconditions and without a cease-fire. This had been attempted when Chief Awolowo, Vice-President of the Federal Executive Council, had been in London for the Commonwealth Prime Ministers' Meeting, but had failed owing to the lack of response from the unofficial Biafran representatives. Any steps we might be able to take towards negotiations must be taken in close consultation with the Organisation of African Unity and with the latter's support. There was increasing resentment in Africa at the idea that the Nigerian problem could be solved without reference to African opinion.

In conclusion the Foreign and Commonwealth Secretary said that there were grave and decisive arguments against any major change in our Nigerian policy. In his view we should press on with the policy advocated in his paper.

In discussion, it was pointed out that the bombing of civilians by the Federal forces had created a situation which had been ably exploited by Biafran propaganda and in which we could not evade the moral responsibilities which attached to us in virtue of our relationship with the Federal Government. So far as the military situation was concerned, there seemed to be little prospect of a clear-cut decision in the foreseeable future. Hitherto, responsible views on the prospects of an early Federal victory had differed; and our representatives in Lagos had perhaps been over-optimistic in this respect. In any event, however, it was now likely that for as long as could at present be foreseen Biafra would maintain some form of separate identity. We should have to take account of this, while bearing in mind that we should have to live with the Federal Government as well. While it was clearly desirable to bring the two sides to the conference table as soon as possible, there were limits to what either side could be expected to accept. In particular, the attitude of the Federal Government on the question of Nigerian unity would be crucial. While differing degrees of emphasis were laid on the extent to which account must be taken of Federal views and the degree of pressure which should be applied to General Gowon to agree to enter into negotiations unconditionally and without insisting that Nigerian unity was not negotiable, it was generally agreed that in terms of the possible repercussions throughout Africa of encouraging secessionist movements, the danger of driving the Federal Government into the arms of the Soviet Union, and the risk of
stimulating reprisals against our very valuable economic interests and the 16,000 British subjects still in Nigeria, the arguments against a major change in present policy were decisive. So far as the domestic situation was concerned, while a change of policy might afford some short-term relief, in the long term the Government might find that it had merely alienated its supporters without appeasing its critics.

The Prime Minister, summing up the discussion, said that it had afforded ample evidence of the concern which Ministers and he himself felt over the Nigerian situation. This concern was shared by opinion in the country as a whole. However, it was clear that there was no case for a unilateral abandonment by the British Government of their policy of supplying arms to the Federal Government, and there was nothing to be gained either domestically or in the field of foreign relations by a change of direction. We must have a viable and defensible policy; and the Foreign and Commonwealth Secretary’s proposals provided this. The discussion which had taken place would be of great assistance to the Foreign and Commonwealth Secretary in deciding how best to present the Government’s policy in the forthcoming foreign affairs debate. The Permanent Under-Secretary of State, Foreign and Commonwealth Office, would be returning in the course of the day from his discussions with the Prime Minister of the Federal Military Government in Lagos. It might be advisable for the Foreign and Commonwealth Secretary to report further to the Cabinet after he had seen the Permanent Under-Secretary.

The Cabinet—

Took note, with approval, of the Prime Minister’s summing up of their discussion.

5. The Cabinet considered memoranda by the Prime Minister (C (69) 25) and the Paymaster General (C (69) 26) on the employment of Members of Parliament to represent pressure groups in Parliament and the registration of propagandists for oversea interests.

The Prime Minister said that he had set out in his memorandum the main considerations which had emerged during a preliminary discussion in the Parliamentary Committee. There were two problems which overlapped but could be distinguished. The first was the problem presented by the employment of Members of Parliament on a salaried or fee paid basis to represent particular interests, frequently without other Members being aware of the connection; the present rules on “declaration of interest” were effective only in the case of directors and substantial shareholders in firms likely to be directly affected by the matter under discussion and took no account of the growing practice of employing Parliamentary consultants. This
was essentially a subject for Parliament itself to review; one possibility would be to appoint a Select Committee for the purpose, but for staffing and other reasons it might be better to refer the matter to the Committee of Privileges. The second problem was presented by public relations firms attempting to influence Parliament, the Government, and public opinion, sometimes by exploiting radio and television programmes, on behalf of foreign Governments, of régimes such as those in Rhodesia and Biafra, and of foreign interests such as the Katanga lobby. Here he thought that it was for the Government to give a lead, though that did not rule out examination by a Select Committee, and they could benefit from the experience of the United States, where registration of foreign lobbyists had been compulsory for 30 years. There was growing public concern; and the feeling in the Parliamentary Committee had been that a statement of the Government’s intentions should be made this week. A suggested text was attached to his memorandum.

The Paymaster General said that she had endeavoured to summarise in her memorandum the provisions of the relevant United States statutes. They went very wide and required all propagandists on behalf of foreign Governments and interests to register, to supply information about their activities, and to file copies of all material sent through the mails, though there was no restriction on the activities of the propagandists as such. Careful study would be needed before firm conclusions could be drawn, but on a preliminary view it seemed that it should be possible to adapt this model to meet the requirements of this country; decisions would, however, have to be taken on a number of points, such as how foreign Governments were to be defined, whether the requirements should extend to unpaid propagandists, the treatment of overseas firms whose business activities had political implications, and the position of the Press and the book industry. She suggested that a working party of officials be set up to consider these and allied points urgently with a view to an early statement and possible legislation.

In discussion it was agreed that the Committee of Privileges would be the best body to investigate the activities of Members. The Committee ought to consider not merely the form in which a declaration of interest should be made but also the circumstances in which it should be required; whom a Member represented was relevant not merely to the speeches he made in the House, but to his other public activities and in particular to his dealings with Ministers. Some anxiety was expressed lest the Committee might embark on a roving inquiry, and it was suggested that their terms of reference would need to be carefully drawn to prevent the investigation of individual cases which might draw damaging attention to the practice of some trade unions of sponsoring a number of Members of Parliament and result in embarrassing the Government.
On the problem presented by the activities of public relations firms operating on behalf of oversea interests, it was suggested that it would be unwise to make a statement of Government policy, let alone hint at legislation, until more thorough consideration had been given to the implications of the possible courses open to the Government. One view which commanded considerable support was that the best course might be to set up a pre-legislation Select Committee to investigate the activities of public relations firms, to test Parliamentary opinion and to consider the legal and other problems involved in legislation. The American example suggested that the publicity which the firms would receive would be at least as effective in limiting their activities as any system of registration, and in this way the Government would preserve some freedom of action. It was impossible to say at this stage where any investigation might lead. If the topic were referred to such a Committee it would be desirable to let it be known that the Government were aware of the difficulties in the way of legislation, perhaps in their evidence to the Committee which could be published.

The Prime Minister, summing up the discussion, said that the general view of the Cabinet was that more thought should be given to the issues involved before any decisions were taken or any statement made. He would arrange for the Parliamentary Committee to consider further in the light of their discussion the best way of tackling the problems of declarations of interest by Members and of public relations agencies operating, whether in the House or in the country generally, on behalf of oversea interests. The Parliamentary Committee should also consider the terms of a possible statement. He would report their views to the Cabinet. Before any of the problems were referred to the Select Committee it would be desirable to consult the Opposition parties on the terms of the necessary Motions.

The Cabinet—

Took note that the Prime Minister would arrange for the Parliamentary Committee to consider the matter further as indicated in his summing up.

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6. The Cabinet had before them a memorandum by the Prime Minister (C (69) 21) on the release of official information.

It was suggested, and the Cabinet agreed, that, since the Prime Minister's paper required fuller consideration than it could be given in the time available that morning, it should be remitted to the Parliamentary Committee for preliminary discussion.
The Cabinet—

Took note that the Prime Minister would arrange for the Parliamentary Committee to consider C (69) 21 and would report the discussion to the Cabinet.

7. The Cabinet considered a memorandum by the Minister of Transport (C (69) 23) covering a draft Green Paper on Highway Strategy.

The Minister of Transport said that since an earlier draft of the Green Paper had been considered by the Ministerial Steering Committee on Economic Policy he had arranged for it to be redrafted to take account of the points made in discussion, particularly the emphasis on the importance of roads for the promotion of regional development. The Paymaster General, with whom he had been asked to consider the presentation of the document, agreed both with the revised text and with his new proposals for the main map. This would show the boundaries of the economic planning regions and the main centres of population, including New Towns. It would be accompanied by four larger-scale maps on which the plans for particular regions could be more clearly seen. If the Cabinet agreed, the Green Paper could be published on 26th March.

In discussion it was suggested that the current traffic and accident loss criteria did not take account of the external benefits of road construction. Paragraph 17 of the draft might be amended to emphasise the part played by roads in stimulating economic development and to indicate that the Government would be giving further weight to that factor in assessing priorities. On the other hand, it was argued that the planning of link and developmental roads was a second stage which would follow the planning of the strategic network and that it would be unwise to reduce the importance attached to the direct economic return as the main criterion for the selection of road projects. It was also suggested that there might be adverse reactions to the omission from the map of the proposed Calder Valley road, the case for which the Cabinet had already accepted in principle.

The Prime Minister, summing up the discussion, said that the points made in discussion might be met by amending the last two lines of paragraph 17 of the draft to read “of those cases where connection to the network can enable areas at present deprived of adequate road communications to achieve a higher degree of economic development ”, and by inserting a reference to consultations with the local authorities particularly in respect of regional and local
needs, including roads connecting with New Towns. Subject to these points, the Cabinet endorsed the Minister of Transport's proposal to publish the Green Paper on 26th March.

The Cabinet—

Invited the Minister of Transport—

(i) to arrange for the Green Paper on Highway Strategy to be revised on the lines indicated by the Prime Minister in his summing up;

(ii) to arrange for the Green Paper to be published on 26th March.

Cabinet Office, S.W.1,
12th March, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 20th March, 1969,
at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity (items 1-4)
The Right Hon. FRED PEARRT, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General

The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. LORD SHACKLETON, Lord Privy Seal

The following were also present:
The Right Hon. JOHNN SILKIN, M.P., Parliamentary Secretary, Treasury
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General (item 5)

SECRET
Secretariat:

Sir Burke Trend  
Miss J. J. Nunn  
Mr. R. R. D. McIntosh  
Sir Robin Hooper  
Mr. P. E. Thornton  
Mr. P. Hudson  
Dr. F. H. Allen

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

It was noted that there was no allocation of time during the following week for the resumption of the Committee Stage of the Parliament (No. 2) Bill. This was regrettable because continuing delay fed the belief that the Government were weakening in their intention to secure the passage of the Bill, and because the concentrated sittings proposed for the week before Easter would to some extent fail in their purpose of putting the opponents of the Bill under strain since the Easter Recess would afford some relief. The delay was, however, unavoidable, since the business to be taken in the following week could not be deferred.

2. The Foreign and Commonwealth Secretary said that the operation to install the United Kingdom Commissioner on the island of Anguilla, which he had reported to the House of Commons on the previous day, was continuing smoothly. He hoped that the troops would not have to remain long but before they could leave it would be necessary to impose effective control on privately held stocks of firearms and perhaps to deport certain aliens. The duration of the stay by the British police contingent would depend on the situation; on the willingness of other Caribbean Governments to provide police themselves; and, in part, on the recruitment and training of Anguillans. The agitation which the self-styled Anguillan representative, Mr. Jeremiah Gumbs, had sought to create at the United Nations Headquarters did not appear likely to cause us serious embarrassment. The United Nations Special Committee on Colonialism (The Committee of 24) appeared to have over-reached themselves and the advance confidential warning given to the Secretary-General had had a good effect. The major problem was to devise an acceptable plan for the island’s long-term political future. On this it was not possible, at the present stage, either to propose or to rule out any specific solution. At present opinion on the island was firmly opposed to a reversion to rule from St. Kitts, and the installation of a United Kingdom Commissioner represented the most satisfactory temporary solution to the constitutional problem.

The Prime Minister said that it had been necessary for reasons of security that the decision to mount the operation should be taken by a smaller body than the Cabinet; and the Defence and Oversea
Policy Committee had been called together for the purpose. There
had in this instance been the further complication of a breach of
security which had come to notice during the morning of Monday,
17th March, and which was being investigated. To have held a
further Cabinet meeting would only have heightened speculation.

In discussion the following main points were made:

(a) Although there was some possibility that the incident might
have been avoided altogether if Mr. Whitlock, the Joint Parliamentary
Under-Secretary of State for Foreign and Commonwealth Affairs,
had been accompanied by a small force of Royal Marines on the
occasion of his visit on 11th March, there was also some danger that
the presence of a force which was less than overwhelming might have
encouraged some armed resistance.

(b) Comparatively few firearms had been found so far. It was
important that the troops should not leave until the danger of any
armed uprising had receded.

(c) The legal basis for our action was that internal affairs in an
Associated State had reached a point of disintegration at which it
was impossible for us properly to carry out our responsibility for
defence and external affairs. Internal developments in other
Associated States could give rise to similar situations in which we
would again be placed in the invidious position of having
responsibility without having clear legal powers to discharge that
responsibility. On the other hand, it was not easy to devise a
satisfactory alternative to associated status other than continued
colonial rule. The unhelpful attitude which the United Nations had
so far adopted to the problems of former Colonial Powers gave little
grounds for hoping for a solution within the framework of that
Organisation.

The Prime Minister, summing up the discussion, said that the
major problem to emerge from the Cabinet’s discussion concerned the
unsatisfactory way in which certain Associated States had developed,
and the dangers that similar situations might develop elsewhere in the
Caribbean. In his own discussions on the previous day with Dr. Eric
Williams, the Prime Minister of Trinidad and Tobago, the latter had
suggested that the United Kingdom should take the initiative in
encouraging measures of economic integration in the area. It
seemed possible that a concerted initiative on our part, which need
not be costly, might help to reduce some of the local tensions and
animosities. It would be helpful if the Foreign and Commonwealth
Secretary would arrange for an inter-departmental study to be made
of ways in which we might, without undue expenditure, encourage
the Associated State to concert their plans for economic progress
with our help, and of other methods by which tensions in the area
might be reduced.
The Cabinet—

(1) Took note that the operation had been planned under the direction of the Defence and Oversea Policy Committee.

(2) Invited the Foreign and Commonwealth Secretary, in consultation with the other Ministers concerned, to arrange for a study to be carried out on the lines indicated in the Prime Minister's summing up and to report back to the Cabinet in due course.

CONFIDENTIAL

3. The First Secretary of State said that the strike at the Ford Motor Company's plants had been settled. The company had been able to retain the principle that the take-home pay (including bonuses) of individual workers who took part in unofficial strike action would be reduced; and they considered that the new settlement would in practice provide bigger cost savings than would have arisen under the agreement over which the strike had taken place.

The Cabinet—

Took note, with satisfaction, of the statement by the First Secretary of State.

CONFIDENTIAL

4. The Cabinet considered a memorandum by the First Secretary of State and the Lord Privy Seal (C (69) 33) on the report of the National Board for Prices and Incomes (NBPI) on top salaries.

The First Secretary of State said that the NBPI had been asked to report on the application of the Government’s prices and incomes policy to remuneration at the highest levels in the private sector and nationalised industries, and on the appropriate range of remuneration at senior levels in nationalised industries. The reference arose in part from the widespread feeling that the incomes policy did not bite on top executives, but the report showed that top executives had received smaller pay increases, on average, than other workers in the last three years. The Board considered that the pay of individuals in the private sector had to be judged in relation to the entire salary structure of which it formed part; and that it was the salary structure of firms which required consideration and, where appropriate, reference to the Board. For the public sector, they argued that a sound salary structure was required to allow for adequate rewards for individual performance and responsibility, and that there was at
present not enough headroom below Board level to achieve this. They recommended substantial increases in the salaries of Board members in order to enable the salary structures to be revised; and found that these increases could be justified under the current White Paper, on grounds of productivity and efficiency, provided they were introduced by stages.

The case for increased salaries in the nationalised industries was in her view unanswerable and should be accepted by the Government. But a decision to implement the Board’s recommendations would be highly controversial and it would be essential to present it as part of a consistent policy which applied to the incomes of senior managers and low-paid workers alike. She proposed that on the day the report was published she should announce that the Government accepted the Board’s recommendations on the amount of the salary increase; that the first instalment of 15 per cent, which was fully justified under the current criteria for prices and incomes, would be paid immediately; but that the timing of the second and third instalments would be considered in the light of incomes policy after 1969. She would also announce that she intended to refer the salary structures of a number of individual companies to the NBPI; and that the Board would be invited to carry out the study, to which they had referred in their third annual report, on ways in which employees could share in the capital growth of industry.

The Lord Privy Seal said that the general effect of the report would be inflationary. The Board’s comments on the disadvantages of undue compression of salary scales would be widely noted, and there would be serious repercussions not only on salaries in the public service and the judiciary but also in the private sector. Nevertheless the main recommendations should in his view be accepted, despite the political embarrassment involved. Some of the Board’s proposals, for example in relation to pensions, would however need further study.

In discussion there was wide support for the view that the Government should announce, at the time the report was published, their acceptance of the Board’s recommendations and the dates on which the three instalments would be paid. While this was bound to provoke controversy, especially among the Government’s own supporters, the difficulties of presentation should not be exaggerated. The report showed very clearly the serious effects which low and compressed salary scales had on the efficiency of the nationalised industries and on their ability to recruit and retain Board members and senior staff of high quality. The morale of nationalised industries was at present low; and without a radical improvement in salaries it might well be impossible to find suitably qualified people to fill a number of important vacancies which would be occurring shortly.
The problem of presentation was a real one, but it would be no easier in a year's time, and there was nothing to be gained by delaying an announcement.

On the other hand it was urged that many of the Government's supporters in Parliament would be strongly opposed to implementing the Board's recommendations now. The sums involved were large, and had to be considered in the context of a prices and incomes policy which was crucial to the success of the Government's economic strategy and bore heavily on lower paid workers. The right course was to accept the Board's recommendations in principle, but to say that they could not be implemented until the economic situation had improved.

In further discussion there was general support for the proposal to refer the salary scales of a number of individual firms to the NBPI. The Confederation of British Industries would oppose this but it would ease the problem of presentation and underline the Government's determination to operate the prices and incomes policy fairly. The proposal to ask the Board to study ways in which employees could share in the capital growth of industry would, however, need further consideration. There were strong arguments of principle against it and the issues involved might in any case be more appropriately considered in the context of the study, which was being undertaken jointly with the National Executive Committee of the Labour Party, of the role of the large firm in society.

The Prime Minister, summing up the discussion, said that the Board's report would be published on 25th March. On balance the Cabinet agreed that in the week following the publication of the report the Government should announce their acceptance of the Board's recommendations on salary levels in the nationalised industries and the dates on which the three instalments would be paid. At the same time they should announce their intention to refer to the NBPI the salary scales of certain individual firms; and the First Secretary could discuss this with the Confederation of British Industries and the Trades Union Congress beforehand. The proposal to ask the NBPI to study ways in which employees could share in the capital growth of industry would need further consideration and the announcement should not contain any reference to it.

The Cabinet—
Invited the First Secretary of State to announce the Government's decision on the NBPI report on top salaries as indicated in the Prime Minister's summing up.
5. The Cabinet considered a memorandum by the Minister of Technology (C(69)27) on the development of the Concorde; a memorandum by the Attorney-General (C(69)29) on the legal position in relation to the Concorde project; a memorandum by the Minister of Technology (C(69)28) on the European 250-Seater Aircraft; a note by the Secretary of State for Defence (C(69)31) reporting progress on the project for a Multi-role Combat Aircraft; and a note by the Secretary of the Cabinet (C(69)30) covering the Report of the Official Committee on the Aircraft Industry.

The Minister of Technology said that the report of the Official Committee on the Aircraft Industry brought out the fact that the aircraft industry in the United Kingdom had an output valued at about £600 million (at 1966 prices) and was therefore an important, technologically advanced industry. However, the Committee had concluded that decisions on the industry should take the form of decisions on major projects; that the Government should not seek to maintain the industry at any particular size; and that if the industry were to contract partially, redeployment elsewhere could yield satisfactory results in terms both of output and of the balance of payments.

At their meetings in August and October 1968 the Cabinet had been unanimously of the view that the Concorde project should never have been allowed to start, but they had also agreed that the legal position was such that they could not withdraw from it unilaterally at that time. As part of a strategy for future withdrawal, he had therefore endeavoured to reach agreement with the French on criteria which might be used for determining whether or not the project should continue. The letters he had exchanged with M. Chamant, the French Minister of Transport (attached as Annex B to C(69)27) had laid down certain criteria in regard to airline orders and development costs, and had established that, if these criteria had not been met by the end of 1969, he and M. Chamant could propose to their respective Governments an amendment to the 1962 Memorandum of Understanding which would release each Government from any automatic obligation to continue the project jointly. Since this exchange of letters, the Concorde Directing Committee had reported that the basic estimate of the cost of the development programme had now risen to £596 million at January 1966 prices. The test programme had been set back, so that results from sustained supersonic flight were not now expected before mid-1970, and important changes of design to the wings, fuselage and engines had been proposed by the firms. Even with these changes of design, the official estimate of the aircraft's payload was now only 15,000 lb., as against the 20,000 lb. necessary for commercial success. However, the firms were fairly confident that these problems could
be overcome and that a payload of 20,000 lb. could be achieved on the Paris–New York route. There had been no change in the position about the sonic boom, and the present evidence was that engine noise on take-off might exceed the currently permitted levels at New York and London. There was, however, no basis for the reports that the United States authorities had already reached decisions unfavourable to the Concorde on the basis of noise levels. There continued to be considerable airline interest in the project; and the studies recently carried out by the British Overseas Airways Corporation indicating that the operation of Concorde would be likely to weaken their financial position, were thought to be superficial, in that they did not take account of all the possible combinations of seating and fares. There was much public interest in Concorde, and it had to be recognised that the longer the project was allowed to continue, the more difficult it would be to cancel it. The project was a major political commitment; it was the one field in which we had a significant technical lead over the United States. The industrial consequences of cancellation would also be serious, as would the diplomatic problems. In the light of all these considerations, he sought the Cabinet’s agreement to his meeting M. Chamant as soon as possible, with a view to seeking the latter’s agreement to an exchange of letters in which he would draw attention to the fact that the £600 million ceiling for development had already been reached, but that we proposed to continue the project until the end of 1969 and then to review it in the light of the criteria agreed last year.

The Attorney-General said that, on the present state of the evidence, his assessment of our chances before the International Court was that if we withdrew at this stage we would have rather less than a fifty-fifty chance of success. The legal branch of the Foreign and Commonwealth Office was, if anything, more pessimistic. In view of this, it was of the first importance that we should do nothing to prejudice our legal position under the Chamant agreement.

The Chief Secretary, Treasury, said that it was necessary to clarify the Government’s objective. There had been for a long time general agreement that there was no economic justification for proceeding with Concorde; and only the risk of being taken by the French Government to the International Court had compelled us to continue with the project. But the Minister of Technology now appeared to be suggesting that Concorde might be justified on its own merits and that, despite the many and serious technical difficulties reported in C (69) 27, it would be desirable to persevere at least until the end of 1969, even if the legal difficulties in the way of cancellation could be resolved. He did not agree with the Minister of Technology. The economic prospects for Concorde appeared no better, and
perhaps a good deal worse, than when the project had last been considered. There were serious doubts about the payload and the engine noise, and if these problems were not satisfactorily resolved there would be no market for the aircraft. At the end of 1969, we should be no wiser than now about the chances of achieving an acceptable payload. If the Minister of Technology’s approach were adopted, we should in practice need to wait at least until mid-1970—at an additional cost of £100 million—in order to be able to assess whether Concorde was a saleable aircraft. If on the other hand we pursued the line which had hitherto commended itself of seeking to extricate ourselves as soon as we reasonably could, there was a powerful case for withdrawing now—unilaterally if necessary. The advice of the Attorney-General was that, if we withdrew unilaterally now and were taken to the International Court, the chance that the case would go against us was rather more than fifty-fifty. Would the French Government take us to Court in such circumstances? The Attorney-General advised that, even if we waited until the end of the year, we could not be certain of avoiding a liability for damages. The escalation of costs above £600 million provided us with good grounds for arguing that a fundamental change had occurred since the original contract was entered into. He wondered whether we might not in fact be on stronger ground in claiming that such a fundamental change had occurred than in relying on the exchange of letters last autumn between the Minister of Technology and M. Chamant. He recommended therefore that his colleagues should reaffirm their intention to withdraw from the Concorde project at the earliest reasonable opportunity. To this end, the Minister of Technology should be invited to begin negotiations now with the French Government to withdraw.

The Cabinet—

Agreed to adjourn their discussion of this subject to their next meeting.

Cabinet Office, S.W.1,
20th March, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 25th March, 1969, at 10 a.m.

Present:
The Right Hon. Harold Wilson, M.P., Prime Minister
The Right Hon. Michael Stewart, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Lord Gardiner, Lord Chancellor
The Right Hon. Barbara Castle, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. Fred Peart, M.P., Lord President of the Council
The Right Hon. Anthony Crosland, M.P., President of the Board of Trade
The Right Hon. George Thomson, M.P., Minister without Portfolio
The Right Hon. Richard Marsh, M.P., Minister of Transport
The Right Hon. Cledwyn Hughes, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. George Thomas, M.P., Secretary of State for Wales (Item 1)
The Right Hon. Judith Hart, M.P., Paymaster General
The Right Hon. Roy Jenkins, M.P., Chancellor of the Exchequer
The Right Hon. Richard Crossman, M.P., Secretary of State for Social Services
The Right Hon. Denis Healey, M.P., Secretary of State for Defence
The Right Hon. Peter Shore, M.P., Secretary of State for Economic Affairs
The Right Hon. William Ross, M.P., Secretary of State for Scotland
The Right Hon. Anthony Wedgwood Benn, M.P., Minister of Technology
The Right Hon. Anthony Greenwood, M.P., Minister of Housing and Local Government (Item 1)
The Right Hon. Lord Shackleton, Lord Privy Seal
The Right Hon. Roy Mason, M.P., Minister of Power
The Right Hon. John Diamond, M.P., Chief Secretary, Treasury
The Right Hon. John Silkin, M.P., Parliamentary Secretary, Treasury
The Right Hon. Sir Elwyn Jones, Q.C., M.P., Attorney-General

The following were also present:

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Cabinet were informed that the Select Committee appointed to investigate Sir Gerald Nabarro’s claim to have evidence that the tax on motor cars was to be increased in the Budget had reported that they found no truth in his allegations. If the House of Commons debated the report, Sir Gerald Nabarro would be likely to use the debate to secure further personal publicity. It was not essential to give time for debate, but, since the allegations amounted to a charge that a Budget secret had been disclosed and reflected on the discretion of Treasury officials, the House would be expected to debate the report, and the absence of a debate might be attributed to a division of opinion in the House. The debate should, however, in any case be held over until after the Easter recess, and in the meantime the Lord President should consult with the Chairman of the Select Committee, Mr. George Strauss.

The Cabinet—

Invited the Lord President to consult the Chairman of the Select Committee on Vehicle Excise Duty (Allegations) about the timing of a debate on the Committee’s Report.

The Lord Privy Seal said that Lord Raglan’s Voluntary Euthanasia Bill was to be debated on Second Reading in the House of Lords that afternoon. It was possible that it would receive a Second Reading, but it was unlikely to make much further progress.

The Secretary of State for Social Services reported that the Ministerial Committee on Social Services had considered that a free vote should be allowed, since the Bill raised an issue of conscience. Apart from the principle, however, it was unacceptable because of the legal and administrative difficulties arising out of the form of the Bill. The Social Services Committee had agreed that the Minister of State, Ministry of Health and Social Security (Baroness Serota), should explain the practical objections to the Bill, but should not advise the House of Lords to take a particular line of action; and Ministers as well as back-benchers should be left free to vote according to conscience.

The Chief Whip reported that the Committee Stage of the Divorce Bill was likely to be completed that day. The question arose whether the Government should give the Bill any further Government time. If they did not do so the remaining stages of the Bill were unlikely to be completed, and it might therefore be appropriate for
the Government to provide time after 10 o'clock and in a morning session the following day.

The Cabinet—
Agreed that the Bill should be allowed, in the first instance, to follow the normal procedure, the provision of Government time being considered only if the Bill were blocked when it next came before the House for consideration.

The Prime Minister reported that the Parliamentary Committee had agreed that the new Select Committee on Overseas Aid should be given terms of reference appropriate to a “Department” Committee, in this case “To consider the activities of the Ministry of Overseas Development, and to report thereon”. In order to minimise the possibility that the Select Committee would cause embarrassment to the Government by the topics they pursued, or by ill-considered visits abroad, it was proposed that a Privy Counsellor, possibly Miss Herbison, should take the chair, and that the Lord President, accompanied by the Foreign and Commonwealth Secretary and the Minister of Overseas Development, should have an informal talk with the Chairman as soon as the Committee had been appointed.

The Cabinet—
Took note of the Prime Minister’s statement.

The Prime Minister reported that the Parliamentary Committee had given further consideration, as the Cabinet had requested, to the declaration of interests by Members of Parliament and to the desirability of legislation to compel individuals or organisations acting for oversea interests to register. The Committee considered that the definition of the interests which the practice of the House of Commons required Members to disclose, and the mode of their disclosure, should be examined in the light of modern developments in publicity and public relations. They thought that a small Sub-Committee of the Committee of Privileges should be set up “to consider the rules and practice of the House in relation to the declaration of Members’ interests”. They also considered that the operation of public relations agencies working for an oversea client, whether through contacts with Members of Parliament or through the media of mass communication, created a problem in that Parliament and the public had a right to know in whose interests they were approached. Legislation on the lines of the United States Foreign Agents Registration Act seemed however to be too heavy an instrument for dealing with the mischief seen in this country, and the best course might be to ask the proposed Sub-Committee of the Committee of
Privileges, when they had completed their consideration of Members' interests, to examine the problem of agents working for foreign principals and in particular the desirability of legislation upon it. He had consulted the leaders of the Opposition Parties (Mr. Heath and Mr. Thorpe) informally on both these problems. They had wished to consult their colleagues, but their initial response was not unfavourable. Subject to the agreement of the Cabinet, therefore, he proposed to make a statement in the terms of the draft which had been circulated to the Cabinet (C (69) 34) recommending that the House of Commons should set up a Sub-Committee of the Committee of Privileges to consider declarations of interest and indicating that he would initiate discussions with the Opposition Parties on the best way of proceeding with the problem of agencies working for oversea interests.

In discussion it was suggested that the pressures and inducements which publicity agencies brought to bear on Members of Parliament were also used on lobby journalists, who might be covered by the same investigations. It was generally agreed, however, that this was not a matter for the Government. The Press itself should take steps to safeguard the integrity of journalists, and an explicit reference to the Press in the Prime Minister’s statement might arouse some antagonism. Some slight amendment to the draft statement might however remove any implication that the statement was concerned mainly with Members of Parliament.

*The Prime Minister,* summing up the discussion, said that the Cabinet were in agreement with the proposals set out in the draft statement attached to C (69) 34 and agreed that subject to minor amendments suggested in discussion he should make the statement later in the week.

The Cabinet—
Approved the statement circulated with C (69) 34 and took note that the Prime Minister would make a statement in the House of Commons shortly.
The Prime Minister said that, apart from these objectives, which derived from previous Cabinet consideration of our Nigerian policy, he hoped that his visit would serve to lower the temperature of domestic discussion on this issue.

The Cabinet—

Took note of the statements by the Foreign and Commonwealth Secretary and the Prime Minister.

The Foreign and Commonwealth Secretary said that in Anguilla we were faced with a major problem of presentation. It had been difficult to secure credence in the island and outside it for our reiterated statements that it was not our intention to hand Anguilla over to control from St. Kitts. The position of Mr. Webster, the rebel leader and self-styled “Chief Executive” of Anguilla, was of great importance, and it was for consideration whether a Minister should be sent to the island. He intended to send immediately to Anguilla two senior Foreign and Commonwealth Office officials, a Deputy Under-Secretary of State and the Head of the North American and Caribbean Department, with a view to their advising him on the following points: (i) the suitability for his post of Mr. Anthony Lee, HM Commissioner in Anguilla. Some doubts had been expressed whether Mr. Lee had displayed sufficient firmness, and a change might in due course be necessary, though it was important that no public indication should be given that there was any doubt of Mr. Lee’s suitability for his post; (ii) the security situation, with particular reference to when the troops could be withdrawn and control handed over to the police; (iii) publicity and propaganda, and the resources available for these purposes; (iv) development projects in the island. Meanwhile, Mr. Webster had gone to New York, where he had so far had one discussion with Lord Caradon, the United Kingdom Representative at the United Nations. Lord Caradon had reported that Mr. Webster was taking the line that St. Kitts must agree to the immediate and permanent separation of Anguilla from the Associated State; but that it was hoped that he might modify this view in the further discussions which were due to take place.

In discussion, the point was made that the information on which the decision to intervene in Anguilla had been taken appeared to have been seriously deficient on several important points. The influence and importance of “Mafia” elements and disreputable businessmen now seemed to have been exaggerated; and the standing of Mr. Webster and the degree of support he enjoyed greatly underestimated. We had underestimated the adverse reaction in other Caribbean countries to the use of armed force, even though the attitude of some Caribbean leaders, e.g. the Prime Minister of
Trinidad and Tobago, Dr. Williams, was more forthcoming in private than in public; and our plans had been based on the erroneous assumption that there might be bloodshed and casualties. The situation was now very different from that we had expected when the operation had been launched, and we now had seriously to consider whether we should not seek some accommodation with Mr. Webster. We should have to do so sooner or later; and if we hesitated or delayed, the situation might deteriorate still further. In dealing with Mr. Webster, we should not need either tacitly or explicitly to admit his claim to be the "Chief Executive" of an Anguillan State. Discussions with him could take place on the basis that he was a leading political figure, enjoying a larger measure of support than any other political personality. This would not imply that Mr. Webster was the only politician who need be taken into account. The fact that he had had to intimidate his opponents was in itself evidence that opposition to him existed. There was a measure of similarity with the position in Rhodesia, where we did not recognise Mr. Smith as Prime Minister, but negotiated with him as the leader of the effective and dominant political organisation in the country, the Rhodesia Front. We did not consider that this debarréd us from contacts with other elements in Rhodesia; and similar considerations would apply in Anguilla. One basic difficulty was the anomalous nature of the "Associated State" of St. Kitts, Nevis and Anguilla which had been set up in 1967, though it was difficult to see what alternative solution could have been adopted at the time. It was now clear, however, that the Associated State would have to be dismantled. This could not be done without the co-operation of the other members, and to secure this would take time. It might be useful if a representative of the other Caribbean States were invited to Anguilla to assess the situation on the spot.

In further discussion it was agreed that the intelligence on which our action in Anguilla had been based had been inadequate, though it was pointed out that it was unlikely that our decision would have been different even had we been more fully informed. Though the reasons for the inadequacy of our intelligence would have to be investigated, the best time to do this would be when more information had been obtained from the Foreign and Commonwealth Office officials who were to be sent to the island. Though it was true that no opposition had been encountered, it was arguable that this was thanks to the overwhelming force which had been deployed. In fairness to Mr. Lee, he had had—and had expressed—misgivings which to some extent had been justified by events; but he had not taken a very consistent line: it was doubtful whether the islanders would now accept him either as an administrator or as an intermediary.
with Her Majesty's Government; and consideration would have to be
given, in the light of the officials' report, to his replacement, or
alternatively to the appointment of a more senior official in addition
to Mr. Lee. Attempts had been made to enter into discussion with
Mr. Webster, but had so far failed owing to Mr. Webster's insistence
on his status as a head of government and on our unconditional
acceptance of the immediate and permanent separation of Anguilla
from the Associated State. The latter point confronted us with
difficult problems—politically since we had to retain the support of
Mr. Bradshaw, the Premier of St. Kitts, and legally, since the formal
justification for our presence in Anguilla was the Order in Council,
which referred to "preserving the territorial integrity of the Associated
State". In the situation which had now developed, it seemed
unlikely that the despatch of officials to Anguilla would in itself be
enough to achieve our objective of starting a dialogue which might
lead to a settlement, and it was generally agreed that the proposal to
send a Minister was a good one. It would be advisable to send
someone who had not so far been directly involved: and the most
suitable candidate appeared to be Lord Caradon.

The Prime Minister, summing up the discussion, said that there
appeared to be general agreement that the situation with which we
now had to deal was a new one, requiring a new approach. It was
clear that it would be necessary to enter into discussions with
Mr. Webster on the basis—which would have to be established from
the outset—that we regarded him not as having any official status,
or as the self-appointed leader of the Anguillans, but as the
spokesman of the largest effective body of political opinion in the
island. It also seemed to be generally agreed that any discussions
with Mr. Webster should be conducted by a Minister, and that
Lord Caradon would be the most suitable choice. Arrangements
should accordingly be made for Lord Caradon to go to the island.
He should arrive there either with, or as soon as possible after, the
senior officials to be sent out from the Foreign and Commonwealth
Office. A decision to enter into discussions with Mr. Webster would
involve a change in our public position; and it would need to be
made clear that this had the full support of the Government.

The Cabinet—
(1) Took note with approval of the Prime Minister's summing up
of their discussion.
(2) Invited the Foreign and Commonwealth Secretary to arrange
for Lord Caradon to visit Anguilla at an appropriate time.
3. The Secretary of State for Social Services said that he proposed to publish in full the report of the Committee of Inquiry into allegations of ill-treatment of patients and other irregularities at the Ely Hospital, Cardiff. The Committee was set up in 1967 by the Welsh Hospital Board at the request of the Minister of Health to consider allegations by a former nursing assistant at the hospital. The Committee had found most of the allegations to be well-founded: they had criticised the standards of medical and nursing care, the administration of the hospital and the quality of the supervision by the Hospital Management Committee and the Welsh Hospital Board. They had recommended a system of inspection to ensure that those responsible for the administration of hospitals, particularly long-stay hospitals, were made aware of the standards which they ought to observe. He proposed to make a statement on the publication of the report accepting the findings and recommendations, but in doing so he would point out that the report referred only to a part of one hospital, and should not be taken to reflect on other parts of Ely Hospital or on other long-stay hospitals where the generality of the staff rendered devoted service in circumstances of very great difficulty. He proposed to create, initially within his ceilings of money and manpower, a professional advisory service which would concentrate on raising the standards of long-stay hospitals; and he would review the priorities within the hospital service so as to ensure that long-stay hospitals, which were at present the most deprived section of the service, were given a larger share of the resources available. The quality of a hospital depended largely on the effectiveness of the Chairman of the Hospital Management Committee, the Hospital Secretary and the senior medical staff, and he was asking Regional Hospital Boards to review the occupants of these posts and replace those who were no longer effective.

In discussion it was suggested that in his statement the Secretary of State for Social Services should make it clear that the situation criticised in the report had existed for a number of years and should not be attributed to the present Government, who had taken steps to investigate complaints and were considering the possibility of extending the sphere of activity of the Parliamentary Commissioner to include hospitals. It was noted that the situation could be improved by the appointment of younger and more radical members to Hospital Management Committees and by the involvement of the local community in the affairs of the hospital.

As to the timing of the statement, it was pointed out that it was desirable to make it before 1st April, when responsibility for
hospitals in Wales would be transferred to the Secretary of State for Wales. This indicated that the statement should be made, and the report published, on 27th March.

The Cabinet—

Took note that the report of the Committee of Inquiry into allegations concerning Ely Hospital, Cardiff, would be published on Thursday, 27th March, and that the Secretary of State for Social Services would make a statement on the same day on the lines he had indicated.

4. The Cabinet resumed their consideration of a memorandum by the Minister of Technology (C (69) 27) on the development of the Concorde; a memorandum by the Attorney-General (C (69) 29) on the legal position in relation to the Concorde project; a memorandum by the Minister of Technology (C (69) 28) on the European 250-Seater Aircraft; a note by the Secretary of State for Defence (C (69) 31) reporting progress on the project for a Multi-role Combat Aircraft; and a note by the Secretary of the Cabinet (C (69) 30) covering the Report of the Official Committee on the Aircraft Industry.

In discussion it was pointed out that the Concorde was only one of three major aircraft projects on which we were collaborating, or considering collaboration, with Europe, and that the question of withdrawal had arisen to some degree in relation to each. The political consequences of withdrawal from all three would be serious; and it followed that a decision to cancel the Concorde would strengthen the case for proceeding with either the European A300B 250-seater aircraft or the Multi-Role Combat Aircraft (MRCA) or both. The continuation of our financial commitment to the Concorde would preclude a decision to embark forthwith on the A300B, or on the BAC 311 which might be developed by the British Aircraft Corporation (BAC) in collaboration with the Lockheed Aircraft Corporation (Lockheed). On the other hand the legal advice on the risks inherent in a unilateral cancellation of the Concorde now could not be set aside, and agreement that the project should be allowed to continue until the end of 1969 might have the merit of enabling us to decline to participate in the development of the A300B without seriously prejudicing our future position on the BAC 311. The MRCA project did not affect this issue, since production of the MRCA would be undertaken much later than either of the two civil projects. The cost of continuing the Concorde until the end of 1969, instead of cancelling it now, would be about £55 million, of which £45 million would be spent on research and development (R & D) and £10 million on the early stages of production. The French
Government’s concern about its rate of spending on the project was reflected in its decision to slow down its investment in production. A similar slowing down of production in the United Kingdom should be practicable and would effect substantial savings, although it would undoubtedly lead to some redundancies in the industry. It was for consideration whether some savings could also be achieved in the £45 million which would otherwise be spent on R & D before the end of the year. However, as much of the R & D expenditure involved flight trials and testing, there was a risk that such savings might set back the whole programme and deter airlines from placing firm orders. Unilateral action by us in this respect might be regarded as an infringement of the agreement with M. Chamant, the French Minister of Transport; and such reductions in expenditure would therefore have to be the subject of prior discussion with the French Government. The purpose of slowing down French expenditure on production was probably to make resources available for the French share of the development of the A300B.

On the development of a 250-seater aircraft, it was accepted that the A300B project had little to recommend it to the United Kingdom. The scheme was based on inadequate market research, and it had now to be accepted that the national airlines could not be obliged to purchase an aircraft in opposition to their commercial judgment. The BAC 311 project had greater attractions, British European Airways (BEA) had already expressed a preference for it, and Eastern Airlines of the United States had recently indicated that they wanted 50 aircraft of the BAC 311 type. Arrangements for joint development were now under discussion between BAC and Lockheed but would not culminate in a definite proposal for some weeks, and it was unlikely that a Government decision on this project would be necessary before the latter part of the year. However, it had to be recognised that the A300B and the BAC 311 would be in competition with one another, and that the Boeing company were almost certain to seek a place in the same market. It could be argued that if France and Germany proceeded with the development of the A300B bilaterally, the market prospects for the BAC 311 would not justify our proceeding with it. On the other hand the involvement of Lockheed in the development of the BAC 311 should ensure a substantial market for this aircraft in the United States and other parts of the world, and might so reduce the commercial prospects for the A300B that the latter project would be dropped. While France and Germany might criticise us if we decided to collaborate with the United States rather than with Europe in this field, it should be noted that they nevertheless intended to make the A300B available with American engines, and indeed there was still some possibility...
that Lockheed might play some part in the A300B scheme. Although France and Germany had said that they were not interested in collaborating with us on the development of the BAC 311, we could reiterate our willingness to discuss such co-operation if there seemed any likelihood that the A300B project might be abandoned. We should if possible avoid having to give a firm refusal to participate in the A300B while the BAC 311 was being defined and the arrangements for its development were being discussed with Lockheed. If the Minister of Technology accepted the invitation of the French and German Governments to discuss the A300B with them, his aim would be to play for time by probing the possibilities of improving the Consortium's terms for Government support for the project, and of a German offset contribution.

The Prime Minister, summing up the discussion, said that there was general agreement that we should not attempt to cancel the Concorde project before the end of 1969. However, it had to be recognised that this postponement would not necessarily make the decision easier at the end of the year, and we should aim to reduce expenditure on the Concorde as much as possible during the period until a final decision could be taken. The French Government had already decided on savings by delaying production expenditure and we should aim to turn this to our advantage in securing savings by postponing research and development expenditure as well. The continuing delays in the United States programme for a supersonic civil aircraft made more acceptable some further slippage in the Concorde programme. The Chancellor of the Exchequer and the Minister of Technology, in consultation with the Attorney-General, should seek to identify substantial savings by postponement on Concorde research, development and production, for which the early acquiescence of the French Government should be sought. If these Ministers were unable to agree on a savings programme, the matter should be remitted to the Ministerial Steering Committee on Economic Policy.

The Cabinet agreed that the A300B Airbus in the form now proposed by the French and German Governments was an unattractive project in which we should not participate. There were, however, advantages in not disclosing our position until we could see more clearly the prospects of developing the BAC 311 in collaboration with the Lockheed Aircraft Corporation. The Minister of Technology should therefore seek to delay, for another month or so, conveying the Government's decision not to participate in the A300B to the French and German Governments. If meanwhile the outlook for the BAC 311 or the terms on which we were offered participation in the A300B changed materially, the Minister of Technology would be free to reopen the decision against the A300B with his colleagues; but the
general view of the Cabinet was that even a substantial improvement in the proposed terms of our participation would not make the A300B an attractive proposition for us.

The Defence Secretary would bring forward in about a month recommendations on British participation in the future stages of the European project for a Multi-Role Combat Aircraft.

The Cabinet—
(1) Agreed to postpone until the end of 1969 a decision on whether or not to withdraw from the Concorde project.
(2) Invited the Chancellor of the Exchequer and the Minister of Technology, in consultation with the Attorney-General, to draw up a programme of savings on Concorde research and development and production expenditure for early discussion with the French Government; and, failing agreement on such a programme, to remit the matter to the Ministerial Steering Committee on Economic Policy.
(3) Invited the Minister of Technology to inform the French and German Governments in due course of the Government’s decision not to participate in the A300B project for a 250-seater aircraft.
(4) Took note that the Secretary of State for Defence would shortly make recommendations about future British participation in the European project for a Multi-Role Combat Aircraft.

Cabinet Office, S. W. 1,
CABINET

CONCLUSIONS of a Meeting of the Cabinet held in the
Prime Minister's Room, House of Commons, S.W.1,
on Thursday, 3rd April, 1969, at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and
Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary
of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic
Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and
Science
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries
and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social
Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home
Department
The Right Hon. FRED PEAKE, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local
Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

Also present:
The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury

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1. The Cabinet discussed the current political situation; the conclusions reached were recorded separately and copies were circulated only to The Queen and the Prime Minister. A copy is kept in the standard file of the Secretary of the Cabinet.

2. The Prime Minister informed the Cabinet that in view of the critical attitude adopted by public opinion, particularly within the Parliamentary Labour Party, towards the proposals in the recently published report of the National Board for Prices and Incomes (NBPI) about top salaries, he had arranged for the deferment of the public announcement on the subject which the Cabinet had approved at an earlier meeting in order that Ministers might have an opportunity to reconsider the issues involved. These had been discussed by the Ministers primarily concerned; and it was now proposed that a compromise should be adopted and announced by the First Secretary of State in the House of Commons that day in the terms of the draft which she had circulated to the Cabinet at the outset of their discussion.

On the basis of this compromise the Government would accept the conclusions of the NBPI as regards top salaries in private industry and, in particular, would undertake to consider, in consultation with the Confederation of British Industry (CBI) and the Trades Union Congress (TUC), the reference to the Board of salary structures of individual firms. As regards the recommendations of the Board in relation to top salaries in the nationalised industries, the Government would accept the Board’s general conclusion that the present top salaries were too low; they would endorse in principle the Board’s proposals to remedy this situation; and they would agree that those proposals should be implemented as soon as the requirements of incomes policy allowed. In present circumstances, however, it would not be practicable to increase the salaries in question by an amount in excess of the 3 1/2 per cent ceiling prescribed by current prices and incomes policy; and, although the Board’s proposals for increases in the salaries of the Chairmen, Deputy Chairmen and members of the Boards of nationalised industries as from 1st April, 1969, fell within this ceiling and could therefore be implemented, the further increases in their salaries which the Board recommended for implementation in April 1970 and April 1971, would need to be considered in the light of developments in the prices and incomes policy over the next two years. The Government would accordingly review the situation in the light of those developments.
In discussion, it was suggested that the Government must adopt one of three possible courses of action. They could adhere to their original decision to accept the NBPI recommendations on salary levels in the nationalised industries, including the dates on which the three successive instalments recommended by the Board would be paid. Or they could adopt the compromise now under discussion, whereby the Government would endorse the first instalment proposed for 1st April, 1969, but would reserve their position as regards any further increases during the next two years. Or they could decide that in present circumstances it was inopportune for the time being to permit increases in the salaries concerned, and could defer action on the Board’s recommendations to some later date. Some support was expressed for the first course, particularly on the grounds that the increases proposed by the NBPI were unquestionably within the limits of the prices and incomes policy and that there could be no advantage in either deferring a decision to accept and to implement them or in seeking some compromise which had no logical basis. On the other hand, the reaction of public opinion to the NBPI report had been adverse; and there was no doubt that the anxieties expressed at a recent meeting of the Parliamentary Labour Party had accurately reflected a widespread feeling that it would be wrong to concede such large increases in top salaries at a time when the Government were requiring workers to show the utmost restraint in relation to increases in wages. In view of the importance of maintaining adequate differentials in salary structures it would be impossible to ignore the fact that the salaries in question had not been increased since 1964 and to limit the increases to $3\frac{1}{2}$ per cent as from a current date; and on balance the least disadvantageous course appeared to lie in adopting the compromise proposed by the First Secretary of State.

In further discussion it was suggested that on this basis the presentation of the decision would be improved if the statement were couched throughout, so far as possible, in terms of annual, rather than cumulative, rates of increase, since the former would be seen to be well within the limits prescribed by the current prices and incomes policy. At the same time the statement should avoid any wording which might inhibit the Government’s freedom of action in subsequent years and should therefore merely indicate that it would be wrong to endorse increases in top salaries in nationalised industries which might be represented as inconsistent with the prices and incomes policy, without stipulating any specific ceiling for this purpose in subsequent years.

The Prime Minister, summing up the discussion, said that on balance the majority of the Cabinet favoured action on the lines proposed by the First Secretary of State, subject to the points which had been made.
The Cabinet—
Agreed that the First Secretary of State should announce in the House of Commons that day the Government’s decision on the report of the National Board for Prices and Incomes about top salaries on the lines which she proposed, subject to the points made in their discussion.

3. The Lord President recalled that the Cabinet, at their previous meeting, had invited him to give further consideration to the question whether, and if so when, an opportunity should be provided for the House of Commons to debate the report of the Select Committee on Vehicle Excise Duty (Allegations). Having done so, he was of the opinion that the report should not be debated.

The Cabinet—
(1) Agreed that the Government should not table a Motion on the report of the Select Committee on Vehicle Excise Duty (Allegations).

The Cabinet were informed that the debate on the Committee Stage of the Parliament (No. 2) Bill would be resumed on 14th April. Thereafter it would be convenient if the Ministers concerned would consider the progress made and make recommendations to the Cabinet on the future handling of the Bill.

The Cabinet—
(2) Invited the Lord Chancellor to arrange for the Committee on the House of Lords to consider after 14th April the progress made by the Parliament (No. 2) Bill and to report their recommendations to the next meeting of the Cabinet.

4. The Foreign and Commonwealth Secretary said that the visit to Anguilla of Lord Caradon, the United Kingdom Special Representative at the United Nations, had produced a much better atmosphere on the island and had given us the breathing space we required to enable us to consider the future position of Anguilla, its relationship to St. Kitts and our policy in the Caribbean generally. However, the internal situation still gave some cause for anxiety.
Lord Caradon had confirmed that there had been intimidation, and that it was continuing last week. Hidden stocks of arms might well exist. Though there had been some deficiencies in our intelligence, the correctness of our original assessment that Mr. Webster and the extremists did not command overwhelming support had on the whole been borne out. One of the two companies of paratroops had already left, and the position in regard to further withdrawals would be assessed again when the officials who had accompanied Lord Caradon returned in a few days’ time. The Royal Engineers and the Police contingent would remain for the time being. The reaction of Mr. Bradshaw, the Premier of the Associated States of St. Kitts, Nevis and Anguilla, to our intervention had inevitably been adverse. So far he had not made a public statement, and we were doing our best to restrain him from doing so. Controversy might flare up if Mr. Bradshaw came out in open opposition to our action, and he might attempt to dispute its legality. This, however, rested on the Order in Council which did not require the Premier’s consent; and in the last resort, he might have to be told that Anguilla was our responsibility and not his. The basic anomaly was inherent in the Constitution of the Associated States which was not really workable in the kind of conditions which had arisen. So far as the future was concerned, the main hope lay in involving our Caribbean partners in the problem to the extent possible, but they were themselves divided on the best long-term solution. Lord Caradon had already made a tentative suggestion for a Caribbean Commission with representatives of the independent Caribbean States and of the Associated States. This seemed to be a promising line to follow. It was also for consideration whether we might appoint a British Special Representative for the Caribbean with functions approximating to those discharged by Mr. Malcolm MacDonald in East Africa.

In discussion there was general agreement that the idea of a United Kingdom Special Representative merited further consideration. It was also agreed that developments since our landing in Anguilla had shown that the intelligence on which the original decision had been based had been deficient in a number of respects. This was however to some extent due to financial stringency, which had limited the scale of our representation in the area, and also to the fact that with the change in their status as the Caribbean territories attained either full independence or associated statehood, British representatives no longer had the same access to information. These and other questions could be investigated on the return to London of the senior officials from the Foreign and Commonwealth Office who had accompanied Lord Caradon. There was general agreement that Lord Caradon had discharged a difficult mission with great skill.
The Cabinet—

(1) Took note of the Foreign and Commonwealth Secretary's statement and the points made in discussion.

(2) Invited the Foreign and Commonwealth Secretary to convey to Lord Caradon an expression of their appreciation of the manner in which he had discharged his task in the Caribbean.

The Foreign and Commonwealth Secretary said that, barring unforeseen developments, the Four Power talks on the Arab/Israel problem would begin that afternoon. The Security Council had passed a resolution about the incident at Es-Salt which was unsatisfactory to us in that it was more condemnatory of Israel than the facts and the general background warranted. We and others had therefore abstained. It was unlikely, however, that this would prevent the Four-Power talks from proceeding. The United States had produced a document as a basis for discussion which showed a greater measure of agreement between the Four Powers than had at first seemed likely, but a considerable gulf still remained to be bridged.

The Foreign and Commonwealth Secretary said that we should avoid pronouncing judgment publicly on the merits of the new Government of Pakistan. The United Kingdom had signed an agreement with the new Government on a minor matter on which negotiations had been proceeding before the change. The Prime Minister had also sent a message to the new Administration, which was thus being treated as the effective Government of Pakistan. No further formal act of recognition appeared to be necessary. There was no doubt that the new Administration was in effective control of the country; and for the present, at any rate, there seemed to be no cause for anxiety about the safety of British subjects.

The Foreign and Commonwealth Secretary said that the former Head of State of Ghana, General Ankrah, had been forced to resign for taking bribes; and had been succeeded by Brigadier Afrifa who appeared to be well disposed towards Britain.

The Foreign and Commonwealth Secretary said that the visit to London of President Hamani Diori of Niger had gone well. President Diori was a strong supporter of the Federal Nigerian Government and of our policy towards it.
The Foreign and Commonwealth Secretary said that in Vietnam the Communist offensive was still continuing but that its pace had slackened. Recently the South Vietnam Premier, General Thieu, had made a somewhat surprising statement about his willingness to engage in private talks with the Vietnamese National Liberation Front. The latter’s reply had been abusive but had not constituted an outright refusal.

The Cabinet—

(3) Took note of the further statements by the Foreign and Commonwealth Secretary.

5. The Prime Minister said that his colleagues would have learned from the statement which he had made in the House of Commons on the previous day the main impressions which he had formed as a result of his visit to Nigeria and Ethiopia. But it was perhaps worth emphasising that he had been particularly struck by the attitude of General Gowon, the Head of the Federal Military Government, who, although still young and relatively inexperienced, was a man of great sincerity and deep religious conviction. There was no doubt that in prosecuting the war he was determined to avoid as far as possible any action which was likely to increase the difficulty of promoting an eventual reconciliation between the Ibo people and the rest of Nigeria. The fact that he was ready to facilitate relief supplies for the rebel territories, even though he knew that they provided a means by which additional arms could also reach the rebels, was a reliable indication of his generosity of spirit; and his readiness to appoint Ibos to important positions in his Administration was additional evidence to the same effect. It was equally clear that the non-Ibo peoples in the areas which the Federal Government had liberated from the rebels would not be prepared to accept any restoration of Ibo authority in view of the atrocities which the Ibo leaders had perpetrated while they held the territory; and there was little doubt that the eventual solution of the conflict must be found in the concept of a united Nigeria, based on the 12 States into which it was now divided. There was little prospect, however, that such a settlement would be easily or rapidly achieved. The differences between the Federal Government and the rebels were still too wide; and there were no grounds for confidence that the former would be able to bring the war to a rapid conclusion by achieving a military victory, in view of the relatively low standard of efficiency of their commanders and the lack of adequate co-ordination of their operations in the field. On the other hand
his discussions with the Emperor of Ethiopia had suggested certain lines of approach to the problem which might make it possible to arrange for discussions between the two sides to be started; and, if these could be conducted in the context of a cease-fire combined with an arms embargo, they might lead on to a more prolonged cessation of hostilities, which could both facilitate the distribution of supplies for relief and rehabilitation and provide a foundation for a permanent political settlement. In these circumstances it was the more unfortunate that he had failed to meet the rebel leader, Colonel Ojukwu, with whom he had wished to discuss the problem on the same basis as with General Gowon. Despite the misleading accounts of this episode which Colonel Ojukwu's representatives in London were now disseminating, the failure of the attempt to arrange a meeting rested with Colonel Ojukwu himself.

The Cabinet—

Took note of the Prime Minister's statement.

_Cabinet Office, S.W.1,_
_3rd April, 1969._
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Monday, 14th April, 1969, at 10.15 a.m.

Present:
The Right Hon. Harold Wilson, M.P., Prime Minister
The Right Hon. Michael Stewart, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Lord Gardiner, Lord Chancellor
The Right Hon. Barbara Castle, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. Denis Healey, M.P., Secretary of State for Defence
The Right Hon. Peter Shore, M.P., Secretary of State for Economic Affairs
The Right Hon. William Ross, M.P., Secretary of State for Scotland
The Right Hon. Edward Short, M.P., Secretary of State for Education and Science
The Right Hon. Richard Marsh, M.P., Minister of Transport
The Right Hon. Cledwyn Hughes, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. George Thomas, M.P., Secretary of State for Wales
The Right Hon. Judith Hart, M.P., Paymaster General
The Right Hon. Roy Jenkins, M.P., Chancellor of the Exchequer
The Right Hon. Richard Crossman, M.P., Secretary of State for Social Services
The Right Hon. James Callaghan, M.P., Secretary of State for the Home Department
The Right Hon. Fred Peart, M.P., Lord President of the Council
The Right Hon. Anthony Crosland, M.P., President of the Board of Trade
The Right Hon. George Thomson, M.P., Minister without Portfolio
The Right Hon. Anthony Wedgwood Benn, M.P., Minister of Technology
The Right Hon. Anthony Greenwood, M.P., Minister of Housing and Local Government
The Right Hon. Lord Shackleton, Lord Privy Seal
The Right Hon. Roy Mason, M.P., Minister of Power
The Right Hon. John Diamond, M.P., Chief Secretary, Treasury
SECRET

The following were also present:
The Right Hon. KENNETH ROBINSON, M.P.,
Minister for Planning and Land
The Right Hon. ROBERT MELLISH, M.P.,
Minister of Public Building and
Works
The Right Hon. JOHN SILKIN, M.P.,
Parliamentary Secretary, Treasury

Secretary:
Mr. R. R. D. MCINTOSH

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1. The Chancellor of the Exchequer communicated to the Cabinet particulars of the proposals in the forthcoming Budget.

In accordance with precedent, details are not recorded in the Cabinet Conclusions.

2. The Minister for Planning and Land said that there had recently been strong criticism of the Land Commission Act, 1967, chiefly on the ground that it bore unduly harshly on small transactions. He had reviewed the operation of the Act in consultation with the Chancellor of the Exchequer and the Secretary of State for Scotland; and he proposed that certain modifications in the betterment levy should now be made. These were set out in a draft White Paper (circulated at the meeting) which it was proposed to publish on 15th April, following a brief reference to it in the Chancellor of the Exchequer's Budget Speech. The proposed changes would, in his view, meet the criticism which had been expressed, while leaving unaffected the main principle of the levy that a substantial part of the development value created by the community should be returned to the community. Of the five modifications proposed two would have some retrospective effect. He was satisfied that for administrative and other reasons it would not be possible to make the other changes retrospective.

The Cabinet—

Approved the draft White Paper on modifications in the betterment levy.

Cabinet Office, S.W.1.
15th April, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held in the
Prime Minister's Room, House of Commons, S.W.1,
on Monday, 14th April, 1969, at 4 p.m.

Present:

The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs (for part of the meeting)
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. PETER SHORE, M P, Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M P, Minister of Transport
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. JUDITH HART, M P, Paymaster General
The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer (for part of the meeting)
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department
The Right Hon. FRED PEARL, M P, Lord Privy Seal
The Right Hon. ANTHONY CROSLAND, M P, Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M P, Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M P, Minister of Power
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury
The following were also present:
The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General

Secretariat:
Miss J. J. NUNN
Mr. R. R. D. McINTOSH
Mr. P. E. THORNTON

Subject:
PARLIAMENTARY AFFAIRS
Industrial Relations Bill
The Prime Minister said that members of the Cabinet would have seen the record of the discussion which he and the First Secretary of State had had on 11th April with the Acting General Secretary and members of the General Council of the Trades Union Congress (TUC). He had undertaken to report their views to the Cabinet and had assured them that they would be very fully considered.

The TUC had expressed the strongest objection to what they described as the introduction of criminal law into the field of industrial relations; and they were bitterly opposed to the proposal that penalties imposed by the Industrial Board should, in certain circumstances, be collected by the attachment of earnings. They also objected to the proposal for compulsory strike ballots, and a concession on this point might influence some members of the General Council to take a more favourable attitude to the Government's proposals as a whole. There was no indication that the TUC would be able to suggest, within a reasonable time, any effective alternative method of dealing with the problem to which the Government's proposals were directed. In the light of the discussion with the TUC and of the increasing public interest in the matter, it would in his view be wrong to delay the introduction of legislation until the next session. He accordingly proposed that the Chancellor of the Exchequer should announce in general terms in his Budget Speech that the Government intended to introduce an interim Bill on industrial relations during the current session; and— as a separate point—that they did not propose to introduce new legislation on prices and incomes when the 1968 Act expired. The First Secretary, who had given preliminary consideration to the content of an interim Bill on the lines set out in the memorandum which had been circulated at the beginning of their meeting (now circulated as C (69) 36), would explain the Government's intentions more fully when she spoke in the Budget debate on 16th April.

The First Secretary of State said that the Industrial Relations Committee at a meeting earlier that day had agreed in principle that the Government should aim to secure a short interim Bill before the Summer Recess. The Committee had also agreed that the Bill should contain provisions to give individual employees the right to belong to a trade union; to order an employer to recognise and negotiate with a trade union; to amend the present rules about disqualification for unemployment benefit; to provide for a conciliation pause in serious unconstitutional strikes; and to establish the Industrial Board. The majority of the Committee were, however, of the view that, in place of powers to order a strike ballot, it would be preferable to
take powers to deal with inter-union recognition disputes. She was ready to accept this change from her original proposals. A major problem remained in respect of the proposal to attach wages to collect penalties imposed on individual strikers. There was bitter opposition to this proposal, partly due to misunderstanding, but at present there seemed to be no satisfactory alternative means of enforcement in the last resort. It could not be done through the PAYE income tax system. It might be possible to provide an option, in cases of failure to pay, of attachment of wages or the existing procedures for collection of civil debts. In any case, the Bill would categorically rule out imprisonment for failure to pay these financial penalties. She had considered the possibility of using any penalties collected for the benefit of the trade union movement or, for example, of workers laid off on account of strikes. Despite the attractions of such an arrangement, it would give rise to serious practical difficulties, but she was considering urgently whether these could be surmounted.

The Chancellor of the Exchequer said that as a result of the discussions which had taken place over recent weeks in the Committee on Future Prices and Incomes Policy, he had come to the conclusion that it would be virtually impossible in practice to replace the Prices and Incomes Act, 1968, by fresh legislation when it expired at the end of this year. If his colleagues reached the same conclusion, it seemed important that he should announce this decision in his Budget statement. It would be most damaging—particularly to foreign confidence in sterling—if he and other Ministers were to defend the whole of the existing prices and incomes legislation in the Budget debate and the Government then announced a few months later that they did not propose to introduce new legislation. This would leave a strong impression that he had been reluctantly compelled to accept the views of the majority of his colleagues. The Budget statement provided a good opportunity to announce that it was not proposed to introduce new prices and incomes legislation, provided that the statement also announced the Government’s intention to introduce this summer a short interim Bill on the lines suggested by the First Secretary of State. If the Government failed to legislate forthwith on this issue, they would come under increasing pressure over the next six to nine months, both from the great weight of public opinion which was concerned about the damage being done to our economy by industrial disputes and from opponents of such legislation within the trade union movement and amongst the Government’s supporters. It was clearly desirable that the Government’s intentions about future prices and incomes policy and industrial relations should be announced together, although it was not intended that they should form a package. He therefore proposed that he should say in his Budget statement that the Government did not intend to introduce fresh prices and incomes legislation but would rely on Part II of the
Prices and Incomes Act, 1966, after the expiry of the Prices and Incomes Act, 1968; and that they intended to introduce a short interim Bill on Industrial Relations.

In discussion it was argued that the Cabinet would be unwise to take hasty decisions on matters of such importance. They should seek to work out, in consultation with the TUC, who had already shown signs of modifying their attitude on certain of the Government’s proposals, a package which the trade union movement as a whole could accept. On the other hand it was generally recognised that, while there might be room for argument about the effectiveness of some of the proposals in the White Paper, the case for early legislation was very strong. There was a great deal of misunderstanding about the position on the attachment of earnings. There was no question of introducing criminal law into the field of industrial relations, nor would penalties imposed by the Industrial Board be fines. A massive educational campaign would be needed to remove this and other misconceptions about the Government’s proposals. The strength of the opposition to the attachment of earnings should, however, be recognised and every effort made to devise ways of mitigating it—for example, by providing that financial penalties collected from workers taking part in unconstitutional action should be paid into a fund which could be used to compensate other workers who were laid off as a result or for some other beneficial purpose agreed with the TUC.

In further discussion it was suggested that there was much to be said for making it known immediately that the Government did not intend to take power to require strike ballots. This provision was in any case of very doubtful merit and to drop it now might help to secure the support of moderate trade union opinion for the Government’s other proposals. On the other hand it was argued that it would be damaging to the Government to retreat at this stage from any of the major proposals in the White Paper. There should be further discussions with the TUC who might be persuaded to agree to insist on the inclusion, in the rules of affiliated unions, of procedures for holding strike ballots. It was also suggested that it would be better to keep the power to require strike ballots and to drop the conciliation pause which was bound to be ineffective and would be quickly seen to be so. But the general view was that the conciliation pause must be retained because of its relevance to the problem of unofficial strikes, which was of great public concern.

The need for the Chancellor of the Exchequer to include a reference to future prices and incomes policy in his Budget speech was widely recognised. There was considerable support for the view
that it would not be practicable to introduce new legislation on prices and incomes when the 1968 Act expired, and that it would be best to make this clear immediately. On the other hand it was pointed out that the Committee on Future Prices and Incomes Policy had not yet reached conclusions and it would therefore be premature to announce a decision now. It would moreover be most unwise to announce a decision not to renew the 1968 Act at a time when excessive increases in incomes were endangering the success of the Government’s economic policy. Developments between now and the end of the year might force the Government to change their minds on the need for fresh powers related to incomes and in any event there was a case for not allowing the existing powers over prices to lapse. It was further suggested that a decision to rely on Part II of the 1966 Act for the implementation of their prices and incomes policy generally need not preclude the Government from taking separate powers to deal with rents and dividends. There would need to be discussions with the TUC, the Confederation of British Industry and the National Board for Prices and Incomes about the next phase of prices and incomes policy. It was generally recognised that the presentation of the Government’s future intentions on prices and incomes would need very careful handling. It would be important to show that the Government’s decisions were not being taken from weakness and that the fact that certain statutory powers were to be allowed to lapse did not imply that the policy was being abandoned.

Doubts were expressed about the practicability of securing legislation on industrial relations before the Summer Recess. If decisions on policy were taken quickly it should be possible for a short Bill to be drafted in time for introduction during the Whitsun Recess. The scope and objects of the Bill were however likely to be such as to make wide-ranging amendments possible and it would almost certainly be necessary to resort to a timetable motion in the House of Commons. The possibility of delay in the House of Lords would also have to be borne in mind.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that in his Budget speech the Chancellor of the Exchequer should announce in general terms that the Government intended to introduce an interim Bill on Industrial Relations during the current session and that they did not propose to introduce new legislation on prices and incomes when the Prices and Incomes Act, 1968, expired. The First Secretary of State would explain the Government’s intentions more fully in the course of her speech in the Budget debate on 16th April. The Cabinet agreed that the interim Bill should include provisions, on the lines indicated in the First Secretary of State’s memorandum, to give individual employees the right to belong to a trade union; to order an employer to
recognise and negotiate with a trade union; and to amend the present legislation on disqualification for unemployment benefit. It should also contain powers to secure a conciliation pause and to deal with inter-union recognition disputes. It would need to include provision for the collection and use of penalties imposed by the Industrial Board, but it was most important to find a satisfactory solution to the problem of the attachment of earnings, to which many of the Government's supporters were bitterly opposed. The proposal to take power to require unions to hold strike ballots should not be abandoned but there were practical objections to including it in the interim Bill and it should accordingly be left over for the second Bill. In the meantime, the proposal could be discussed with the TUC, who would be entitled to press the case for abandoning it before the second Bill was introduced if they could show that subsequent changes in trade union rules and procedures made statutory powers superfluous.

The Lord President, in consultation with the First Secretary of State, the Lord Privy Seal and the Chief Whip, should work out a practical timetable with the aim of securing the interim legislation before the Summer Recess. It was particularly important to maintain security on their decisions which would form part of the Budget statement.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.
(2) Invited the Chancellor of the Exchequer and the First Secretary of State to announce the Government’s intentions on the lines indicated in the Prime Minister’s summing up.
(3) Invited the First Secretary of State to arrange for the preparation of an interim Bill on Industrial Relations.
(4) Invited the Lord President, in consultation with the First Secretary of State, the Lord Privy Seal and the Chief Whip, to prepare a timetable for the Bill.

_Cabinet Office, S.W.1,_

_15th April, 1969._
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Wednesday, 16th April, 1969,
at 9.45 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The following were also present:
The Right Hon. JOHN SILKIN, M.P., Parliamentary Secretary, Treasury
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General
The Right Hon. LORD BESWICK, Captain, Gentlemen-at-Arms
SECRET

Secretariat:
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. J. Crocker

Subject
Parliamentary Affairs
Parliament (No. 2) Bill
The Cabinet considered a memorandum by the Lord Chancellor on the Parliament (No. 2) Bill (C (69) 37), to which was annexed a copy of a letter addressed to him by the Lord Privy Seal on the consequences, for the conduct of business in the House of Lords, of abandoning the Bill.

**The Lord Chancellor** recalled that at their meeting on 3rd April the Cabinet had invited him to arrange for the Ministerial Committee on the House of Lords to consider the progress made by the Parliament (No. 2) Bill after the resumed debate in Committee on 14th April and to report their conclusions to the next meeting of the Cabinet. The Committee had met the previous morning and concluded that there were only two courses now open to the Government: to introduce a timetable motion or to abandon the Bill. Morale in the Parliamentary Labour Party (PLP) was very low, with the result that during the debate on 14th April the Government had found themselves unable to enforce the closure. The Chief Whip’s advice was that a timetable motion could not be carried unless there were behind it the full authority of the Prime Minister and the Government and the issue were made one of confidence in their leadership; but granted that there was an urgent need to assert the Government’s authority in the Party, it might be that this was not the best issue on which to do so. On the other hand, the consequences of not proceeding with the Bill could be most damaging. It would be hailed by the Opposition as a defeat for the Government, and would encourage the dissidents amongst the Government’s own supporters. In the House of Lords the consequences for the Government’s legislative programme could be serious, because the House of Lords would feel secure from any retribution in this Parliament from the House of Commons. It was not in his view likely that the House of Lords would reject Government Bills outright, though some members of the Committee thought that the proposed Bills on reorganisation of the ports and the abolition of feu duty in Scotland might be lost. But they would be likely to insist on proper time for the consideration of Bills reaching them late in the Session and to decline to sit into August to finish arrears of business, and they might also obstruct subordinate legislation. The risks would be particularly great towards the end of next Session and the Government’s freedom of manoeuvre in deciding the date of the Election might be compromised.

These disadvantages would be additional to the direct loss which the Government would sustain by abandoning the Bill, which, if enacted would destroy the built-in Conservative majority in the House of Lords, reduce its power to delay legislation and deprive it of its present power of veto over subordinate legislation. He had therefore been considering with the Lord Privy Seal since the Committee met
whether it might not be preferable to seek to carry the Bill in a truncated form, retaining the clauses on composition which had already been fought through Committee and discarding the rest except for the clauses dealing with subordinate legislation. If they did this they could leave the Opposition in doubt whether they intended to enact the rest of the provisions in the following Session.

In discussion there was general agreement that the Government’s inability to make progress with the Bill was the result of the general malaise in the PLP rather than of the provisions of the Bill itself and that there was an urgent need to restore the Government’s authority in the Party—this was an issue so important that it might deserve consideration at a separate meeting; but there was doubt whether the appropriate issue on which to take a stand was the Parliament (No. 2) Bill or the Industrial Relations Bill. On the one hand it was argued that to let the Parliament (No. 2) Bill go, apart from the loss of a good measure which would remove a long-standing threat to Labour Governments, would be regarded as a betrayal by loyal members of the PLP. It would throw doubt on the Government’s determination to insist on the passage of any other measures, including the Industrial Relations Bill, which were resisted by a minority of their supporters; and it would deprive them of any credible threat to the House of Lords, who would feel freer than at any time in recent years to ignore the wishes of the House of Commons. It was therefore essential to persist with the Parliament (No. 2) Bill or at least to leave the way open to introduce in the next Session a different Bill dealing with powers alone. A truncated Bill on the lines suggested by the Lord Chancellor seemed likely, however, to afford further opportunity for delaying tactics and to create a number of anomalies not present in the existing Bill.

On the other hand, it was urged that if the authority of the Prime Minister and the Government was to be placed behind a demand for discipline in the PLP, the occasion should be an issue of manifest national importance and one plainly related to current national problems. On this criterion the Industrial Relations Bill seemed the better choice. It should be remembered, however, that, in the last resort, discipline depended on sanctions, and until the relations between the Government and the National Executive Committee of the Labour Party could be improved, they could not rely on the support of the National Executive in enforcing discipline upon recalcitrant Members.

It was urged that great care must be taken in presenting a decision not to proceed with the Parliament (No. 2) Bill, since such a decision could be represented as the abandonment of a Bill to limit the power of the Peers in favour of a Bill to limit the freedom to strike. The decision should be presented as the outcome of a reappraisal of legislative priorities in the face of the failure of the Opposition to
support what had been introduced as a measure reflecting the consensus of opinion among the main Parties. It was clearly important that a statement should be made by the Prime Minister to the PLP as soon as possible and also to the House of Commons, since the Leader of the House would be pressed for information when the business statement was made on Thursday. It was desirable, however, that before a statement was made to the PLP they should hear the explanation which the First Secretary of State would be giving that afternoon of the Government’s proposals for legislation on industrial relations. On balance the best course would be for the Prime Minister to announce the Government’s decision in the House of Commons on Thursday afternoon and for his statement to be followed by a meeting of the PLP at which the decision could be presented in its full context and the need for discipline be reasserted. The point should be made that the greater freedom of expression and voting allowed by the present Government required as its corollary that members should support the Government on all issues of importance.

The Prime Minister, summing up the discussion, said that the balance of opinion in the Cabinet was clearly in favour of not proceeding with the Bill, though they should leave open the possibility that legislation on powers alone might be introduced next Session if this would not endanger the rest of the legislative programme. The Bill was a valuable measure and its abandonment would be a loss to the Labour Party as well as to the nation, but the general view was that this was not the right issue on which to base the attempt to restore the Government’s authority in the Party and that without doing so they could not force the Bill through. He would prepare a statement on the lines discussed, to the effect that the Government had decided not to proceed with the Parliament (No. 2) Bill at this time, and would show it to members of the Ministerial Committee on the House of Lords; if the Leader of the House of Commons were questioned on the matter after the business statement, he should refer to the statement which was to follow. A meeting of the PLP should be arranged for Thursday afternoon at which he would present the Government’s decision, after reassessing their legislative priorities, not to proceed with the Bill, and would seek to rally the Party, stressing that the relaxation of discipline on everyday matters must be matched by greater cohesion and discipline on major issues.

The Cabinet—

Took note, with approval, of the Prime Minister’s summing up of their discussion.

Cabinet Office, S.W.1,
16th April, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 24th April, 1969, at 10 a.m.

Present:

The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence (Items 1-3)
The Right Hon. PETER SHORE, M P, Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M P, Minister of Transport
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. JUDITH HART, M P, Paymaster General
The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department
The Right Hon. FRED PEART, M P, Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M P, President of the Board of Trade
The Right Hon. GEORGE THOMSON, M P, Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M P, Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M P, Minister of Power
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

Also present:

The Right Hon. JOHN SILKIN, M P, Parliamentary Secretary, Treasury

SECRET
**SECRET**

SECRETariat:

Sir **BURKE TREND**  
Miss **J. J. NUNN**  
Mr. **R. R. D. MCINTOSH**  
Mr. **P. E. THORNTON**  
Mr. **J. CROCKER**  
Mr. **P. J. HUDSON**

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1. The Cabinet considered memoranda by the Secretary of State for Economic Affairs (C (69) 38) and the President of the Board of Trade (C (69) 40) about the report of the Committee on the Intermediate Areas (the Hunt Report); and a memorandum by the Secretary of State for Economic Affairs (C (69) 39) to which was attached a draft Parliamentary statement.

The Secretary of State for Economic Affairs said that the report by officials attached to C (69) 38 set out the provisional decisions reached by the Ministerial Steering Committee on Economic Policy on a programme of assistance for certain areas following the Report of the Hunt Committee.

The Cabinet considered C (69) 38 section by section.

Intermediate Areas

The Cabinet—

1) Agreed that special assistance to industry should be provided within the intermediate areas described in paragraph 2 of C (69) 38. The exact boundaries of these areas would be settled after consultation with the Regional Economic Planning Councils.

Measures of Assistance

In discussion it was suggested that a reduced level of Regional Employment Premium (REP) would be the most effective method of helping the intermediate areas. On the other hand it was argued that a reduced rate of REP would lead to greater criticism from the development areas than the present proposals and would not satisfy the intermediate areas; it would also add to the complexity of the arrangements.

The Cabinet—

2) Agreed that assistance to industry should be made available in the intermediate areas as described in paragraphs 4–6 of C (69) 38.

Derelict land clearance

Industrial Development Certificates

The Humber Bridge

The Cabinet—

3) Approved the proposals for derelict land clearance in paragraph 7 of C (69) 38.
(4) Approved the future policy in relation to the issue of Industrial Development Certificates as set out in paragraphs 8–11 of C (69) 38.

(5) Agreed that construction of the Humber Bridge, which should be subject to tolls, and its associated roads should start in 1972.

(6) Invited the Secretary of State for Economic Affairs to announce the decision at (5) when the Humberside Report by the Central Unit for Environmental Planning was published.

Calder Valley and other roads

The Secretary of State for Economic Affairs said that a part of the total assistance to the intermediate areas would take the form of expenditure of £5 million a year on developmental road works. In 1972–73 and 1973–74 this sum would be fully committed to the construction of the Humber Bridge. Thereafter the cost of the Humber Bridge would be met from within the normal expenditure programme of the Ministry of Transport. Thus it would be possible from 1974–75 to spend up to £5 million a year either on the Calder Valley link road—thus bringing forward the date of its start—or on other developmental road links of the kind proposed by the Hunt Committee. A decision on how the £5 million should be allocated in 1974–75 and subsequently was not required at this stage.

In discussion it was strongly argued that the provision of the Humber Bridge out of financial savings made at the expense of the development areas would be difficult enough to defend and that there could be no justification for providing additional roads in England and Wales at the expense of the Scottish and other development areas. The problems of the latter were by no means solved. On the other hand it was pointed out that expenditure of £20 million a year on additional assistance to the intermediate areas was relatively small compared with the large and growing expenditure in the development areas; and improvement of communications in the intermediate areas was an essential part of the assistance required. Industrial development certificates had been approved in 1968 for a total of 110 million square feet, of which nearly 38 million square feet were in the development areas. This total for the development areas was much larger than in any previous year and continued the substantially rising trend since the beginning of the 1960s.

The Cabinet—

(7) Agreed, in principle, to the expenditure of £5 million a year after 1973–74 on additional road construction as part of the measures to assist development of the intermediate areas.
Proposed Savings

The President of the Board of Trade said that a reduction of 5 per cent in the rate of investment grant in the development areas would be badly received. It was widely regarded as the most successful of the development area incentives. More seriously, a reduction in the rate would cause acute difficulties for the aluminium smelters, particularly for Alcan Limited. Expenditure on construction of the aluminium smelters would reach a peak in 1970 although expenditure on the second stage of the Alcan smelter would fall mainly in 1973. There would have to be transitional arrangements to provide continuance of the higher rate on projects undertaken in expectation of that rate. These arrangements would need to cover not only the smelter but other large and long-term investment projects; a lower limit of the order of £100,000 total expenditure should cater for most projects where expenditure was likely to run beyond a year. There would of course be a very sharp reaction from our partners in the European Free Trade Area if transitional provisions were provided only for the aluminium smelters.

In discussion there was general agreement that the smelters presented a difficult problem particularly in view of the letters sent by the Board of Trade to the aluminium companies last year which had explained that it would be the normal practice to make suitable transitional arrangements if substantial changes were made. However, it was argued that transitional relief extending as widely as the President now proposed would whittle away the savings which were already barely sufficient to cover the cost of the programme of assistance. After allowing for the reduction in corporation tax payable consequent on the reduction in investment grants, the actual savings to the Exchequer would be substantially less than £25 million in any event—and the net cost of the reduction to individual companies would similarly be much less. Postponement to 1st January, 1971, of the operative date for reduction in the rate would materially assist the smelter companies, although it would not cover the second stage of the Alcan smelter and would not avoid a major row with the smelter companies. Such a postponement would leave substantial expenditure not covered by savings in the second half of 1971. In all the circumstances it was suggested that there would be advantage in finding the savings instead by withdrawal of the additional 7s. 6d. in Selective Employment Tax payments to manufacturing companies in the development areas.

It was further urged that the Department of Employment and Productivity could not be expected to absorb within their normal programme the additional expenditure incurred on special training programmes for the intermediate areas in 1970–71.
The Prime Minister, summing up this part of the discussion, said that the transitional problems raised by the President of the Board of Trade could not be solved without further detailed examination of the alternative solutions available. These included postponement of the date for a reduction in the rate of investment grant; some limited transitional provisions; or securing the savings from the selective employment premium instead of from investment grants in the development areas. The Chief Secretary, Treasury, should consider urgently with the Secretary of State for Economic Affairs and the President of the Board of Trade the best method of resolving the difficulties raised while saving the sum required to meet the cost of the assistance programme. Meanwhile the Secretary of State for Economic Affairs in his statement to the House of Commons that day would say that the programme of assistance would cost nearly £20 million a year and that this cost would be met from a reduction in the very substantial and increasing sums being spent on assistance to industry in the development areas; and the House would be informed at an early date of the details of the reallocation of this expenditure.

The Cabinet—

(8) Invited the Chief Secretary, Treasury, in consultation with the Secretary of State for Economic Affairs and the President of the Board of Trade, to seek agreement on how the necessary savings could best be found to pay for the programme of assistance to the intermediate areas; and to report to the Ministerial Steering Committee on Economic Policy as soon as possible.

(9) Invited the Secretary of State for Economic Affairs, in his statement to the House of Commons that day, to say that the cost of the programme would be met from sums spent on assistance to industry in the development areas, on the lines indicated by the Prime Minister in his summing up.

Parliamentary Statement

In discussion of the draft statement, amendments were proposed in particular to the description of the intermediate areas and to take account of Conclusion (9) above.

The Cabinet—

(10) Invited the Secretary of State for Economic Affairs to amend the draft statement to take account of the points made in discussion of it; and to agree the amendment made to take account of (9) above with the Prime Minister, the Chancellor of the Exchequer and the President of the Board of Trade.
2. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

It was noted that Monday, 28th April, would be a Supply Day, when a debate would arise on an Opposition Motion on the refunding of betterment levy. It was not clear whether it would be open to Members to raise on this occasion the question of the retrospective operation of a provision to be inserted in the Finance Bill for the relief from betterment levy of certain small owner-occupiers, but if the point were raised it would be desirable that the Government spokesman should explain clearly why it was thought to be impossible for the provisions to operate retrospectively.

The Cabinet—

(1) Took note that the Prime Minister would call a meeting of the Ministers concerned before the debate to consider what line the Government spokesman should take.

The Lord President reported that the Liaison Committee had asked that when the Parliamentary Labour Party (PLP) resumed on 30th April their discussion of the Government’s proposals for legislation on industrial relations, the Attorney-General should be present to explain the legal aspects of the proposals for imposing financial penalties on persons participating in unconstitutional strikes. It would be more appropriate, however, for the Lord Chancellor to intervene in the course of the debate.

In discussion it was suggested that the Lord Chancellor should explain why it had been necessary to put forward proposals for sanctions (other than criminal sanctions) to support the judgments of the Industrial Board. It would be useful to know the reactions of the PLP to this explanation before deciding upon the precise form the sanctions should take in the draft Bill.

The Prime Minister, summing up the discussion, said that it would be important to reduce the area of disagreement without committing the Government to the details to be embodied in the legislation: these would have to be considered later in the light of the discussions in the PLP and of the next meeting between the First Secretary of State and the Trades Union Congress (TUC). It would be helpful if the Lord Chancellor would intervene in the discussion in the PLP meeting with these objects in mind. Ministers should
also take opportunities as they arose of explaining the Government’s proposals to members of the Trade Union Movement.

The Cabinet—

(2) Took note of the Prime Minister’s summing up of their discussion.

3. The Home Secretary reported to the Cabinet on the situation in Northern Ireland. He said that since Captain O’Neill (the Prime Minister of Northern Ireland) had visited London in November, 1968 for discussions with United Kingdom Ministers, he had secured the implementation of four of the five reforms which they had urged upon him. In addition, he had now secured the agreement of his Government to the early application of the principle of “one man, one vote” to the local government franchise. This was a remarkable achievement.

On the previous Sunday (20th April) there had been a recrudescence of violence at civil rights demonstrations in Northern Ireland, and certain public utilities had been damaged by explosions. It had been impossible at short notice to call together the group of Ministers primarily concerned with the problem of Northern Ireland, but the Prime Minister, the Defence Secretary and himself had agreed that we should respond to a request from the Northern Ireland Government for the assistance of United Kingdom troops stationed in Northern Ireland in guarding certain key installations essential to the life of the community. It was not yet possible to say who was responsible for recent explosions, but it was known that the Irish Republican Army (IRA) was now dominated by a Communist element and that the civil rights organisation contained a mischievous fringe of extremists. For the present, however, the leaders of the civil rights movement were succeeding, though with difficulty, in maintaining their control. The extreme Protestant supporters of the Reverend Ian Paisley were actively opposing the civil rights movement, and Captain O’Neill was thus exposed to attack from both flanks.

It was unlikely that the implementation of the principle of “one man, one vote” would now put an end to violence, though it might result in separating the moderate members of the civil rights movement from the hooligan elements. The root of the unrest in Northern Ireland seemed to lie in the growing contrast, reminiscent of the situation in this country early in the century, between the relative prosperity of a section of the people and the continuing poverty of the majority. For the present the best course seemed to be to support Captain O’Neill while his programme of reform was implemented.
The Prime Minister said that the troops had a duty at civil law to respond to requests to assist the civil power in maintaining order. Captain O'Neill had undertaken that such requests would not be made except after consultation between the Government of Northern Ireland and the United Kingdom Government, but in the present situation, if it became necessary for the troops to intervene, they would be thought to be doing so in order to maintain the Orange faction in power. The constitutional consequences might be very grave, and once we were involved it would be difficult to secure our withdrawal. He was considering whether there would be advantage in calling a round-table conference. In the meantime the group of Ministers on Northern Ireland were standing by in case urgent decisions were required. They would consider the constitutional position and, particularly, the obligations which rested on the United Kingdom Government under Section 75 of the Government of Ireland Act, 1920, and would report to the Cabinet in the following week.

The Cabinet—

Took note of the statements by the Prime Minister and the Home Secretary.

4. The Foreign and Commonwealth Secretary said that the acting United Kingdom Commissioner in Anguilla, Mr. Cumber, had taken up his post, and the situation on the island appeared to be somewhat more stable. He had recently had informal talks with the High Commissioners of the Caribbean States on the longer term aspects of the problem. The talks had aroused some suspicions on the part of Mr. Bradshaw, the Prime Minister of St. Kitts, Nevis and Anguilla, who has however been assured that they had been purely exploratory. It would probably be necessary at some stage in our consultations to invite Mr. Bradshaw to visit London for discussions.

The Foreign and Commonwealth Secretary said that the four-power talks in New York on the Middle East were making some progress. There were signs that the Soviet Union was drawing nearer to the Anglo-United States viewpoint on the importance of effective guarantees of the terms of any new settlement. This was particularly encouraging in that the Israeli Government regarded adequate guarantees as a crucial factor, which would go far to determine their attitude to any settlement proposed by the four powers.
The Foreign and Commonwealth Secretary said that in discussions in Washington United States representatives had disclosed that, up to the time when a United States surveillance aircraft had been shot down by the North Koreans on 15th April, the new Administration had not conducted any review of their policy on electronic surveillance generally. A review was now in progress. The fact that Soviet forces had taken part in the search for traces of the missing aircraft was in accordance with standard international practice at sea. In this case it also held out for the Russians the prospect of acquiring some information about United States equipment.

The Foreign and Commonwealth Secretary said that there was still no clear evidence whether the Soviet Government had decided to stage a fresh trial of Mr. Gerald Brooke, the British lecturer at present imprisoned in the Soviet Union. There were indications of an internal struggle within the Soviet Government machine between forces which favoured a détente and those which attached over-riding importance to negotiating an exchange with Kroger, the Soviet spy imprisoned here. If the Russians did seek, by taking further action against Mr. Brooke, to put further pressure on us to agree to an exchange with Kroger, issues of major importance requiring reference to the Cabinet would arise.

The Cabinet—

Took note of the statement by the Foreign and Commonwealth Secretary.

SECRET

5. The Cabinet considered a memorandum by the Lord President (C (69) 35) on the legislative programme for 1969–70.

The Lord President said that the provisional programme set out in his memorandum had been discussed in the Ministerial Committee on Future Legislation and a substantial measure of agreement had been reached. The programme was designed to be capable of being passed into law before the Summer Recess, so as to preserve the maximum freedom of manoeuvre, but a supplementary list of Bills had been added which would be prepared, as resources permitted, against the possibility that the Session might be extended; one or two of the Bills included in the programme might reach the Statute Book this Session and he was proposing to add Human Tissue to the reserve list. The core of the programme was the four major measures to which the Government were already committed—Industrial Relations, National Superannuation and Social Insurance, Merchant Shipping and Ports Reorganisation. These would all be long and difficult Bills, and to avoid the risk that the House of Lords might have more
business than they could dispatch towards the end of the Session, with consequent need for an autumn spillover, it was highly desirable to introduce at least one of the major Bills in that House. In his view it would be possible to introduce Merchant Shipping in this way, particularly if it had already received a Second Reading in the House of Commons during the present Session.

In discussion the following points were made—

(a) While Merchant Shipping should be ready in time to receive a Second Reading in July, it would be most undesirable politically to introduce it in the House of Lords next Session, since it would be critically received by Peers connected with the shipping industry.

(b) A decision would have to be taken later whether to proceed with legislation on local government reorganisation in Wales; it would be possible to send any Bill to the Welsh Grand Committee.

(c) A Bill on mineral working rights would be an attractive addition to the programme and might be considered for the reserve list.

(d) The Home Secretary was under a statutory duty to lay the report of the Boundary Commission before Parliament " as soon as may be " after receipt, together with a draft Order in Council giving effect to the recommendations, with or without modifications; if it were desired to take a different course, legislation would be needed.

The Prime Minister, summing up the discussion, said that the Cabinet approved the programme set out in C (69) 35, subject to the points which had been made. It was important so to distribute the business between the two Houses as to avoid the risk of congestion in the House of Lords late in the Session, but the necessary decisions could more conveniently be taken at a later stage.

The Cabinet—

Gave provisional approval to the proposals set out in C (69) 35.

Cabinet Office, S.W.1,
24th April, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 1st May, 1969, at 11 a.m.

Present:

The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs (in the Chair)

The Right Hon. LORD GARDINER, M.P., Lord Chancellor

The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity

The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence

The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs

The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland

The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science

The Right Hon. RICHARD MARSH, M.P., Minister of Transport (Items 1 and 2)

The Right Hon. LORD SHACKLETON, Lord Privy Seal

The Right Hon. ROY MASON, M.P., Minister of Power

The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services (Items 1-4)

The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department

The Right Hon. FRED PEART, M.P., Lord President of the Council

The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade

The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio

The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology

The Right Hon. CLEWDYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food

The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales

The Right Hon. JUDITH HART, M.P., Paymaster General

The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The following were also present:

The Right Hon. REGINALD PRENTICE, M.P., Minister of Overseas Development (Item 4)

The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury (Items 1, 4 and 5)

The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General
SECRET

Secretariat:
Sir Burke Trend
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. J. Hudson

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Attorney-General suggested that urgent consideration should be given to the conduct of meetings of Select Committees outside Westminster. Except in the Palace of Westminster or any other premises under Parliamentary control, a Select Committee had no special powers to ensure that its proceedings were respected: it was in the position of an ordinary public meeting. The recent incidents at Essex University and at the London School of Economics, when proceedings of the Select Committee on Education and Science and of one of its Sub-Committees were disrupted by militant students, had demonstrated that there was a risk of the proceedings of Parliamentary bodies being brought into ridicule. It might be appropriate for the Committee of Privileges, which was investigating the incident at Essex University, or some other body to consider the wider question of whether Select Committees should sit away from the House.

The Cabinet—

(1) Agreed to consider the matter further in the light of the deliberations of the Committee of Privileges.

The Secretary of State for Social Services drew attention to the Insurance (Employers’ Liability) Bill introduced by a Private Member for the purpose of compelling employers to insure against claims for damages by an employee injured in an industrial accident. The Bill had the strong support of the Trades Union Congress (TUC) and had received an unopposed Second Reading. The Bill was not, however, clearly the responsibility of any particular Government Department, and the issues of policy raised by it had not been considered by an appropriate committee. The Legislation Committee had decided that the Bill should not be allowed to reach the Statute Book, and that for this purpose the proceedings in Committee should be prolonged; but in his view it was desirable that the matter should be considered by the Home Affairs Committee.

In discussion it was pointed out that in the present situation it was important to refrain from giving gratuitous offence to the TUC or to the Government’s own supporters. It was understood, however, that arrangements were being made for the questions of policy raised by the Bill to be considered in the near future by the Home Affairs Committee.
The Cabinet—

(2) Invited the Lord Chancellor, as Chairman of the Home Affairs Committee, to arrange for the Insurance (Employers' Liability) Bill to be considered as a matter of urgency.

The Home Secretary said that a successor to Captain O'Neill as Leader of the Unionist Party and Prime Minister of Northern Ireland was being selected that morning, and the Group of Ministers primarily concerned with Northern Ireland would be meeting on the following day to consider the situation in the light of the choice of the new Prime Minister. In the meantime he had no further developments to report. Ministers continued to adhere to their decision that any further use of British troops would be permitted only on a request conveyed by the Government of Northern Ireland to that of the United Kingdom, and there was at present no question of troops being used on duties other than those they were already performing.

In discussion the importance of the issues that might arise in Northern Ireland was emphasised, and it was suggested that the Cabinet should have an opportunity to discuss the problem of Northern Ireland before decisions had to be taken urgently on the questions which might arise out of the new situation created by Captain O'Neill's resignation. The Foreign and Commonwealth Secretary undertook to convey to the Prime Minister the Cabinet's wish to discuss Northern Ireland in the near future.

The Paymaster General said that on 28th April the Committee on Home Publicity had considered the draft of a popular guide to the White Paper "In Place of Strife". The Committee had expressed grave doubts about the propriety of publishing a popular guide and had proposed instead that a short new White Paper should be produced to accompany the first Industrial Relations Bill. This would concentrate on the measures contained in the Bill and if prepared in a readily readable form and backed by adequate background material would serve as a basis on which a popular publicity effort could be mounted. She had undertaken to report the Committee's views to the Parliamentary Committee or the Cabinet and a decision on whether a guide or White Paper should be published was now needed fairly urgently if the document were to be ready before the conference to be held by the Trades Union Congress on 5th June.

The Foreign and Commonwealth Secretary said that he would arrange for this matter to be considered further by the Ministers concerned.

The Cabinet—

(3) Took note of the Foreign and Commonwealth Secretary's statement.
2. The Foreign and Commonwealth Secretary said that Monsieur Pompidou appeared to be the most likely successor to General de Gaulle as President of the French Republic. He would certainly enjoy the support of at least the 47 per cent of French electors who voted in favour of General de Gaulle in the referendum. During the campaign, it would be important for us to avoid any action suggesting that we were attempting to influence the outcome of the election. Sudden changes in French policy were unlikely, but changes would nevertheless come. The whole concept of General de Gaulle’s policies, which had placed France in self-imposed isolation, was so contrary to the general trend in Europe and indeed to France’s own best interests, that it was unlikely that they could be continued by any political figure who did not enjoy the General’s special position and exceptional hold over public opinion. It was therefore to be expected that within a reasonable time European affairs and the question of the entry of Britain and other candidates for membership of the European Economic Community would come to the fore again. The Foreign and Commonwealth Office were looking again at the statement which the then Foreign Secretary, Mr. George Brown, had made at The Hague at the time of Britain’s application for membership. Meanwhile, the Anglo-Italian Declaration issued on the occasion of the State Visit to London of the President of Italy, Signor Saragat, taken in conjunction with the Anglo-German Declaration issued by the Prime Minister and the German Chancellor, Dr. Kiesinger, in connection with the former’s visit to Bonn, betokened a real quickening of the movement towards further integration in Western Europe.

The Cabinet—

(1) Took note of the statement by the Foreign and Commonwealth Secretary.

The Foreign and Commonwealth Secretary said that, as had been indicated in replies to Parliamentary Questions, a reply had been received from the Rhodesian régime to our last memorandum of 11th March. This in no way constituted a plan for a settlement; nor did it represent a serious attempt to bridge the gap between the two sides. However, it required an answer, and this should not be unduly delayed, in order to avoid criticism in this country and elsewhere that the British Government were being unreasonable or that they had neglected any chances of reaching agreement. A proposed reply had been considered by the Ministerial Group on Rhodesia. The reply would emphasise the desire of the British
Government to reach agreement on the basis of the Six Principles and point out the respects in which the régime’s proposals fell short of these. On one point the reply would go a little further than what had previously been said to the régime. The Minister without Portfolio, in his discussions with the régime in Salisbury, had offered a second safeguard under which an amendment to an entrenched provision of the independence constitution would be subject to a two-thirds majority in a referendum of the “A” Roll and “B” Roll electors voting separately, the latter on a wider franchise than the present one. The Judicial Committee of the Privy Council would, under this proposal, have had the task of deciding whether a proposed amendment to the constitution was of such a kind that the second safeguard should be brought into operation, and the question would come before the Judicial Committee only on an initiative either by an agreed number of members of the Rhodesian Parliament or by the Constitutional Council in Rhodesia. The Minister without Portfolio had been authorised, if satisfactory progress had been made on other outstanding points, and if the question of reference to the Privy Council were the only remaining obstacle to a settlement, to refer to his colleagues with a view to this requirement being dropped; but this situation had not arisen, and the offer had not been made. It was now proposed that if agreement could be reached on the other outstanding points the régime should be informed that we were prepared to consider a variant of the referendum proposals put forward by the Minister without Portfolio in Salisbury last November in which the Judicial Committee of the Privy Council would play no part. When we had made our reply, the South African and Portuguese Governments would be informed of its terms, as would be the Governments of the United States and certain Commonwealth countries, and in due course, a White Paper or similar document would be published setting out the various exchanges which had taken place. With the conclusion of the discussions in HMS Fearless, a position had been reached in which the great majority of opinion in Britain felt that the proposals we had made were right and that we should not go beyond them. Publication of the documents would help to reinforce this conviction. The Ministerial Group had suggested that at an appropriate time the Foreign and Commonwealth Secretary should make a well-publicised speech setting out the broad issues involved, not by way of detailed reference to the specific proposals made at successive meetings with the régime, but in the context of the Six Principles. The Group were also giving detailed consideration to possible courses of action assuming that, as seemed likely, the régime held the proposed referendum and that a “republic” was proclaimed and a new “constitution” adopted. The United Kingdom Permanent Representative to the United Nations, Lord Caradon, would be consulted on these.
In discussion, the point was made that as a result of the meetings in HMS *Fearless* and the visit of the Minister without Portfolio to Salisbury the Rhodesian problem had been removed from the area of party controversy. The reply proposed, which would certainly become known, even if the exchanges with the régime were supposed to be confidential, would undo all the good that had been done. Opposition to the external safeguard constituted by reference to the Judicial Committee of the Privy Council had been a major factor in the rejection by the régime of the *Fearless* proposals. To abandon the role of the Privy Council would be a major concession, for which there was no justification, and which would cause widespread misgiving in the Parliamentary Labour Party at a difficult moment. It had now been clearly established that there was no possibility of a settlement with Mr. Smith and his régime, and we should not act in a way suggesting that we thought otherwise. In any case, the issues involved, both domestic and foreign, were too serious and far-reaching to be discussed on the basis of an oral report. The Cabinet should deal with them in greater depth, and full documentation should be made available.

On the other hand, it was pointed out that the abandonment of the role of the Privy Council was a less important issue than at first sight it might appear. It was certainly not one of which we ought to make a sticking point if at any time we could obtain satisfaction on the other outstanding issues. Moreover the formulation in the proposed reply did not commit us to more than saying to the régime that we were prepared to consider something which we had already said in Parliament we were prepared to consider. Under the proposals put forward by the Minister without Portfolio in Salisbury last November, the function of the Privy Council had been the restricted one of deciding whether a given amendment was of such a nature as to justify the bringing into operation of the referendum procedure. Paradoxically, the effect of removing it would be to strengthen the "second safeguard", since, without it, all proposed amendments would be automatically subjected to a referendum. Although there was admittedly no serious prospect that the present exchanges with Mr. Smith would lead to a settlement, a reply to the régime's latest memorandum was necessary if only because we must be able to demonstrate convincingly to public opinion, not merely that we had maintained our allegiance to the Six Principles, but that we had also done everything possible to achieve agreement.

*The Foreign and Commonwealth Secretary*, summing up the discussion, said that while he hoped that his colleagues would agree to a reply on the lines he had suggested, it was clear that the general
feeling was in favour of further discussion in Cabinet. He felt that this was likely to show that the issue of the role of the Privy Council as an external safeguard was a less important one than the course of the present discussion had tended to suggest. The Cabinet would resume discussion at an early date on the basis of a paper which he would prepare, and to which would be annexed the relevant documents, including the text of the proposed reply to the Rhodesian memorandum of 16th April: the Ministerial Group would continue their examination, to which he had referred earlier, of possible courses of action after the referendum.

The Cabinet—

(2) Took note, with approval, of the Foreign and Commonwealth Secretary’s summing up of their discussion.

(3) Invited the Foreign and Commonwealth Secretary to prepare a paper on the lines indicated in his summing up as a basis for a resumed discussion at an early date.

(4) Invited the Ministerial Group on Rhodesia to continue their examination of possible courses of action after the referendum.

The Foreign and Commonwealth Secretary said that the Committee of Ministers of the Council of Europe had received from the Consultative Assembly a recommendation recalling the views which the Assembly had on various occasions expressed regarding the situation in Greece and inviting the Committee of Ministers to take appropriate action within a specific period. The recommendation left for decision by the Committee of Ministers both the nature of the action to be taken and the definition of the specific period. He had sought the views of other Governments on this recommendation. The Scandinavian Governments had suggested that the Committee of Ministers, after an exchange of views, should await the report of the Council’s Human Rights Commission, and meanwhile retain the item on their agenda. This procedure seemed a rather leisurely one and he had suggested that the Human Rights Commission might be invited to report as soon as possible. During the State Visit to London of the President of Italy, Signor Saragat, the Italian Foreign Minister, Signor Nenni, had suggested that there should be a special meeting of the Committee of Ministers to consider the matter as soon as the Human Rights Commission reported. We should be prepared to accept this, provided that the Human Rights Commission’s report was likely to be ready without undue delay. There would be an exchange of views in the forthcoming meeting of the Committee of Ministers in which the Foreign and Commonwealth Secretary hoped there would be general agreement with the views expressed by the Consultative Assembly. It was important that there should be unanimity in the Committee of
Ministers, as failure to achieve this would be likely to consolidate the hold of the present régime in Greece and encourage it in its present courses.

The Foreign and Commonwealth Secretary said that a Protocol had recently been signed for the sale of a British nuclear reactor to Greece and the parallel purchase of Greek tobacco for the United Kingdom market. The arrangement was a purely commercial one with no political overtones. We were prepared to sell reactors of the type involved to any country and had, indeed, been considering such sales to other countries, including Rumania. The sale of the reactor would be a substantial advantage to our balance of payments, while the purchase of tobacco would have no adverse effect on it since it would not result in an increase in the total consumption of tobacco in the United Kingdom. The Greek Government had pressed for an early announcement, and he had agreed to this being made later that day. In doing so, he had had in mind that the Committee of Ministers of the Council of Europe would be meeting on 5th–6th May, and if the announcement had been postponed until after that we might have laid ourselves open to charges of attempting to conceal the sale during the meeting.

The Cabinet—
(5) Took note of the statements by the Foreign and Commonwealth Secretary.

The Foreign and Commonwealth Secretary informed his colleagues of recent developments in regard to Mr. Gerald Brooke.

*The Foreign and Commonwealth Secretary said, for his colleagues' very confidential information, that the Soviet Embassy had recently told the Foreign and Commonwealth Office that the Soviet Government intended to put Mr. Gerald Brooke, the British lecturer imprisoned in the Soviet Union on charges of espionage, on trial again on charges based on his alleged conduct while in prison. The Soviet Ambassador would be told that if Mr. Brooke were put on trial and received a further sentence, there would be no prospect of the release of the Soviet agents, Mr. and Mrs. Kroger, who are at present serving prison sentences in the United Kingdom, before the earliest date at which they would in the normal course be released if they earned maximum remission, i.e., 1974; but that the matter might be reconsidered if it were agreed that Mr. Brooke would be released without further trial and on the completion of his current term of imprisonment. If Mr. Brooke were subjected to a further trial, the Foreign and Commonwealth Office would ask for the removal of a number of members of the Soviet Embassy

* Previously recorded in a Confidential Annex.
staff who were known to be engaged in intelligence activities. If Mr. Brooke were to be put on trial again this would represent a victory of the KGB (Soviet intelligence service) over the Soviet Foreign Ministry. Although he could not be optimistic about the outcome, there was a possibility that if the Soviet intelligence service knew that a further trial of Mr. Brooke would result in the expulsion from Britain of a number of their agents, this would help the Soviet Foreign Ministry to bring pressure to bear on the KGB to modify their attitude.

In discussion, the point was made that Mr. Brooke was being held in the Soviet Union largely as a bargaining counter to secure the release of the Krogers, who were important Soviet agents. Mr. Brooke would probably be freed if we offered to exchange him for the Krogers. As against this, it was pointed out that if the Krogers were released this would raise difficult problems in connection with the continued detention of other prisoners serving sentences for espionage. The KGB attached great importance to securing the return of its agents, and the fact that these two key agents had been caught and imprisoned was a considerable blow to their morale and prestige. The position of British subjects residing in the Soviet Union, who were constantly at risk, had also to be considered. Any public indication that we were prepared to release the Krogers in return for Mr. Brooke might be highly prejudicial to our interests, and Ministers should be careful to avoid any mention of the subject in speeches or private conversation. The point was also made that the Minister of Technology, on present plans, would be going to the Soviet Union in about a fortnight's time, on a visit which had been postponed as a result of the Czechoslovak crisis. If the Soviet Union decided to put Mr. Brooke on trial again, the visit would have to be reconsidered and the political factors involved carefully weighed against the possible damage to our economic interests which would result from a cancellation.

The Cabinet—
(6) Took note of the Foreign and Commonwealth Secretary's statement and of the points made in discussion.

(7) Invited the Foreign and Commonwealth Secretary and the Minister of Technology to consider in the light of developments whether the latter should visit the Soviet Union as planned.

*The Foreign and Commonwealth Secretary said that the American President's Assistant for National Security Affairs, Dr. Henry Kissinger, had informed our Ambassador in Washington that the United States Administration had received indications,*

*Previously recorded in a Confidential Annex.
which they were taking very seriously, of a possible further attack on United States naval craft by North Korean forces. A strong warning had been conveyed to the North Koreans, and the United States Administration hoped that it would be heeded. However, they wished the British Government to know that should there be such an attack it would be followed by immediate and drastic measures and the United States Administration would be grateful if the British Government would publicly signify their approval of United States action should the necessity arise. The British Ambassador had been instructed to find out the nature of the measures which were contemplated, and to make it clear to the American Administration that our public reaction would necessarily depend on this.

The Cabinet—

(8) Took note of the statement by the Foreign and Commonwealth Secretary.

CONFIDENTIAL

3. The Cabinet considered a memorandum by the Home Secretary (C (69) 42), proposing that entry certificates for the dependants of Commonwealth immigrants should be made compulsory instead of optional.

The Home Secretary said that the Committee on Immigration and Community Relations under his chairmanship had recently approved a proposal that we should introduce an amendment to the Immigration Appeals Bill (at present awaiting consideration in Committee in the House of Lords) to require the dependants of Commonwealth immigrants to obtain entry certificates before coming here for settlement. The Prime Minister had asked that the matter be brought to the notice of the Cabinet before any public statement was made.

The system which he now proposed to make universal was already widely used, notably by West Indian immigrants, and had proved successful. The object of his proposal was primarily humanitarian. The present system entailed the detention of large numbers of dependants in highly unsatisfactory conditions at London Airport and elsewhere while their claims were checked by Immigration Officers. The system had resulted in widespread criticism of the Home Office, which had however been powerless to improve it. Under the arrangements now proposed, facilities would be available for Indian and Pakistani dependants to obtain certificates of entry from Home Office Immigration Officials stationed in India and Pakistan. In order to avoid any suspicion of unfairness, he proposed to set up an interim appeal system in
advance of the establishment of the Immigration Appeals Tribunal under the new Bill. Appeals would be heard in this country.

He had been invited by the Committee on Immigration and Community Relations to explain his proposals privately to a number of outside bodies. During the last few days he had seen Mr. Rose, Chairman of the Parliamentary Labour Party's Home Affairs Committee, Dr. David Pitt, Deputy Chairman of the Community Relations Commission (Mr. Cousins, the Chairman, being out of the country) and Mr. Arthur Bottomley, Chairman of the Select Committee on Immigration and Race Relations. Mr. Bonham-Carter, Chairman of the Race Relations Board, Mr. Jeremy Thorpe, Leader of the Liberal Party, and Miss Joan Lestor, M.P., had also been consulted. All had stated that they were in favour of the proposed change while Mr. Quintin Hogg, the Opposition spokesman on home affairs, was already on record in the same sense. In order to avoid any accusations of racial discrimination in his proposals, which he was confident would be widely welcomed, he intended that the same rules should be applied to aliens.

In discussion, the following points were made:

(a) Although there would be arrangements under which oversea applicants for entry certificates could appeal against decisions not to allow entry, rejected applicants would not under present arrangements be able to appear personally before the Appeals Tribunal. This was not, however, a new problem; it could arise under the present system and arrangements were made for the appellant to be represented.

(b) Some further thought might have to be given to the financial effect of the new arrangements on the airline companies.

(c) If the changes were to be incorporated in the Immigration Appeals Bill, it would be desirable to make an early statement in the House of Commons.

In further discussion, there was general agreement with the Home Secretary's proposals, which it was noted had been welcomed by all the main outside bodies concerned with problems of immigration.

The Cabinet—

(1) Approved the proposals in C (69) 42.

(2) Invited the Home Secretary to arrange for the introduction of the necessary amendments to the Immigration Appeals Bill and to make an early statement in the House of Commons.
4. The Cabinet considered the question of the terms of financial assistance to the Malta Government during the second of the five-year periods of aid provided for in the 1964 Financial Agreement. Previous Ministerial consideration of the problem was recorded in memoranda circulated to the Defence and Oversea Policy Committee (OPD (69) 21, 22 and 23) which had now also been circulated to the Cabinet.

The Foreign and Commonwealth Secretary said that under the Agreement concluded in 1964 by the previous Administration, we had agreed that the Malta Government should be given financial assistance over a 10-year period. It had been agreed that for the first five-year period, which had ended on 31st March, 1969, this assistance should be in the ratio of 75 per cent grant: 25 per cent loan. The ratio for the second five-year period was left for later discussion. In January of this year Ministers had decided to offer assistance on the basis of a 50:50 ratio of grant to loan. The Maltese had rejected this offer but, following further consideration by the Defence and Oversea Policy Committee in March, it had been decided to reaffirm it. The Committee had directed, however, that the matter could be raised again if it became clear that, in the absence of an offer better than 50:50, the Malta Government were prepared to take steps that would damage our own interests sufficiently to warrant a further concession on our part. The Malta Government had duly been informed that we were not prepared to improve on our January offer, and had replied in an aide-mémoire dated 1st April refusing the offer and requesting revision of the 1964 Defence and Financial Agreements. The Maltese Government’s reply had been considered at a meeting of Ministers under his chairmanship on 25th April, held at the Prime Minister’s direction. The majority of those present had been of the view that we should offer to reopen financial negotiations and should be prepared in the last resort to improve our earlier offer up to a 75:25 ratio of grant to loan, but others thought that the issues raised by a further concession to the Maltese were such as to require reference to the Cabinet.

The Foreign and Commonwealth Secretary said that the considerations which weighed with him in advocating an offer to continue negotiations were the potentially high cost, in both economic and political terms, of the harassment which the Malta Government would be likely to engage in if we refused to negotiate further. He accepted that there was no economic case for aid on the scale which the Malta Government were seeking.
The Chief Secretary, Treasury, said that both the Chancellor and he were strongly of the opinion that we should not go beyond the 50:50 offer. It was common ground that there was no economic case for any assistance, since Malta's economy was booming and its reserves were proportionately far higher than our own. To surrender to what amounted to blackmail would only store up trouble for ourselves in the future. He suspected that, in the last resort, the Maltese threats would prove to be largely empty.

In discussion it was argued, on the one hand, that previous experience had shown that the Maltese were prepared to engage in harassing measures which were costly and unpleasant for us, even though they themselves suffered in the process. It was also argued that the potential costs of a breakdown in Malta—both costs in the island and the cost of providing facilities elsewhere—greatly exceeded the costs of making even the full concession of a 75:25 grant to loan ratio. As against this it was pointed out that it would be wrong to surrender to threats; that the material interest of the Maltese was heavily weighted in favour of reaching some accommodation with us; and that it was unlikely that they would act so irrationally as to cause us to leave the island.

The Foreign and Commonwealth Secretary, summing up the discussion, said that the view of the Cabinet, on balance, was that we should stand firm on the offer of a 50:50 ratio of grant to loan which we had made in January and reiterated in March. He would arrange for the Maltese Government to be informed accordingly.

The Cabinet—

Took note, with approval, of the Foreign and Commonwealth Secretary's summing up of their discussion.

CONFIDENTIAL

5. The Cabinet considered a note by the Chancellor of the Exchequer (C (69) 41) to which was attached a note by officials covering a draft White Paper in reply to the Report, by the Select Committee on Nationalised Industries, on Ministerial Control of the Nationalised Industries.

The Chief Secretary, Treasury, said that at their meeting on 4th March the Ministerial Steering Committee on Economic Policy had considered a draft reply to the Select Committee's Report. This had been amended in the light of the Committee's discussion and of comments made by the Chairmen of the Nationalised Industries. If the Cabinet approved the revised text the reply would be published as a White Paper and presented to Parliament by the Prime Minister. He would discuss the timing of publication with the Lord President,
and copies of the confidential final revise would be sent to the Chairman of the Select Committee and to the Chairmen of the Nationalised Industries 48 hours before publication.

The Cabinet—

(1) Approved the text of the draft White Paper attached to C (69) 41.

(2) Invited the Chief Secretary, Treasury, to arrange for publication in consultation with the Lord President on the timing.

Cabinet Office, S.W.1,
1st May, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Wednesday, 7th May, 1969,
at 5 p.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. PETER SHORE, M P, Secretary of State for Economic Affairs
The Right Hon. GEORGE THOMSON, M P, Minister without Portfolio
The Right Hon. RICHARD MARSH, M P, Minister of Transport
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department
The Right Hon. FRED PEART, M P, Lord President of the Council
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. ANTHONY GREENWOOD, M P, Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M P, Minister of Power

The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury (Item 1)

Also present:
The Right Hon. Sir ELWYN JONES, Q C, M P, Attorney-General
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1. The Foreign and Commonwealth Secretary reported that he had that afternoon made a statement in the House of Commons regarding the future of Greece in the Council of Europe. The Council's Committee of Ministers had agreed that a decision on the position of the Greek Government would be taken either at their next regular meeting, which would take place at the latest in December, or, if the report of the Council's Human Rights Commission was available earlier, at a special meeting. Some progress had therefore been made, since it had now been accepted that, by December at the latest, either the Greek Government would have been able to convince the Commission that it was making progress towards the re-establishment of democracy in Greece, or the Committee would have to agree that Greece should be suspended from membership of the Council of Europe or expelled from it. He would circulate a brief note of the position for the information of his colleagues.

The Cabinet—

(1) Took note of the Foreign and Commonwealth Secretary's statement.

(2) Invited him to circulate a brief note on the lines he had indicated.

*The Foreign and Commonwealth Secretary informed his colleagues of the latest situation in regard to Mr. Gerald Brooke.

The Foreign and Commonwealth Secretary said that Mr. Brooke had been visited by H.M. Consul on 5th May. The Consul had previously been informed by the Soviet authorities that further proceedings against Mr. Brooke for alleged acts of espionage had been instituted. The decision to institute proceedings did not, however, indicate that the Soviet authorities had finally determined that Mr. Brooke should be brought to a fresh trial. Under Soviet law, the laying of a charge against an accused person was followed by a period of investigation, which might continue for two to nine months, and only at the end of this period was it decided whether or not to bring the accused to trial. It was thus still possible for the Soviet authorities to abandon the proceedings without loss of face. It was however most important for this purpose that we should not confirm publicly that the Soviet authorities had decided to institute proceedings. Mrs. Brooke, who had shown herself to be very discreet, had been told in

* Previously recorded in a Confidential Annex.
confidence. In public, however, it would be essential not to go beyond the terms of his statement in the House of Commons, in which he had informed the House of the Consul's visit to Mr. Brooke but had said no more on the point of possible action by the British Government than that any Soviet decision to submit Mr. Brooke to a further trial would have grave consequences for Anglo-Soviet relations.

The Foreign and Commonwealth Secretary said that Mr. Brooke had appeared to be in fair condition when seen by our Consul; but his health was not good, and the prospect of a further long prison sentence must be viewed with some anxiety. It had been made clear to the Soviet Ambassador in London that any retrial of Mr. Brooke would ensure that there would be no possibility of the Krogers being released before 1974 at the earliest, but that if it were agreed that Mr. Brooke would be released at the end of his present sentence we would then be prepared to discuss the matter of the Krogers further.

The Foreign and Commonwealth Secretary said that he had been considering whether there were any further retaliatory measures, in addition to the expulsion of known Soviet intelligence agents in the Soviet Embassy in London to which he had referred in his last report to his colleagues, which we might take if, despite our warnings, Mr. Brooke was subjected to a fresh trial. It was difficult to devise any such measures which would be both effective and more injurious to Soviet interests than to our own; and he had not yet reached firm conclusions.

The Cabinet—

(3) Took note of the Foreign and Commonwealth Secretary's statement.

SECRET

*2. The Cabinet considered a memorandum by the Home Secretary (C (69) 45) which outlined the recent history behind political events in Northern Ireland, appraised the current political situation, considered the implications of the use of troops and discussed what should be the broad objectives of the United Kingdom Government's policy.

The Home Secretary said that it was important to remember that the Northern Ireland Government were not in power against the wishes of the majority of the Northern Ireland population. They represented more than half of the electorate, some of whom indeed thought that the Government were not being active enough in defence of their interests; and if the United Kingdom Government

* Previously recorded in a Confidential Annex.
introduced direct rule, the majority of the Northern Ireland population would oppose it. This was being increasingly realised by those members of the Labour Party who wanted the United Kingdom Government to intervene directly. Good progress had been made in Northern Ireland since the Prime Minister and he had seen Captain O'Neill, then Prime Minister of Northern Ireland, in November, 1968. Four of the five points which they had made to Captain O'Neill had been adopted by the Northern Ireland Government, and although they had not yet all been implemented steps were being taken to that end; and the fifth had been adopted in principle. The influence of the United Kingdom Government had been beneficial, and the presence of television cameras and reporters in Northern Ireland had made a substantial impact there. He had had a telephone discussion with the new Prime Minister of Northern Ireland, Major Chichester-Clark, who accepted the understanding that troops could be used only after a request from Government to Government, understood that the use of troops would in certain circumstances have constitutional implications and agreed that there would be no going back on “one man, one vote”. The Home Secretary had arranged that Major Chichester-Clark and some of his Ministers should meet the Prime Minister and himself in London on 21st May.

The Home Secretary said that since he had spoken to Major Chichester-Clark, the amnesty for those convicted in connection with the demonstrations had been announced. This would benefit the supporters both of the Reverend Ian Paisley and of the civil rights movement and had apparently been fairly well received in Northern Ireland. On balance he thought that Major Chichester-Clark had been right to declare the amnesty.

The civil rights movement still contained people of high ideals but it had been infiltrated by less desirable elements, including Trotskyists and Communists. The Irish Republican Army had also been infiltrated by Communists in recent years.

The Home Secretary proposed to mention to Major Chichester-Clark the possibility of a round-table conference being held. He would not put this forward as a positive proposal at this stage, although he himself was in favour of such a conference.

He had just received a telephone request from the Northern Ireland Government for the use of troops to guard the Belfast Harbour Estate which included parts of Messrs. Harland and Wolff’s shipyard and various public utilities. He had arranged for the Northern Ireland Government to be informed that he did not understand why troops were needed for this purpose, at a time
when the Royal Ulster Constabulary (RUC) should be under less strain; it was not clear why the "B" Specials could not be used for this task; and he was doubtful of the wisdom of meeting the request. He had asked the General Officer Commanding, Northern Ireland, for his views and for an appreciation of the situation.

In discussion it was suggested that it would be helpful to the Cabinet to have an objective analysis of the political situation and of the basic social factors in Northern Ireland of the kind that our Ambassadors abroad regularly provided. The Government lacked the information on which to judge the complaints of political and economic discrimination; and they had no expert knowledge available on the internal problems which would arise from direct rule and no adequate means of assessing the tasks involved. The Home Office kept closely in touch with Northern Ireland affairs, however, and had access to the kind of sources on which our Ambassadors relied for their reports. The Home Office was in particularly close touch with the Northern Ireland Civil Service and the RUC had recently been strengthened by the secondment of British security personnel. It might be possible for the Home Office to produce an appreciation, or a series of situation reports, on the lines suggested from information which it already received, although more staff would be required. There would still be a lack of independent and up-to-date reports on the political situation, prepared on the spot, but the Northern Ireland Government would resent political representatives of the United Kingdom Government being sent there. It would be helpful if the Home Secretary would consider this general problem further and inform the Cabinet of his views. It would also be helpful if the Home Secretary would circulate to the Cabinet a brief paper on the question whether the Stormont Parliament was fairly elected and on complaints of gerrymandering of constituency boundaries. Although there were numerous complaints on the local government franchise in Northern Ireland, there appeared to be no serious suggestion that the Parliament was not genuinely representative. There was an independent Boundary Commission in Northern Ireland operating under the same rules as the boundary commissions for the United Kingdom Parliament.

In discussion of the planning hypotheses set out in paragraph 23 of C (69) 45, it was suggested that the difficulties of direct rule, which would probably have to be imposed against the wishes of the majority of the population, would be very great. Reforms imposed by the United Kingdom Government would be bitterly resented by both Catholics and Protestants. The United Kingdom Government could not allow complete anarchy in Northern Ireland. But if troops had to be used on a large scale to preserve law and order, there would be a choice between direct rule and using troops in
support of the Northern Ireland Government; if it was to be the latter, the Northern Ireland Government must have a defensible policy which the United Kingdom Government could support. The Cabinet would need to consider the various planning hypotheses in greater detail later. It would be important to ensure that the use of troops was not automatically extended in response to events without the necessary decisions of principle being taken in full awareness of their implications. The use of troops in sporadic disturbances of a relatively minor character might well tend to lead progressively to the use of troops in more serious disorders, ending in full military intervention.

The Prime Minister, summing up the discussion, said that the Cabinet endorsed the Home Secretary’s provisional decision with regard to the use of troops to guard the Belfast Harbour Estate although it would be open to the Home Secretary to bring the issue before Ministers again if he wished. The Home Secretary should consider the provision of a political and social analysis of the Northern Ireland situation, on the lines indicated in discussion, and should circulate a paper setting out his views on how this might be done. He should also circulate a paper on the extent to which the Stormont Parliament could be regarded as genuinely representative of the electorate.

It had been suggested in some quarters that the United Kingdom Government should wash its hands of Northern Ireland affairs, but it was clear that this would not be a defensible policy.

The Cabinet generally endorsed the approach set out in paragraphs 27–32 of C (69) 45 and agreed that the possibility of a round-table conference should be held in reserve; such a conference might be unnecessary if the situation remained quiet but might be required urgently if serious rioting broke out again. The Cabinet should resume its consideration of the Northern Ireland situation after the visit of Major Chichester-Clark to London. The question of consulting the Opposition on the planning hypotheses should then be considered further; it would certainly be out of the question to
impose direct rule without such consultation. The Group of Ministers (MISC 238), which had been formed to consider the Northern Ireland situation, should be authorised to deal with issues arising at short notice in the meantime, submitting to the Cabinet any issues which required Cabinet decision. It might be necessary, for example at weekends, for decisions in a critical emergency to be taken by the Ministers most closely concerned (himself, the Foreign and Commonwealth Secretary, the Home Secretary and the Defence Secretary).

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Invited the Home Secretary to circulate to the Cabinet, papers—

(i) on the provision of an intelligence appreciation including a political and social analysis of the situation in Northern Ireland, on the lines indicated in discussion;

(ii) on the extent to which the Stormont Parliament was genuinely representative of the electorate.

(4) Authorised MISC 238 and, if necessary, a smaller group of Ministers most closely concerned to take action on urgent matters on which it was impracticable to consult the Cabinet.

3. The Prime Minister said that he and the First Secretary would be seeing representatives of the Trades Union Congress (TUC) on 12th May. The purpose of the meeting would be to find out whether the TUC had any alternative proposals to make for dealing with unofficial strikes which would be as effective as the Government's proposal for a conciliation pause. It seemed unlikely that the TUC would have any practical suggestions to put forward but it was important that they should be given every encouragement and opportunity to do so. There were indications that opposition within the Parliamentary Labour Party to the use of statutory powers would be reduced if it became clear that the TUC had no practical proposals for dealing with unofficial strikes in other ways.
In discussion the point was made that many trade union leaders were anxious to make a constructive contribution towards the solution of the problem of unofficial strikes and that it would be unwise to press for an immediate answer to the Government’s request for alternative proposals. On the other hand it was argued that the TUC showed no sense of urgency in dealing with the problem and there was no evidence that they would, if given more time, be able to propose any practical and effective alternative to the conciliation pause.

The Prime Minister, summing up the discussion, said that the Cabinet would be able to have a full discussion on the proposed legislation on industrial relations, taking account of the outcome of the discussion with the TUC on 12th May, at their meeting in the following week.

The Cabinet—

Took note of the statement by the Prime Minister.

Cabinet Office, S.W.I,
8th May, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 8th May, 1969, at 11 a.m.

Present:

The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. PETER SHORE, M P, Secretary of State for Economic Affairs
The Right Hon. GEORGE THOMSON, M P, Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M P, Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M P, Minister of Power

The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer (Items 1, 4, 5, 6 and 7)
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department
The Right Hon. FRED PEART, M P, Lord President of the Council
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M P, Minister of Transport
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. JUDITH HART, M P, Paymaster General

The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

The following were also present:

The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury
The Right Hon. Sir ELWYN JONES, QC, M P, Attorney-General
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1. The Cabinet discussed relations between the Government and the Parliamentary Labour Party; the conclusions reached were separately recorded and copies were circulated only to The Queen and the Prime Minister. A copy is kept in the standard file of the Secretary of the Cabinet.

2. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Lord President informed the Cabinet that a strike among members of the Society of Graphical and Allied Trades (SOGAT) employed by Her Majesty’s Stationery Office was interfering with the supply of Parliamentary papers to the House of Commons. Regular supplies were being obtained direct from the printers, but additional copies could be obtained only from a warehouse which was closed by the strike. The Bills concerned were the Finance Bill, the Steel Bill, the Divorce Bill, and the Ponies Bill. Mr. Speaker had ruled that no contempt was involved, and, with his agreement, photocopying machines were being installed in the House of Commons to augment supplies. The House was receiving a sufficient number of copies of Hansard, Order Papers and Amendments to Bills, but none were available to the public at large.

The Chief Secretary, Treasury, said that at present there was no prospect of an early end to the strike; and the fact that the Official Report and other Parliamentary papers were not generally available was giving rise to increasing public dissatisfaction. He proposed to make a purely factual statement in the House of Commons that afternoon.

The Cabinet—

(1) Took note of the statement by the Lord President.

(2) Agreed that the Chief Secretary, Treasury, should make a factual statement in the House of Commons that afternoon.
CONFIDENTIAL

3. The Prime Minister said that the Joint Meeting of the Cabinet and the National Executive Committee of the Labour Party (NEC) on the following day would provide an opportunity for Ministers to explain to members of the NEC their plans for dealing with the practical issues of policy with which they were concerned. On departmental questions and on broader issues of policy for which members of the Cabinet bore collective responsibility, it would be convenient to leave the discussion to the Minister primarily concerned. The First Secretary of State would deal with any questions on the proposed legislation on industrial relations. Members of the Cabinet would, however, be free to express their individual views on relations between the Government and the party as a whole. At a later date it might be useful to arrange a meeting of the Cabinet at which the Government's political strategy could be surveyed as a whole. The new Management Committee of the Cabinet would also be particularly concerned with the management of the Government's business in the political context. The Committee would not take major decisions of policy or replace existing Cabinet Committees for this purpose; and its conclusions would be periodically reported to Cabinet.

The Cabinet—

Took note of the statement by the Prime Minister.

SECRET

4. The Cabinet had before them a memorandum by the Secretary of State for Foreign and Commonwealth Affairs (C (69) 44), covering the text of the latest message received from the Rhodesian régime, together with the text of our proposed reply, and a note by the Secretary of State for Foreign and Commonwealth Affairs (C (69) 46), to which was attached the texts of previous exchanges.

The Foreign and Commonwealth Secretary said that a memorandum had been received from the Rhodesian régime dated 16th April. This made no attempt to bridge the gap between the two sides. Its object was manifestly to place the blame for an eventual breakdown on us; and it had evidently been drafted with a view to subsequent publication. A proposed reply to the Rhodesian memorandum had been drafted and had been circulated for the consideration of his colleagues (Annex B to C (69) 44). This draft might also have to be published in due course. He was also considering the publication of a White Paper or Blue Book giving a detailed account of the course of our discussions with the Rhodesian régime since the conclusion of the talks in HMS Tiger. Material for

SECRET
this was being collected: but it was not necessary to take a decision immediately. The Prime Minister had already suggested certain drafting amendments to the draft reply primarily in order not to present the régime's case in too favourable a light and to make it clear that we were not appealing to the régime to meet us. He had also two drafting amendments to propose himself. The object of these was to make it clear that our willingness to consider a variant of the referendum procedure proposed to the régime by the Minister without Portfolio in Salisbury last November or, alternatively, a proposal that the entrenched clauses of the Constitution should be unamendable for a period of years, was contingent on agreement being reached on the other outstanding points of disagreement. Throughout the discussion, Mr. Smith, the leader of the Rhodesian régime, had been very ready to say what he could not accept, but unwilling to say what he could agree to. If the offer was to be made it would be essential to establish that he would accept our desiderata on the outstanding points in order to forestall any Rhodesian attempt to equivocate on them. Since the reply would probably have to be published, and might well constitute the final breaking point, it was important to make it clear on the one hand that we had stood firm on the Six Principles, and that on the other we had done everything possible, consistent with this, to achieve a settlement. We had to defend ourselves on both flanks not only from the suggestion that we had abandoned the Six Principles but also from the charge of unnecessary intransigence on what might be represented as the secondary and unessential issue of a second, external safeguard. The Opposition in this country had made considerable play with this latter point. It was important to carry them with us in order to avoid giving the Rhodesian régime the impression that they need only wait until there was a Conservative Government in order to obtain a settlement.

So far as the substance of the two proposals in the draft reply was concerned, the Foreign and Commonwealth Secretary said that, as he had pointed out on 1st May, the dropping of the "sieving" role of the Privy Council actually strengthened the second safeguard in that the requirement for a referendum would become automatic.

The Prime Minister said that the proposed draft reply was not aimed at achieving a settlement on Fearless lines. Such a settlement was in any case ruled out by the terms of Mr. Smith's speech on the previous day, in which for the first time Mr. Smith had publicly admitted that the proposed "constitution" would permanently rule out any prospect of majority rule in Rhodesia. The objective was to forestall any allegations by the régime that the breakdown of the dialogue had been due to our intransigence and in particular to our
insistence on a second safeguard. He had stated in the House of Commons that we were prepared to consider a second safeguard which would be purely internal to Rhodesia, and this remained the position. This would meet the first of the two objections which Mr. Smith had made during the Fearless talks, namely that a safeguard in which the Privy Council played a role would be external, though what we now intended to propose would not of course meet his second objection, namely that he could not accept a safeguard which was external to the Rhodesian Parliament and overrode its authority. The alternative proposal—to rule out amendments to the entrenched clauses of the Constitution for a period of years—had originated with the South African Government. There was accordingly some merit in being able to tell the South Africans that we had put it to Mr. Smith and that he had rejected it; and this might influence the South African attitude towards the régime. Rumours had been current in this country that the British Government were contemplating a "sell-out" on Rhodesia and even that he himself was intending to fly out to Salisbury to talk to Mr. Smith. It was important to counter these and to make our position clear publicly. By doing so, we should both embarrass Mr. Smith and hearten the opposition in Rhodesia. In previous discussions it had been suggested that the safeguards now proposed would be ineffective if the régime chose to ignore them: but this was equally true of previous proposals. If the régime, having agreed to a settlement and an independence constitution, decided to go back on its undertakings, there was no way in which it could be forced to observe them, though no doubt the matter could be taken to the United Nations and sanctions re-enforced. In any case, the question was academic, since Mr. Smith was clearly not prepared to contemplate a settlement on any terms we could accept.

In discussion it was argued that Mr. Smith's speech on the previous day had demonstrated the impossibility of reaching agreement with the régime. If he had any serious intention of negotiating with us there might be some purpose in discussing with him the points of detail raised in the Annex to the draft and in making the proposals in regard to the second safeguard set out in the main body of the reply: but this was clearly no longer the case. While it was certainly desirable to carry the Opposition along with Government policy to the extent possible, account had also to be taken of feeling in the Parliamentary Labour Party. Opinion surveys after the talks in HMS Fearless had shown that there was widespread agreement in the country at large that the Government had gone as far as they could reasonably go to meet Mr. Smith, and that they should go no further. While it was accepted that the proposals made in the draft reply did not in fact betoken a departure from the Six Principles, it was pointed out that in the Parliamentary
Labour Party and elsewhere there was a general feeling that we had gone to the limit of concession. Misgivings would be increased if we were to say publicly that we were prepared to consider the abandonment of the last vestige of an external British safeguard, largely symbolic though it might be, which was represented by the procedure for reference to the Privy Council. What was required now was a short and dignified reply regretting the absence of constructive proposals from the Rhodesian régime, rebutting any Rhodesian attempts to put the British Government in the wrong, and urging the régime to reflect seriously before taking the action they proposed.

The Prime Minister, summing up the discussion, said that the proposed reply would clearly require revision. The Foreign and Commonwealth Secretary should prepare a redraft in the light of Mr. Smith's speech and the points made in discussion, and circulate it as soon as possible to his colleagues for their comments. The draft should make the point for the record that we had been prepared to consider alternative proposals for a second safeguard, but should also make it clear that this was not the only remaining point of disagreement.

The Cabinet—

(1) Took note with approval of the Prime Minister's summing up of their discussion.

(2) Invited the Foreign and Commonwealth Secretary to circulate to the Cabinet for comments a revised draft reply on the line indicated by the Prime Minister in his summing up.

5. The Cabinet considered a memorandum by the Lord Chancellor (C (69) 47) about proposals for amending the Leasehold Reform Act, 1967.

The Lord Chancellor said that the Home Affairs Committee had considered the cases for and against amending the provisions of the Leasehold Reform Act, 1967, in the light of two decisions by the Lands Tribunal in which they had held that the price payable by an enfranchising leaseholder to his landlord should take account of the fact that the leaseholder was present in the market as a bidder. The significance of this was that only the leaseholder was in a position to realise any value resulting from the marriage of the freehold and leasehold interests; consequently he might be prepared to pay a
higher price than any other bidder. Both the Ministerial Committee on Legislation on Rent, Land Commission and Leasehold Enfranchisement (RLL) and the Cabinet had clearly intended that the leaseholder should pay for the "marriage value", and both the Act and the Lands Tribunal's decisions had given effect to that intention. The question now was whether to reverse that intention. The report stage of the Housing Bill, which was to be taken on 19th May, would afford an early opportunity. The majority of the Home Affairs Committee considered that the Government would be in danger of forfeiting the political advantage gained by leasehold reform if they did not take this opportunity. As this would involve reversing the Cabinet's earlier decision, he had brought the matter to them. In his view, the problem could best be solved by leaving the law as it stood, but by ensuring that legal aid was available in Lands Tribunal cases about leasehold enfranchisement. At the best rough estimate available this would cost only about £10,000 a year, and it would remove the only grievance of substance: that landowners were extracting unjust prices from tenants, knowing that they were unlikely to face the expense of going to the Tribunal.

In discussion it was pointed out that there was now considerable anxiety, in and out of Parliament, that the Act did not conform to the Government's declared intentions on leasehold reform. The two decided cases had induced landlords to hold out for higher prices, and there was evidence that leaseholders were being deterred from taking cases to the Lands Tribunal because they could not get legal aid. When the reform was introduced, the basic intention had been to ensure that the enfranchised leaseholder should pay for the value of the land only and nothing for the bricks and mortar. Assessing the price of enfranchisement by inclusion of the "marriage value" meant that some element of the value of the bricks and mortar would be included. If this were not put right, the electoral consequences would be grave. On the other hand, the experience of only two cases in the Lands Tribunal, both in London where land values were exceptionally high, gave no guide to the effect of the proposed change. We should, therefore, be legislating in the dark if the amendment was made in the Housing Bill, with possibly damaging repercussions should the expectations of the amendment not be fulfilled. It might be better to set up a working party to make sure that this time the amendment should be absolutely right, and if necessary to effect it by a separate Bill next Session. Furthermore, unless legal aid were provided, amendment would not remove the disincentive to leaseholders to see equitable valuations from the Lands Tribunal if landlords still held out for excessive prices. The possibility of granting legal aid in these cases would need careful consideration, not so much on grounds of cost, but rather because of the questions of principle involved.
The Prime Minister, summing up the discussion, said that the Cabinet endorsed the majority view of the Home Affairs Committee that the operation of leasehold reform should be changed to the more apparent advantage of the leaseholder. The Home Affairs Committee should decide whether this should be done at once, by inserting an amendment in the Housing Bill, or whether after fuller examination by a working party, with a view to separate legislation, if legislation were deemed necessary, in the next Session, when it would have the maximum electoral impact. The Lord Chancellor should discuss with the Chancellor of the Exchequer the possibility of granting legal aid in enfranchisement cases before the Lands Tribunal and, if they agreed that this could be done, this fact should be taken into account in any detailed examination aimed at separate legislation, bearing in mind that it might obviate the need for a legislative remedy.

The Cabinet—

Invited the Lord Chancellor

(i) to arrange for the Home Affairs Committee to consider the issue stated in the Prime Minister's summing up;

(ii) to consult the Chancellor of the Exchequer on the possibility of making legal aid available in cases before the Lands Tribunal concerned with leasehold enfranchisement.

The Cabinet—

Invited the Lord Chancellor

(i) to arrange for the Home Affairs Committee to consider the issue stated in the Prime Minister's summing up;

(ii) to consult the Chancellor of the Exchequer on the possibility of making legal aid available in cases before the Lands Tribunal concerned with leasehold enfranchisement.

6. The Cabinet considered a memorandum by the Lord Privy Seal (C (69) 43) about the release of official information.

The Lord Privy Seal said that, following the Cabinet's brief discussion on 12th March of a memorandum by the Prime Minister (C (69) 21) about the release of official information, the Parliamentary Committee had considered it further and had invited him to indicate what might be included in a White Paper. A decision was needed, before the Report Stage of the Freedom of Publication (Protection) Bill on 16th May, on whether to publish a White Paper on the lines of the draft attached to C (69) 43 (the course he himself advocated), to make an oral statement of policy on similar lines, or to establish an outside inquiry either into the whole question of the release of information and the working of the Official Secrets Acts or into the latter alone; bearing in mind that an inquiry of either sort could well have an embarrassing outcome. In any event, the distinction between the scope of authorised disclosures, and the consequences of unauthorised disclosure which alone were the concern of the Official Secrets Acts, should be made clear.
In discussion it was argued that, while there was some public pressure for a public inquiry into the Official Secrets Acts, the practical decision before the Cabinet was whether to make a statement or to issue a White Paper. The draft appended to C (69) 43 made the Government's position clear, and it should carry greater conviction than a relatively brief statement.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that a White Paper should be published on the lines of the draft annexed to C (69) 43. Any comments on the draft text should be sent to the Lord Privy Seal for consideration. There should be no outside inquiry into the working of the Official Secrets Acts.

The Cabinet—
Approved the publication of a White Paper on the lines of the draft annexed to C (69) 43.

7. The Secretary of State for Defence said that at a meeting earlier in the day the Defence and Oversea Policy Committee had agreed that we should proceed to the next stage of the European project for a multi-role combat aircraft. This stage, known as the project definition stage, would involve expenditure of £7 million over the next two years; provision had already been made in Defence Estimates. The present commitment was to the project definition stage only; and our further participation in the project would be subject to stringent and continuous scrutiny.

The Cabinet—
Took note with approval of the statement by the Secretary of State for Defence.

Cabinet Office, S.W.1,
8th May, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1., on Thursday, 15th May, 1969, at 10.15 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The following were also present:
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
Mr. DAVID ENNALS, M.P., Minister of State, Department of Health and Social Security (Items 5 and 6)
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General (Items 3–6)
## Secretariat:

Sir Burke Trend  
Miss J. J. Nunn  
Mr. R. R. D. McIntosh  
Sir Robin Hooper  
Mr. J. Crocker  
Mr. T. S. Heppell

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

*The Chancellor of the Exchequer* said that the Sub-Committee on Future Policy of the Ministerial Committee on Prices and Incomes had considered the case for taking fresh powers to control rent increases when the existing powers under the Prices and Incomes Act, 1968, lapsed at the end of the year. A majority of the Sub-Committee considered that if it were decided to take such powers it would be preferable to do so by way of a separate Bill and not by amending the current Housing Bill; and the Lord President had assured them that such a Bill could if necessary be introduced early in the next Session. Opinion in the Sub-Committee was sharply divided on the desirability of taking fresh powers. They had concluded that the next step should be consultation with the Parliamentary Labour Party on the matter and that the Sub-Committee should then consider the problem further in the light of these consultations.

*The Chancellor of the Exchequer* said that his current negotiations with the International Monetary Fund would not be completed before Parliament resumed after the Whitsun Recess. He did not propose to make any statement before the House rose, and he understood that any demand for a debate would be resisted. If the Executive Board of the International Monetary Fund agreed to a further loan he would report to the Cabinet before signing a Letter of Intent to the Fund and would subsequently publish the letter.

The Cabinet—

(1) Took note with approval of the statements by the Chancellor of the Exchequer.

*The Prime Minister* said that it would be of the greatest importance to maintain the Government's voting strength in the House of Commons during the summer. Ministers should therefore confine overseas visits to periods when the House of Commons was not sitting. Where it was essential for the Government to be represented on a particular occasion by a Minister, arrangements should if possible be made, in consultation with the Leader and the Chief Whip of the House of Lords, for a Peer to attend; and if the attendance of a particular Minister who was a member of the House of Commons could not be avoided, the Minister should consult the Chief Whip on the arrangement of business and on arranging a suitable pair. Ministers would also be well advised, in making either official or personal plans, not to assume that Parliament would in the event be able to rise at the end of July.

Members of the Cabinet should bring to the attention of their junior Ministers the necessity of avoiding overseas visits while
Parliament was sitting and to refrain from committing themselves to plans based on the assumption that Parliament would rise at the end of July.

The Cabinet—

(2) Took note of the Prime Minister's statement.

2. The Foreign and Commonwealth Secretary said that discussions with the Premier of the Associated State of St. Kitts, Nevis and Anguilla, Mr. Bradshaw, were still continuing. Mr. Bradshaw had agreed in principle that Her Majesty's Government in the United Kingdom and his Government should appoint a Commission, and that other Caribbean Governments should be asked to suggest candidates to serve on it. The two Governments would appoint the members of the Commission in their personal capacities, and not as representatives of the Governments who had nominated them. The function of the proposed Commission would be to consider the Anguillan problem and submit recommendations. It would not consider wider Caribbean problems. The main point of difficulty so far had been the Commission's terms of reference. Mr. Bradshaw had wished these to be drawn so as to rule out the separation of Anguilla from the Associated State in any circumstances. We could not of course agree. During the discussions, the questions had been raised of aid for Nevis and assistance in the construction of an airstrip for jet aircraft in St. Kitts. It remained to be seen whether Mr. Bradshaw's anxiety to obtain British help over these problems would be sufficient to induce him to abandon his unacceptable demands in regard to the terms of reference of the Commission. During the talks there had also been discussion of various administrative problems: for example, land sales, postage stamps and passports. On all these issues, Mr. Bradshaw had pressed for solutions which would emphasise the continuing authority of the Associated State over Anguilla. We had pointed out the unwisdom of this. If agreement could be reached over the terms of reference of the Commission, however, it was likely that these minor problems would fall into place. Discussions with Mr. Bradshaw would continue on Friday, 16th May.

The Foreign and Commonwealth Secretary said that there had been some movement in the Paris negotiations on Vietnam. The North Vietnamese National Liberation Front had put forward their ten-point plan; and the President of the United States, Mr. Nixon, had on 14th May announced a series of measures aimed at the withdrawal of foreign forces from South Vietnam and the termination of hostilities. In his speech President Nixon had made it clear that
the United States were not simply going to abandon the South Vietnamese. Any withdrawal of United States troops would be conditional on the withdrawal of North Vietnamese troops from South Vietnam, Laos and Cambodia, and the creation of conditions in which the South Vietnamese could freely choose their own government. It was of interest that, in the course of the current exchanges, the North Vietnamese had for the first time overtly admitted that there were North Vietnamese troops in South Vietnam.

The Foreign and Commonwealth Secretary said that recent events in Malaysia seemed to show that the uneasy alliance between some Malaysian elements and some Chinese elements appeared to be breaking down. In the recent elections there had been gains by the extremists on both sides, and the future of the coalition was in doubt. It was possible that the prospect of an impending United States withdrawal from Vietnam had stimulated some of the Chinese in Malaysia to demonstrate their sympathy with China. These factors were in the long term perhaps a more serious feature of the situation than the rioting which had taken place. So far as the security situation was concerned, Kuala Lumpur now appeared to be quiet, though 20 people had died and 60 had been injured. There had, however, been only one minor incident involving a British subject.

The Cabinet—

(1) Took note of the statements by the Foreign and Commonwealth Secretary.

The Foreign and Commonwealth Secretary said that the negotiations between the Shah of Iran and the Western Oil Consortium operating in Iran had been brought to a successful conclusion. Contrary to Press reports, the results had not been a one-sided victory for the Shah. It was fortunate that the agreement had been reached when it had been, since this issue might otherwise have caused difficulties at the impending meeting of the Central Treaty Organisation. The subject was a somewhat complicated one, and he proposed to circulate a short memorandum to his colleagues.

The Cabinet—

(2) Took note of the statement by the Foreign and Commonwealth Secretary and invited him to circulate a memorandum to the Cabinet.
The Prime Minister said that he and the First Secretary of State had had a useful discussion with the General Council of the Trades Union Congress (TUC) on 12th May. At the suggestion of the TUC the discussion would be resumed on 21st May and the First Secretary of State would be able to report the outcome to the Cabinet on the following day. In the meantime it would be helpful if she would circulate a paper dealing with those parts of the proposed legislation on which there was already broad agreement between the Government and the TUC.

The First Secretary of State said that the General Council's attitude at the meeting had been co-operative. There had been a constructive discussion of a draft report entitled “Industrial Relations—A Programme for Action” which the TUC had prepared for circulation to the special Congress which they had called for 5th June. There was a good deal of common ground between the proposals in the TUC's report and in the White Paper “In Place of Strife”. The TUC's proposals for dealing with inter-union disputes were in line with the Government's own approach and seemed generally satisfactory. Their proposals for dealing with unconstitutional stoppages arising from disputes with employers were much more vaguely worded and it was by no means clear that they would be either effective or quick-acting. A large part of the meeting had been devoted, without much success, to clarifying the TUC's intentions on this point. Following the meeting she had sent them a list of questions, largely relating to the operation of the procedures for dealing with unconstitutional stoppages, and the General Council would be considering these before finalising the text of the report to the special Congress. She had told the TUC that the introduction of the Bill would be delayed until after the special Congress and they had warmly welcomed this. The special Congress would not, however, be able to do more than reach decisions in principle which would be subject to confirmation at the Annual Congress in September. It would be some time before it would be possible to judge whether the TUC's programme taken as a whole represented a satisfactory alternative to the Government's own proposals.

In discussion it was generally recognised that, while the TUC's proposals for dealing with inter-union disputes might well be satisfactory, there still appeared to be a significant gap between the TUC's proposals and those of the Government for dealing with unconstitutional stoppages arising from disputes with employers. It was argued that the TUC would not in fact be able to exert effective discipline over affiliated unions, since their only sanction was the threat of expulsion which they would be generally unwilling to put into effect. The importance of reaching decisions which could be accepted by the TUC as well as the Government was emphasised and
it was suggested that the possibility of combining the TUC’s proposals with a stronger supervisory role for the Commission on Industrial Relations should be considered. Against this it was pointed out that the TUC had not shown any particular enthusiasm for the Commission.

The Prime Minister, summing up the discussion, said that the TUC were clearly anxious to continue their consultations with the Government, and it would be premature for the Cabinet to consider either the substance or the timing of legislation at this stage. The First Secretary of State would circulate to the Cabinet copies of the TUC’s report to the special Congress and would report to the Cabinet the outcome of the resumed discussions with the TUC in the following week. In the meantime it was important that Ministers should avoid saying anything to members of the General Council of the TUC which might encourage them to maintain their opposition to the Government’s proposals.

The Cabinet—

(1) Invited the First Secretary of State to circulate for consideration at their meeting in the following week—

(i) a paper dealing with those parts of the proposed legislation on which there was broad agreement between the Government and the TUC;

(ii) copies of the report prepared by the General Council of the TUC for circulation to the special Congress.

(2) Took note that at their meeting in the following week the First Secretary of State would report the outcome of her resumed discussions with the General Council of the TUC.

4. The Cabinet considered a memorandum by the Lord Chancellor about the Divorce Reform Bill (C (69) 51).

The Lord Chancellor recalled that the Cabinet had agreed in November, 1968, that the House of Commons should have an opportunity to reach a conclusion in the present Session on Mr. Alec Jones’ Divorce Reform Bill, which was in substance the same as a Private Member’s Bill which had failed to secure a passage in the previous Session. Accordingly, time had been made available for the Second Reading. The Bill was now being considered on Report, and determined opposition on the part of a small group of Members had made it plain that there was no prospect of its being passed unless the Government were prepared to provide additional time. In his view it was desirable that this should be done—if necessary by means of an all-night sitting; there would be widespread dismay and
resentment amongst the Bill's supporters, most of whom were members of the Parliamentary Labour Party (PLP), if this reform were again frustrated, as it had been in the previous Session, through lack of time. It was also relevant that the Bill was still strongly supported by the Archbishop of Canterbury’s Committee on the reform of the divorce law.

In discussion it was suggested that the provision of Government time was likely to be unpopular with the public; it would be resented by the Bill’s opponents; and it would be important to ensure that a concession could not be exploited to delay the passage of Government legislation. On the other hand, it would be a valuable demonstration of the influence of back-benchers if Government intervention enabled a measure supported by the majority of the PLP to complete its passage through the House of Commons. A single all-night sitting would probably not be sufficient, however, and it would be desirable to consider giving time on the same basis as for the passage of the Abortion Bill in 1967, when it was clearly understood that the debate would start on a Thursday night and if necessary continue into Saturday. A similar opportunity would not arise until the week after the Whitsun Recess; but it should be taken then because, unless the Bill completed its passage through the House of Commons in that week, it would face the competition in the House of Lords of a number of major Government Bills and might well fail again. If Government time was to be made available, it was important that before any announcement was made to this effect the PLP should be consulted.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that, subject to consultation with the PLP, Government time should be given to enable the Bill to complete its passage in the House of Commons. The aim should be to provide sufficient time for this purpose during the first week after the Whitsun Recess, possibly on the same basis as for the Abortion Bill. The Chief Whip should discuss with the Chairman of the PLP when it would be convenient to put the matter to the Party.

The Cabinet—

(1) Agreed that Government time should be made available to enable the Divorce Reform Bill to complete its passage in the House of Commons, on the basis indicated in the Prime Minister's summing up.

(2) Invited the Chief Whip to consult the Chairman of the Parliamentary Labour Party about the timing of a discussion with the Party.
5. The Cabinet considered a memorandum by the Secretary of State for Social Services (C(69) 50) on the uprating of social security benefits.

The Minister of State, Department of Health and Social Security, said that the proposed increases in retirement and war pensions and 100 per cent disability benefit did no more than reflect price increases since October, 1967, in accordance with the Government's previous decision; the increases in supplementary benefits were substantially smaller because the rates had last been increased in October, 1968. The net cost of the changes in benefits was estimated at £236 million in the first year, but this was not the whole measure of the additional sums which had to be provided; the National Insurance Fund had shown a deficit of about £80 million in 1968–69 and it was estimated that this would rise to £160 million in 1970–71. Taking these two factors together it was necessary to raise £440 million in the first year, of which it was proposed to find approximately £370 million from contributions and the remainder from the Exchequer. If the whole amount to be raised from contributions were found by raising flat-rate contributions, this would mean an increase of about 3s. 6d. each for employer and employee on the man's contributions, which would be quite intolerable for the lower paid. The Chancellor of the Exchequer had already, in winding up the Budget Debate, ruled out any question of making employers pay more than their normal share and it would not be right to make the scheme too dependent on Exchequer finance; it was therefore proposed to raise about half the money needed by increasing the graduated contributions on earnings between £18 and £30 a week from ½ per cent to 2½ per cent per annum, which would mean that whereas the flat-rate contribution would be increased by 1s. 6d. a week the increase would be 6s. 11d. a week for those earning £30 or more. This represented a fair spreading of the burden and would be a step towards the long-term earnings related scheme; but it would undoubtedly cause strong protests in some quarters.

Since it was proposed to extend the graduated scheme in this way, it was essential to find some way of improving it and making the proposals more acceptable. He therefore proposed that, with effect from 1972, benefits earned by graduated contributions should be revalued to take account of changes in prices or earnings over life. In addition to remedying the worst defect of the Conservative Government's scheme, this would help those who were already too old to derive much, if any, benefit from the new pensions scheme; redress the balance between those within the present scheme and those who had been contracted out, which had been disturbed by rising interest rates; and deter large employers who were threatening...
to contract out to the detriment of the Fund. On the other hand there was no doubt that if the Government acted as proposed they would be accused of a breach of faith in changing the terms on which a large section of employees, including the mineworkers, had been contracted out, and would also be accused of going back on their own White Paper. Whichever way the Government opted there would be vocal opposition; the Trades Union Congress, the Confederation of British Industry and the National Association of Pension Funds were all in favour of “dynamising” graduated pensions, while the Life Offices Association had made it clear that they would regard such action as tantamount to the retrospective revision of a contract entered into by the Government. The balance of advantage was in his view in favour of “dynamising” graduated pensions, although nothing comparable could be done for those contracted out; he invited the Cabinet to approve the increases in benefits and contributions specified in C (69) 50, and to authorise the publication of the Bill on 21st May and the making of a statement at the same time about the Government’s intention to “dynamise” graduated pensions as from the commencement of the new scheme.

In discussion a number of Ministers took strong exception to the Cabinet’s being asked to consider so complex and important a matter at short notice. Accepting that the decision to postpone the introduction of the Industrial Relations Bill had upset previous plans, the fact remained that the timetable proposed by the Secretary of State for Social Services would make it impossible to make even a show of consulting the representatives of contracted out workers, who, contrary to previous undertakings, would be placed in a worse position than those under the state scheme, including the National Union of Mineworkers (NUM) and other organisations of employees of nationalised industries and the Civil Service unions. This could only lead to angry recriminations.

One way out of this difficulty would be to omit any mention of “dynamism” from the statement to be made on introduction; it did not relate to the text of the Bill, and a statement of the Government’s intentions on this point could be left until Second Reading. But without mentioning “dynamism” it would be almost impossible to defend successfully the sharp increases proposed in graduated pensions. Moreover the timetable on the Bill must be so arranged as to leave time for discussion in the Parliamentary Labour Party (PLP) and for the Government to try to carry the Party in the country with them. The size of the increases in contributions particularly in relation to low-paid workers would come as a severe shock, though the Chancellor of the Exchequer had made it clear during the Budget debates that additional (but unspecified) sums would have to be raised towards meeting the deficit in the National Insurance Fund. Since
this was an essential element in the calculations on which the Budget was based, the sum would have to be raised and there could be no question of increasing the Exchequer contribution.

It was essential that the Bill reached the Statute Book by the end of July, but it did not necessarily follow that it must receive a Second Reading in the week following the Whitsun Recess. Postponement of introduction until after Whitsun would give time for Ministers to consider the issues properly, for approaches to be made to the NUM and other bodies whose members would be adversely affected by the changes proposed, and for discussions within the Party. Publication either on 21st May, or on the day Parliament rose, would not be suitable.

On the other hand postponement of the introduction until after Whitsun would mean that the proposals would break upon the Government's supporters at a time when their morale might be under strain as a result of the publication of the Industrial Relations Bill and of the arrangement with the International Monetary Fund; it was open to doubt, however, whether the interval afforded by publication before Whitsun would have much effect on the strength of the reaction to the proposals. A further difficulty about postponement was that the Government had been under pressure for some time to make an announcement about the increases in contributions, and a debate on this subject would take place in the House of Commons later that day. This difficulty might, however, be overcome by making a preliminary statement of the Government's intention to "dynamise" graduated pensions under the existing scheme in order to remove the scheme's worst feature; the delay in introducing the Bill could be explained by reference to the need for extensive consultations on this point. The House could then be informed that the Bill would be introduced as soon as possible after Whitsun.

The Prime Minister, summing up the discussion, said that the general feeling of the Cabinet was that though the principle of raising part of the sum needed by increasing graduated contributions was accepted, more time was needed to study the details of the proposals, and particularly the burden on the lower-paid. The Ministerial Committee on Social Services should meet for this purpose early in the following week; if necessary the matter could be further considered by the Cabinet on 22nd May. As to timing, they were agreed that the introduction of the Bill should be deferred until after Whitsun. The interval should be used, once agreement had been reached on the policy, in approaching the NUM and other bodies representative of those likely to be adversely affected, and in
promoting understanding of the issues in the PLP. The Secretary of State for Social Services should refer, in the course of the debate in the House of Commons that day, to the Government's plans to introduce "dynamism" of graduated pensions, to the resultant need for consultations and to their intention to introduce the Bill as soon as possible after Whitsun; any question to the Lord President on the Business Statement could be answered by reference to what the Secretary of State would be saying.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Invited the Secretary of State for Social Services to arrange for the Ministerial Committee on Social Services to meet early in the following week to consider the details of the proposed increases in contributions.

6. The Cabinet had before them a memorandum by the Home Secretary and the Secretary of State for Scotland (C (69) 48) about the permanent abolition of capital punishment for murder.

The Cabinet—

Agreed that since there was inadequate time available for the discussion of this topic it should be placed on the agenda for 22nd May and, if necessary, considered at an adjourned meeting in the afternoon of that day.

Cabinet Office, S.W.1,
15th May, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 22nd May, 1969, at 10.30 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity (Items 1-6)
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General

The following were also present:
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology (Items 1-3 and 5-7)
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The Right Hon. SIR ELWYN JONES, Q.C., M.P., Attorney-General (Items 2-7)
The Right Hon. LORD WILSON, Q.C., Lord Advocate (Item 7)
**SECRET**

**Secretariat:**
Sir Burke Trend  
Miss J. J. Nunn  
Mr. R. R. D. McIntosh  
Sir Robin Hooper  
Mr. P. E. Thornton  
Mr. J. Crocker  
Mr. G. F. Kear  
Mr. G. P. Pratt

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Parliamentary Affairs

Business after the Recess

Industrial Disputes: Strike at Her Majesty’s Stationery Office Warehouse

(Previous Reference: CC(69)22nd Conclusions, Minute 2)

1. The Cabinet were informed of the business to be taken in the House of Commons in the week after the Whitsun Recess.

CONFIDENTIAL

The Chief Secretary, Treasury, said that, as he had reported to the House of Commons the day before, the strike at the Stationery Office warehouse by members of the Society of Graphical and Allied Trades (SOGAT) was continuing. Furthermore, the engineers at the press which prints the material supplied to the warehouse had refused to work overtime. This new problem was likely to worsen because it involved issues which arose on a national scale. There was no sign of an early end to the strike at the warehouse and little progress had been made with SOGAT about the enquiry into the dispute there.

In discussion it was pointed out that one of the more serious consequences of the dispute was to delay the publication of the report of the Royal Commission on Local Government in England (the Redcliffe-Maud Report), printing of which would not be completed in time to allow publication before 11th June. Even when copies were then available, it would be possible to make only a limited distribution to Members of Parliament, the Press and all local authorities. Members of the Cabinet would receive copies shortly before the end of the Recess. Any attempt to widen the arrangements for special distribution would incur the risk of accusations of strike-breaking, which could widen the dispute. The delay in publishing the Redcliffe-Maud Report had grave implications for the handling of the reports of the Boundaries Commissions, which could place the Government in serious embarrassment. The Opposition had already shown themselves aware of this and in addition they might exploit the fact that Parliamentary business could be disrupted by demanding copies of relevant earlier public documents, which could not be obtained from the warehouse; but unless they embarked on a deliberately mischievous campaign, most demands could be met by photo-copying, for which arrangements had already been made in the House.

The Prime Minister, summing up the discussion, said that it would be helpful if the Minister without Portfolio, in consultation with the Home Secretary and the Minister of Housing and Local Government, would take charge of arrangements for ensuring that the Redcliffe-Maud Report was distributed as soon as possible on the basis indicated in the discussion.

The Cabinet—

(1) Took note of the statement by the Chief Secretary, Treasury, on the disputes in the Stationery Office warehouse and printing works.

CONFIDENTIAL
(2) Invited the Minister without Portfolio, in consultation with the Home Secretary and the Minister of Housing and Local Government, to make arrangements to ensure that the Report of the Royal Commission on Local Government in England was published as soon as possible.

2. The Home Secretary reported to the Cabinet on the discussions which he and the Prime Minister had had on the previous day with the Prime Minister of Northern Ireland (Major Chichester-Clark) and other Northern Ireland Ministers. The Home Secretary said that Major Chichester-Clark and his colleagues had been able to report rather more progress that he had expected in their measures to improve the political atmosphere in Northern Ireland. The change of Government under Major Chichester-Clark's leadership appeared to have enabled him to embark on a progressive course which his predecessor, Captain O'Neill, had found impossible to follow; he was much helped in this by Mr. Faulkner's active co-operation. The measures which the Northern Ireland Government had in hand were as follows:

(i) Legislation would be passed in the current Session, which ran until December, providing for the local government elections to be held on the basis of "one man, one vote", and for the deferment of the elections due in 1970 until October 1971, so that they would be held on the new franchise.

(ii) They would introduce in 1970 a Bill to reorganise local government and the local government franchise. This would come into operation before the local government elections of 1971. The Government's proposals would be published in a White Paper this autumn. A crucial preliminary to this reform, which they did not wish to make public yet since the proposal had not yet been considered by the Cabinet, was the appointment of an independent commission under a High Court Judge to determine the ward boundaries within the smaller number of new local authorities. These proposals would strike at the basis of the power of the Ulster Unionist Party in local government and there was likely to be strong opposition to them.

(iii) In order to establish a system of allocation of local authority housing which was fair and could be seen to be fair, they proposed to issue to local authorities in the next month or so a model allocation scheme based on Scottish experience. It would be impracticable to compel the authorities to conform precisely to
the scheme, but they would be required to secure the Government's approval to any alternative scheme they proposed. The Northern Ireland Ministers had readily accepted an offer of consultation with the Ministry of Housing and Local Government on the details.

(iv) The Parliamentary Commissioner for Administration for Northern Ireland would take up his duties as soon as the relevant Bill received the Royal Assent. The Northern Ireland Ministers proposed also to introduce in the present Session legislation to establish machinery to consider citizens' grievances against public authorities other than central government Departments, including local authorities. The main purpose of this move was to tackle religious discrimination in employment.

(v) The amendment of the Special Powers Acts was impending when attacks on vital installations were made in May. The Northern Ireland Ministers appreciated our embarrassment vis-à-vis the Human Rights Convention and wished to remove the source of embarrassment as soon as possible, but considered that they could not forgo their powers under the Acts until the situation became calmer.

(vi) The Northern Ireland Ministers had no wish to rely on British troops to guard vital installations longer than was strictly necessary, but the numbers could not be significantly reduced in the present situation until the Royal Ulster Constabulary (RUC) had been strengthened. They proposed to conduct a special recruiting campaign in the Roman Catholic areas where the schools—if not the church—might help, which would serve both to strengthen the RUC and to increase the proportion of Roman Catholics in it.

(vii) An expansion of the housing programme was planned from the current level of 12,000 houses a year to 17,000 by 1975. The Northern Ireland Ministers said that they could not themselves find the additional £3–£4 million a year which would be needed and asked for help from the United Kingdom Exchequer. Although Northern Ireland had more than her share of pre-1919 housing, the rate of progress in her worst areas was proportionately far better than in many cities in Great Britain, and the Ministers had therefore been told that we could not help them.

The desire of the Northern Ireland Ministers to improve opportunities for employment and to do all they could to increase the provision of new housing, was aimed at what they believed to be the root causes of much of the present discontent, and should do much to improve the situation. Major Chichester-Clark's view was that the atmosphere was already better, although there was still tension below the surface which could produce fresh disorder.
at any moment. He and his colleagues had however been able to give reasonable assurances on the major points of concern to the two Governments.

The Cabinet—

Took note of the Home Secretary's statement.

3. The Chief Secretary, Treasury, said that the Ministerial Steering Committee on Economic Policy had agreed on 6th May that a further grant of £3 million should be made available by the Shipbuilding Industry Board (SIB) to Upper Clyde Shipbuilders Limited (UCS) as part of a plan to increase its efficiency and establish it on a viable commercial basis. It was inherent in their decision that the UCS should be kept afloat for long enough to enable a plan to be prepared, and he had accordingly authorised the payment of £250,000 to cover payment of the company's wages in the previous week. He had, however, made it a condition that this should take the form of either a secured or a preferred loan. In the event it had not been found practicable to insist on this condition, to which he attached considerable importance, and no progress seemed to have been made towards formulating a plan to make the company viable. UCS had now asked for a further sum of £250,000 to pay this week's wages. There was no evidence that this sum was needed immediately to avoid liquidation. It was not clear that the previous tranche of assistance had been used solely to pay wages or that a new one would be so used; nor was there any reason to believe that a new plan would be available quickly. In his view any further assistance at this stage would be a waste of money.

The Minister of Technology said that he had visited UCS on 7th May and informed them of the Government's decision, without mentioning the sum of money which they were prepared to make available to re-establish the company's viability. The Executive Directors of UCS had prepared a plan involving a radical solution to the company's problems but the shareholders had rejected this and an alternative plan had now been drawn up and submitted to the SIB. It was important that UCS should not be forced into liquidation before the SIB, which was meeting for the purpose on the following day, had had a chance to consider both plans. He was satisfied that £250,000 was the minimum needed to avoid liquidation.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that if further assistance was required to enable UCS to pay wages and buy essential supplies for one or two weeks,
while plans to restore its viability were being considered, it should be made available. All possible steps should however be taken to ensure that any sums paid to UCS were solely for this purpose. The Minister of Technology and the Chief Secretary, Treasury, should decide together, in consultation as necessary with the Chancellor of the Exchequer, what immediate assistance was required, how it should be provided and on what terms. They should discuss the future of UCS with the Chairman of the SIB as soon as possible and bring proposals on the long term future of the company to the Cabinet in the week beginning 2nd June.

The Cabinet—

(1) Agreed that, if necessary, further assistance should be made available to UCS on the lines indicated in the Prime Minister's summing up.

(2) Invited the Minister of Technology and the Chief Secretary, Treasury—

(i) to decide what immediate assistance was required, how it should be provided and on what terms;

(ii) to bring proposals on the future of UCS to the Cabinet in the week beginning 2nd June.

4. The Foreign and Commonwealth Secretary said that, as his colleagues would be aware, Mr. Ian Smith had made a broadcast on 20th May in which he had outlined his intentions in regard to a new constitution, and which could be regarded as the opening of the campaign leading up to the referendum. This was now likely to take place on or about 20th June. He himself had made a statement in the House of Commons, in reply to a Private Notice Question, which had been well received. There had been one or two suggestions from Opposition members that sanctions should now be abandoned, but this had had no support from the Opposition Front Bench. In his broadcast, Mr. Smith had implied, quite unjustifiably, that the messages he had sent to the British Government had contained positive proposals, and some play had been made with this in the House. The Foreign and Commonwealth Secretary had for some time intended to publish a White Paper which would demonstrate that this and other mis-statements by the régime were unfounded. He now intended, after giving notice to Mr. Smith as we had undertaken to do, to arrange for the publication of a White Paper as soon as possible. He proposed in the first instance to publish the exchanges with the régime which had taken place since the Minister
without Portfolio had visited Salisbury in November, 1968. Further consideration would have to be given to whether in due course a fuller record should be published giving details of the Fearless discussions and of those which the Minister without Portfolio had had with the régime in Salisbury. As he had already informed his colleagues, he intended to make a major policy speech on Rhodesia; and a suitable occasion for this would be the address he was to give to the Diplomatic Writers’ Association on 9th June. He would also be giving an interview to the Rhodesian Sunday Mail for publication on 15th June.

The leadership of the Rhodesian Centre Party, which was somewhat more moderate than the governing Rhodesia Front, had been offered to Mr. Evan Campbell, a prominent Rhodesian businessman who had served in London as Rhodesian High Commissioner. The Centre Party had made a proposal, which was supported by the Governor of Rhodesia, that the British Government should make a statement in support of the Centre Party and of the proposals which they had communicated to us for an alternative second safeguard internal to Rhodesia. Mr. Campbell, who was in Europe, was prepared to come to London to discuss this proposition. There were obvious dangers in committing ourselves to the Centre Party in this way, and it was in any case doubtful whether anything that we could properly say would be considered adequate by the Centre Party from their point of view. However, and especially in view of the personal interest the Governor was taking in the matter, he had not wished to reject it out of hand; and he had agreed that he or a Foreign and Commonwealth Office Minister would see Mr. Campbell. He would report further to his colleagues when the interview had taken place.

In discussion, there was general agreement that the Foreign and Commonwealth Secretary’s statement had been well received by the House of Commons. Difficulties could however be expected in the United Nations if as seemed likely the Rhodesia Front’s proposals were approved by the referendum. Doubts were expressed about the degree of influence exercised by the Rhodesian Centre Party. It was pointed out that if we endorsed their proposals on a second safeguard, which would involve a further erosion of our position, we should invite criticism for having failed to offer similar concessions to the régime. The Fearless proposals were still on the table for the Centre Party or anyone else to take up if they wished. Similarly it was open to them or anyone else to revert to the 1961 Constitution, thus opening the way for the establishment of a legal government.

With regard to the publication of a White Paper, it was generally agreed that to publish the text of the written exchanges with the régime which had taken place since the Minister without Portfolio
visited Salisbury would certainly demonstrate the falsity of Mr. Smith's claim that he had made positive proposals. However, the exchanges were somewhat arid; a White Paper based exclusively on them would not make the best of our case, which was a strong one, and would do little to strengthen the good impression which had been made by the Foreign and Commonwealth Secretary's statement in the House of Commons. In particular, and even though the Minister without Portfolio had reported fully to the House on his discussions in Salisbury, it would be difficult, without some reference to the actual records, to refute effectively Mr. Smith's equally unjustified insinuations that the only real point of difference remaining after the Fearless discussions was that of the appeal to the Judicial Committee of the Privy Council, and that during the Salisbury discussions the Minister without Portfolio had, after conferring with African leaders, introduced nine further non-negotiable conditions.

The Prime Minister, summing up the discussion, said that the Cabinet noted with approval the Foreign and Commonwealth Secretary's proposals in regard to a policy speech and an interview with the Rhodesian Sunday Mail. They agreed that he or a Foreign and Commonwealth Office Minister should see Mr. Evan Campbell if the latter came to London. They also agreed that a White Paper should be published as soon as possible. So far as its content was concerned, there would be advantage in publishing a somewhat fuller document which would continue the story from when it had been left by the White Paper on the discussions held on board HMS Fearless (Cmnd. 3793). It would not be necessary to publish the text of these or of the November discussions in Salisbury in extenso, but there should be a full account of developments since the Fearless discussions, which would demonstrate the falsity of Mr. Smith's allegations about the nine non-negotiable points and the lack of foundation for his other misstatements and distortions. The White Paper could conclude with the texts of the written exchanges with the régime as originally proposed. A number of further points required urgent consideration: for example the future of the Governor; the position of the Crown, on which Mr. Smith had again misrepresented us in his broadcast; the position of the United Kingdom Residual Affairs Office in Salisbury and of Rhodesia House in London; and arrangements for the reinstatement or compensation of loyal public servants. These could best be dealt with in the first instance by the Ministerial Group on Rhodesia which should meet as soon as possible.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.
The Foreign and Commonwealth Secretary said that talks with the Premier of the Associated State of St. Kitts, Nevis and Anguilla, Mr. Bradshaw, had now been concluded. We had made proposals for aid, and Mr. Bradshaw, for his part, had accepted the establishment of a Commission. The main difficulty had been over the Commission’s terms of reference. Mr. Bradshaw had at first insisted on wording which would have precluded the Commission from recommending any separation of Anguilla from the Associated State. This we could not accept. Finally Mr. Bradshaw had agreed to a formula accepting that Anguilla was at present part of the Associated State, referring to the danger of fragmentation in the Caribbean, and permitting the Commission to take into account “such other considerations as they considered pertinent”. The definition of such matters would be for the Commission itself to determine. The members of the Commission had not yet been appointed, and it was unlikely that they would be until November. In discussion of administrative points, Mr. Bradshaw had been concerned to emphasise Anguilla’s continuing membership of the Associated State and reluctant to make any concessions which might appear to prejudice this; however, mutually satisfactory arrangements had been agreed which, in the view of HM Commissioner in Anguilla, would be acceptable to the islanders themselves.

In discussion attention was drawn to the risk that the commitment of troops and police for the maintenance of order in Anguilla might become of indefinite duration. The Foreign and Commonwealth Secretary said that although the situation was improving, it was not at present possible to put a term to the commitment. It would not be possible to effect any reductions before December of this year. It was clearly desirable to reduce at any rate the police commitment and to replace the Metropolitan Police contingent by a local force as soon as possible; but in Anguilla, as elsewhere in the Caribbean, there were difficulties in inducing the local people to serve in the police.

The Cabinet—

(2) Took note of the Foreign and Commonwealth Secretary’s statement and of the points made in discussion.

The Foreign and Commonwealth Secretary said that there had been a definite movement in favour of the enlargement of the European Economic Community (EEC). Even the Gaullist candidate in the French Presidential elections, M. Pompidou, had felt compelled to adopt a rather more forthcoming attitude on this issue.
In Germany, on the other hand, the enlargement of the EEC and the British candidature were unlikely to become an electoral issue, since all the principal political parties were in favour.

In discussion the point was made that if there were any question of winding up the Concorde project the best moment for an approach to the French might be immediately after a victory by M. Poher in the Presidential election.

The Foreign and Commonwealth Secretary said that order had been restored in Kuala Lumpur, but that the state of emergency was still in force. British subjects were in no difficulty. There was little evidence to support the allegations by the Prime Minister, Tunku Abdul Rahman, that Communists had been behind the recent disturbances. There had lately been two incidents in Singapore, and the authorities there were watching the situation with some anxiety.

The Cabinet—

(3) Took note of the statements by the Foreign and Commonwealth Secretary.

5. The Cabinet considered a memorandum by the First Secretary of State about an Interim Bill on Industrial Relations (C (69) 59).

The First Secretary of State said that, while discussions were continuing with the Trades Union Congress (TUC) about proposals for dealing with unconstitutional strikes and inter-union disputes, it was not possible to reach decisions on these matters. But in order to save time, she invited her colleagues to consider and approve the other relatively uncontroversial provisions of the proposed Bill which had been considered at length by the Ministerial Committee on Industrial Relations. As regards enforcement of the right to belong to a trade union, there was some disagreement in the Industrial Relations Committee as to whether the sanctions provided in the Bill against an employer who prevented his employees belonging to a trade union should take the form of a fixed amount of damages payable to the employee or of a penalty exacted by the State. She had now reached provisional agreement with the Law Officers that the better course was to provide that an employee who was prevented or deterred from becoming a member of a trade union—or penalised because he was a member—should be able to sue his employer for a fixed sum of £50 damages. As regards the application of the provisions of the Bill to the Crown, she had reached provisional
agreement with the Lord Privy Seal and the Law Officers that the provisions should apply to Crown servants, though, not to the armed forces or the police. She would be empowered to refer recognition problems involving Governmental Departments to the Commission on Industrial Relations (CIR) and the recommendations of the CIR would be binding on the Crown without the need for a formal Order. There were still some technical problems about application to the Crown which she would seek to resolve with the Lord Privy Seal. As regards penalties imposed in order to enforce any provisions relating to inter-union recognition disputes, there had been disagreement in the Committee on Industrial Relations as to whether the maximum penalty imposed on a union should be the same, namely £10,000, as on an employer, or less. In her opinion, it would be difficult to justify a lower maximum penalty for trade unions, particularly because, in the typical inter-union dispute, it could generally be expected to be a trade union which would act in breach of any award, rather than an employer. The President of the Industrial Board would be legally qualified and would be either the President or one of the independent members of the Industrial Court. The Board’s other members would be drawn from the legally qualified independent members, the employer members, and the employee members of the Industrial Court. If the TUC carried through their present intention of dissuading trade union representatives from sitting on the Industrial Board, this would lead to difficulties, but it should still prove possible to provide fully adequate employee representation. Finally, agreement had been reached with the Social Services Secretary to amend existing legislation so as to narrow the grounds on which an employee laid off because of a strike might be denied unemployment or supplementary benefit.

In discussion, it was suggested that it should only be necessary to provide that an employer should not prevent an employee from becoming a trade union member; it was not necessary, as proposed, to deal also with deterrence or penalisation by the employer, and it would be almost impossible to establish satisfactorily the facts of such cases. There was general agreement that the maximum penalty which could be imposed in dealing with inter-union recognition disputes should be the same for employers and unions. With regard to the change in the law relating to unemployment and supplementary benefit, it was argued that the opportunity should be taken in the Industrial Relations Bill to amend the Ministry of Social Security Act, 1966, so as to regularise the current practice of excluding Pay As You Earn (PAYE) refunds when calculating supplementary benefits due to strikers. The present practice, which had continued for some years, was inconsistent with the law and should be regularised as soon as possible.
The Prime Minister, summing up this part of the discussion, said that the Cabinet approved generally the proposals in C (69) 59 and its Annex. However, the First Secretary of State should specifically invite the views of the TUC about her proposals in relation to the right to join a trade union and report back to the Cabinet, so that, in considering the final version of the Bill, they would be able to decide whether it was necessary to go further than placing a statutory obligation on the employer not to prevent membership of a trade union. The First Secretary of State and the Lord Privy Seal would seek to settle the problems still outstanding on the application of the Bill to Crown servants. The First Secretary of State, the Social Services Secretary and the Attorney-General should consider further whether it was essential to deal in the interim Industrial Relations Bill with the current practice of excluding PAYE refunds, bearing in mind the need to keep the Bill as short and simple as possible.

The Cabinet—

(1) Approved C (69) 59 and its Annex, subject to the points made by the Prime Minister in his summing up.

(2) Invited the First Secretary of State to seek the views of the TUC about the provisions giving a right to trade union membership, and to report back in due course.

(3) Invited the First Secretary of State and the Lord Privy Seal to seek agreement on the remaining problems connected with the application of the interim Bill to the Crown.

(4) Invite the First Secretary of State, the Social Services Secretary and the Attorney-General to consider further whether the interim Bill on Industrial Relations should include provisions regularising the existing practice of excluding PAYE refunds in calculating supplementary benefits for strikers.

The Prime Minister said that he and the First Secretary of State had continued their discussions with representatives of the Trades Union Congress (TUC) on the previous day. It was very encouraging, as he had told the General Council, that the TUC had made more progress in the past month or so than in the previous forty years. As regards inter-union disputes, the proposals of the General Council in their report to the Special Congress on 5th June, "Programme for Action", now seemed satisfactory. The First Secretary of State had informed the TUC representatives that their proposals and those of the Government were complementary in this field: to the extent that the General Council's proposals operated satisfactorily, the Government's statutory powers would not be
brought into operation. On unconstitutional strikes, the General Council had made considerable progress. Paragraph 42 of "Programme for Action" now made it clear that the General Council would require unions to satisfy the Council that they had done all that they could reasonably be expected to do to secure compliance with a Council recommendation or award. However, it was still not clear what practical steps the General Council would take if an affiliated union failed to use all its powers to get members on unconstitutional strike back to work when the Council so ruled. There was no assurance that in such circumstances the unions concerned would invariably use their full powers to obtain a return to work, and this was the essential weakness of the present TUC proposals. But the validity of the TUC proposals as a whole had of course been thrown in doubt by the decision of the Executive of the Amalgamated Engineering and Foundryworkers Union (AEF) not to support them. He and the First Secretary of State had made it clear that, if paragraph 42 of "Programme for Action" were amended so as to make clear that individual unions must proceed with their full powers against unconstitutional strikers who refused to comply with a General Council ruling that they should return to work, then they believed that the Government and the TUC would be very close to agreement. It was not possible for the General Council to amend their document before the Special Congress, but it had been agreed that there should be a further meeting with the First Secretary of State and himself immediately after the Special Congress and before the First Secretary of State put her final proposals for legislation to the Cabinet. It had also been made clear to the General Council that he and the First Secretary of State would be prepared to continue discussions, if necessary, after the publication and Second Reading of the Bill, and indeed up to the Committee stage, in an attempt to reach agreement. If the TUC provided reasonably satisfactory alternatives to the so-called "penal clauses", it would still be necessary for the Government to consider whether it would be necessary to take reserve statutory powers to be used only where the voluntary TUC scheme failed. In this respect, it had to be borne in mind that the Acting General Secretary of the TUC had stated that a prerequisite for going ahead with "Programme for Action" was that any new legislation introduced by the Government should not incorporate penal clauses on workers or trade unions. He had replied that the credibility of the TUC's "Programme for Action" in the eyes of the public would be completely undermined if the General Council were to maintain this position.

In discussion, it was suggested that in view of the very substantial progress made by the TUC and their insistence that they would not proceed with their programme if penal clauses were
introduced, it would be desirable to exclude these clauses from the interim Bill but to make it clear that they would be introduced into the second Industrial Relations Bill next Session if the TUC's own proposals had failed to produce satisfactory results. Alternatively, if this view were not accepted, it would be preferable to delay introduction of the interim Bill—even at the cost of Parliament sitting through August—until negotiations had been completed, rather than take the second reading of a Bill including penal provisions which might be substantially modified or dropped at Committee stage. It was pointed out, on the other hand, that it would be even more difficult to introduce penal provisions into a Bill in the 1970-71 Sessions than it was to-day. And the abandonment of these provisions without a fully satisfactory TUC alternative would be a clear abdication of responsibility by the Government which would cast serious doubts at home and abroad on their continuing ability to govern.

The Prime Minister, summing up the discussion, said that the Cabinet would be invited to consider the proposed legislation afresh and in detail after the Special Congress of the TUC on 5th June and in the light of the further discussions which would then follow between the General Council and the First Secretary of State and himself. Meanwhile, the General Council were in no doubt—after the discussion yesterday—of the very serious consequences if the Government and the TUC failed to reach agreement. The practical value of the TUC proposals now depended essentially on the extent to which paragraph 42 of "Programme for Action" could be strengthened on lines which had been made clear to the General Council, and on the reception which "Programme for Action" received at the Special Congress particularly from key unions such as the AEF.

The Cabinet—

(5) Took note of the Prime Minister's summing up of their discussion.

SECRET

*6. The Cabinet had before them a draft, dated 20th May, 1969, of the Letter of Intent to the International Monetary Fund (IMF) requesting a standby credit of $1,000 million.

The Chancellor of the Exchequer said that he had told the House of Commons that he would publish the Letter of Intent when negotiations with the IMF had been completed. The Executive Board of the IMF would meet to consider the Letter on 20th June and it was important that we should not

* Previously recorded in a Confidential Annex.
disclose its terms before then. We would have to make an initial drawing of $500 million before the end of June. Thereafter he envisaged that we would make drawings of around $200 million at roughly quarterly intervals. But we were not obliged to make these later drawings and it would be open to us not to make them if our economic situation improved very substantially or the outcome of any of the subsequent consultations with the IMF was unsatisfactory.

The negotiations over the terms of the Letter had been difficult and protracted. The IMF had been anxious to include provisions under which automatic consultations could be triggered off by the behaviour of some previously determined set of economic indicators. They had, however, been persuaded to agree instead to regular consultations which in his view had considerable presentational advantages for us. The most significant new feature of the Letter was the emphasis placed on control over domestic credit expansion, the constituent parts of which were the Government’s borrowing requirements, the volume of bank lending to the private sector, and transactions in gilt-edged securities with the non-banking sector. The Memorandum of Understanding attached to the Letter set out a quarterly path of domestic credit expansion which the Government accepted as an objective; this path was in line with the Government’s own forecasts. He proposed to disclose the existence of the Memorandum to Parliament, but to explain that for reasons connected with the management of the market in Government securities the text would not be published. The undertakings given in the Letter about domestic credit expansion would not of themselves affect credit for exports, though it must be recognised that all forms of credit would be very tight in the coming year. The reference in the Letter to trade liberalisation restated the Government’s present policy. There could be no question of introducing import restrictions before we made the initial drawing from the standby credit at the end of June. Thereafter, leaving aside the economic and political arguments for and against such action, it would be open to us to introduce restrictions if we were prepared to forgo any further drawings. This would, however, provoke a serious reaction from the IMF, who attached great importance to the maintenance of liberal trade policies. In the meantime it was essential that Ministers should reaffirm, as occasion arose, that it was the Government’s policy to maintain the present degree of trade liberalisation.

The Prime Minister, summing up a brief discussion, said that the Cabinet approved the terms of the draft Letter of Intent, which had been negotiated with considerable skill, and agreed that the Chancellor of the Exchequer should send it to the IMF later that day.
The Cabinet—

(1) Approved the terms of the draft Letter of Intent.

(2) Invited the Chancellor of the Exchequer to send the Letter of Intent to the IMF later that day.

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7. The Cabinet considered a memorandum by the Home Secretary and the Secretary of State for Scotland about the procedure necessary to secure the permanent abolition of capital punishment for murder (C (69) 48).

The Home Secretary said that, under Section 4 of the Murder (Abolition of Death Penalty) Act, 1965, the Act would expire after 31st July, 1970, unless Parliament otherwise determined by affirmative resolutions of each House. If the Act expired the Homicide Act, 1957, would revive. The case for the abolition of capital punishment was a moral one and it was for those who wished to restore capital punishment to prove their case. But there was in fact no conclusive evidence that capital punishment was a unique deterrent, nor were such figures as were available for recorded offences of murder since 1957, still less those since 1965, a sufficient basis on which to rest a case. In any event the available figures must be taken with caution because changes in the law relating to the nature of the offence of murder, and in particular the introduction of the defence of diminished responsibility, meant that comparisons between various relevant periods had to be based on estimates of a jury’s decision on matters which were not in fact put to them. It was possible that the abolition of capital punishment increased both the willingness of the accused to confess to murder and the willingness of juries to convict. Moreover, while there had been an upward trend in the number of recorded murders, the increase had occurred before abolition and was not necessarily to be attributed to it.

If the Cabinet agreed that abolition should be made permanent the questions for consideration were whether the Government should take the initiative in moving the resolutions required by Section 4 of the Act, and when they should do so. He and the Secretary of State for Scotland both considered that, although the 1965 Act had been sponsored by a Private Member and opinion in the country at large was probably against abolition, it would be right for the Government to take the initiative, but it would be in accordance with tradition to allow a free vote.

As to the timing of the resolutions, there was no reason why they should not be moved well in advance of July, 1970, and there would be advantage in their being moved in the autumn of 1969. If the two Houses came to different decisions neither could be asked
to reverse its decision in the same Session. Rejection by one House at the beginning of the 1969–70 Session would leave time for legislation to rectify the position, for example by continuing the effect of the Act temporarily, but to move the resolutions at the end of the present Session would allow the Government the opportunity to ask either House to reverse its decision in the following Session. The Secretaries of State therefore recommended that the Government should take the initiative in moving affirmative resolutions in the autumn of 1969, and they would welcome their colleagues’ views on whether it would be better to do so at the end of the present Session or at the beginning of next Session.

In discussion there was general agreement that the Government should take whatever initiative was considered appropriate. It was suggested, however, that in order to remove controversy about the Act from the period preceding the General Election, it might be desirable to seek the extension of the Act for three years rather than to move a resolution to secure the permanent abolition of capital punishment. If the Government sought to bring forward the date at which Parliament was asked for a final decision, the Government’s critics could argue that they had curtailed the experimental period provided by Section 4 of the Act. On the other hand, it was argued that if a final decision was postponed until after the next General Election the issue would remain a topic of lively political controversy. Moreover, it was not clear whether an extension of the experimental period could be effected by a simple resolution under the Act, as the authorities of both Houses of Parliament believed, or whether an extension would require legislation, which the Attorney-General thought to be the sounder opinion. If there remained doubt as to whether an extension of the experimental period by resolution was valid, there was a risk that a court might hold that the resolution was invalid and that the Homicide Act, 1957, had revived. This could occur, for example, where the accused had been convicted of two murders on separate occasions, since the judge would then be bound, if he held that the Homicide Act was in fact in operation, to sentence him to capital punishment. In such a case it was essential for doubt to be avoided. On balance, therefore, it would be better to move a resolution towards the end of the present Session to secure the permanent operation of the provisions abolishing capital punishment.

In further discussion it was suggested that the Government would be wise not to rely too strongly on the argument that the case against capital punishment was entirely a moral one. Capital punishment was still retained for treason and for certain offences in the face of the enemy, and its appropriateness as a penalty could be said to be to some extent dependent on the seriousness of the offence in the light of the surrounding circumstances.
The Prime Minister, summing up the discussion, said that the Cabinet agreed with the proposals put forward by the Home Secretary and the Secretary of State for Scotland in C (69) 48. They considered that the resolutions necessary to continue the abolition of capital punishment permanently should be moved in the spillover period of the present Session. Their decision should, however, remain confidential for the time being.

The Cabinet—

(1) Approved the proposals in C (69) 48.

(2) Invited the Home Secretary and the Secretary of State for Scotland to move the resolutions required to continue the abolition of capital punishment permanently during the spillover period towards the end of the present Session.

Cabinet Office, S.W.1,

23rd May, 1969.
CONCLUSIONS of a Meeting of the Cabinet held in the
Prime Minister's Room, House of Commons, S.W.1,
on Thursday, 22nd May, 1969, at 4 p.m.

Present:
The Right Hon. Harold Wilson, M P, Prime Minister
The Right Hon. Michael Stewart, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Lord Gardiner, Lord Chancellor
The Right Hon. Barbara Castle, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. Denis Healey, M P, Secretary of State for Defence
The Right Hon. Peter Shore, M P, Secretary of State for Economic Affairs
The Right Hon. Richard Marsh, M P, Minister of Transport
The Right Hon. Lord Shackleton, Lord Privy Seal
The Right Hon. Roy Mason, M P, Minister of Power

The Right Hon. Roy Jenkins, M P, Chancellor of the Exchequer
The Right Hon. Richard Crossman, M P, Secretary of State for Social Services
The Right Hon. James Callaghan, M P, Secretary of State for the Home Department
The Right Hon. Fred Peart, M P, Lord President of the Council
The Right Hon. Anthony Crosland, M P, President of the Board of Trade
The Right Hon. Cledwyn Hughes, M P, Minister of Agriculture, Fisheries and Food (Item 1)
The Right Hon. George Thomas, M P, Secretary of State for Wales
The Right Hon. Judith Hart, M P, Paymaster General
The Right Hon. John Diamond, M P, Chief Secretary, Treasury

The following were also present:
The Right Hon. Robert Mellish, M P, Parliamentary Secretary, Treasury
The Right Hon. Sir Elwyn Jones, Q C, M P, Attorney-General

SECRET
## Secretariat:
Sir Burke Trend  
Miss J. J. Nunn  
Mr. R. R. D. McIntosh  
Mr. J. Crocker

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1. The Cabinet resumed their consideration of a memorandum by the Secretary of State for Social Services (C (69) 50) on the uprating of social security benefits; they also had before them notes by the Secretary of State for Social Services (C (69) 55) and the Lord Privy Seal (C (69) 57) on the same subject.

The Secretary of State for Social Services recalled that at their discussion on 15th May the Cabinet had accepted in principle that part of the sum needed to finance increases in benefits and meet the deficit on the National Insurance Fund should be found by increasing graduated contributions, but the general feeling had been that more time was needed to study the detailed proposals in his memorandum (C (69) 50) and he had been invited to arrange an early meeting of the Ministerial Committee on Social Services for the purpose. The Committee had met on 20th May and had considered two further memoranda: one by the Minister of State, Department of Health and Social Security, instancing alternative ways of raising the sum to be found from contributions, and another by the Lord Privy Seal on the implications of the proposals for public service superannuation schemes. These had now been circulated to the Cabinet (C (69) 55 and 57).

Taking contributions first, the Committee had considered whether it would be possible to limit the increases in employees' contributions, and in particular those of the lower paid, either by putting more of the burden on employers or by increasing the Exchequer contribution; but both these courses seemed to be ruled out by what the Chancellor of the Exchequer had said in winding up the Budget Debate. Accepting that £370 million had to be found from contributions, relief to the lower paid could come only from raising still further the contributions of the higher paid, including many in the middle ranges who were only comparatively well off; the Committee had examined a number of alternative scales of increases, the most attractive of which would have limited the increase on the man earning £10 to 1s. 0d. a week at the expense of increasing the contribution of the man earning £30 by 7s. 7d. a week. The view of the majority had been that a saving of 6d. a week would make no significant difference to the small group of men earning less than £10, whereas to raise the contribution at the £30 level by more than 7s. a week would attract a great deal of criticism. On balance the Committee preferred the scale of increases proposed in his original memorandum.
On dynamism the Committee were agreed that it was politically impossible for the Government to raise a large part of the sum needed from graduated contributions without undertaking to remedy the defect which they had so often criticised in the Conservative scheme, namely its failure to revalue the pensions earned to take account of movements in prices or earnings; under the White Paper scheme all benefits would be dynamised. The promise of dynamism was also essential to prevent widespread contracting out of the present scheme. But it would undoubtedly lead to charges of breach of faith from employees who had been contracted out, and in particular those in the public sector. The Lord Privy Seal in his memorandum (C (69) 57) had proposed that Civil Service and similar occupational pensions should not be further abated on account of additional benefits earned by the increase in contributions and the introduction of dynamism, and thought that with these concessions the Government should be able to obtain the agreement of the Civil Service National Staff Side; the Committee had accepted his recommendations. But this would not necessarily provide a solution for the nationalised industries and there would be pressure for improved benefits. The introduction of dynamism would not affect the text of the Bill, but would need to be announced at latest on Second Reading and preferably when the Bill was published and the new rates of contribution became known. An early decision was essential to allow time for urgent consultation with the trade unions and staff organisations concerned.

Contributions

In discussion the Cabinet first considered the proposed increases in contributions. It was argued with some force that it was morally wrong to increase employees' contributions as proposed, and particularly so where lower paid workers were concerned; contributions of men and women employees had already increased rather faster than average earnings since 1964 and if the new contribution rates were adopted they would have increased substantially faster than earnings. The higher contributions were particularly difficult to defend in so far as the need for them arose from a higher level of unemployment; (it was pointed out, however, that this was not a major factor in the deficit in the National Insurance Fund). If it had reluctantly to be accepted that the Chancellor's statement made it impossible to place more of the burden on employers, as had been done in 1964 and 1967, or to increase the Exchequer contribution, contributions should be required from those earning more than £30 a week.

On the other hand it was pointed out that the proposed increases had been designed to be in line with the proposals in the White Paper, which provided for parity of contributions and an upper income limit
of one and a half times national average earnings. The economic effects of higher employers’ contributions and higher contributions from the better paid had both to be taken into account. Taking all the factors together there seemed no alternative to raising £370 million from increased contributions and the question was how the burden should be spread. A majority of the Cabinet favoured Alternative C of those specified in paragraph 6 of C (69) 55.

Dynamism

In further discussion the Cabinet considered the proposal to uprate benefits earned by graduated contributions to reflect changes in the cost of living. There was general agreement that it would be extremely difficult for the Government not to accompany the increased contributions by the promise of dynamism, but it was suggested that this would cause considerable difficulties for the nationalised industries. There were 1 million contracted out workers in the power industries alone and there would be pressure on the Boards to bring the benefits of those contracted out up to the level of those payable to employees in the State scheme; the Boards in their turn would expect the Treasury to pay. On the other hand the point was made that employees contracted out had had the better of the bargain in recent years, and pension funds which had pursued a wise investment policy were in a flourishing state; and that the cost of dynamising the benefits of those who had left the industries, or did so in future, might prove not to be so great as was feared. The proposals of the Lord Privy Seal should be approved as the best available basis for consultations with the staff interests concerned, both in the nationalised industries and in other parts of the public sector; if serious difficulties arose the matter should be considered further. It was planned to take the Second Reading of the Bill on 18th June, with the Committee Stage being taken on the floor on 24th and 25th June, and the Bill should be published not later than 11th June. The consultations should therefore be undertaken as a matter of urgency.

The Prime Minister, summing up the discussion, said that the majority of those present favoured the table of increases in contributions shown as Alternative C in paragraph 6 of C (69) 55, and the National Insurance (Uprating) Bill should be framed accordingly. The Cabinet also approved the principle of dynamising benefits earned by graduated contributions and the proposals made by the Lord Privy Seal that as some recompense to those contracted out under the Civil Service and similar schemes there should be no abatement of occupational pensions on account of the benefits earned by the increased contributions and the introduction of

SECRET
dynamism. Ministers responsible for pension schemes in the public sector should urgently initiate discussions with the staff interests concerned on the basis of the Lord Privy Seal’s memorandum, with a view to a statement on the introduction of dynamism being made, if possible, when the Bill was published and at latest during the Second Reading debate.

The Cabinet—

(1) Agreed that the increased contributions should be fixed as proposed in Alternative C in paragraph 6 of C (69) 55.

(2) Approved in principle the proposal to dynamise the present graduated pensions from 1972 onwards.

(3) Approved the proposals in C (69) 57.

(4) Invited the Lord Privy Seal and other Ministers responsible for pensions schemes in the public sector to initiate urgent discussions with the staff interests concerned, on the basis of the proposals in C (69) 57.

CONFIDENTIAL

2. The Cabinet considered a note by the Lord Privy Seal to which was attached a memorandum on the National Staff Side’s claim for a central pay increase for the non-industrial Civil Service. (C (69) 58).

The Lord Privy Seal said that there were two groups of staff involved: those who had pay research settlements from 1st January, 1968, but whose increases were staged in two instalments with the second taking effect without retrospection on 1st January, 1969 (Group 1), and those whose last pay adjustment was a central pay increase on 1st July, 1968 (Group 2). At their meeting on the previous day the Ministerial Committee on Prices and Incomes had authorised him to offer central pay increases of 5 per cent for Group 1 and 3½ per cent for Group 2, both with effect from 1st July, 1969.

The Cabinet—

Took note of the statement by the Lord Privy Seal.

Cabinet Office, S.W.1.
23rd May, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held in the
Prime Minister's Room, House of Commons, S.W.1, on
Monday, 9th June, 1969, at 4 p.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The following were also present:
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General

SECRET
**Secretariat:**
Sir Burke Trend  
Miss J. J. Nunn  
Mr. R. R. D. McIntosh  
Sir Robin Hooper  
Mr. P. E. Thornton  
Mr. J. Crocker  
Mr. P. J. Hudson

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1. The Secretary of State for Social Services recalled that at their meeting on 22nd May the Cabinet had approved in principle his proposal to dynamise the graduated pensions from 1972 onwards, and had invited Ministers responsible for public sector pension schemes to discuss the proposal urgently with representatives of the staff concerned, with a view to a statement of the Government's intention in this matter being made at the time of publication of the Bill. The Ministerial Committee on Social Services had met that morning to consider the results of the consultations with staff interests, and had agreed that, though the promise of dynamism would present considerable difficulties in the case of the power and transport industries, the difficulties were not so serious as to require either reconsideration of the decision to dynamise or postponement of the announcement of the Government's intention. He therefore proposed to publish the Bill on Tuesday, 10th June, and to make a statement the same day. It was planned to take Second Reading on 18th June and to complete consideration in Standing Committee in time to take the remaining stages in the week beginning 7th July.

In discussion some doubt was expressed as to whether this timetable would enable the House of Lords to complete consideration of the Bill before the summer recess. But it was essential to economise in time on the floor of the House of Commons, the more so if there was to be a Bill arising from the reports of the Boundary Commission.

The Cabinet—

Agreed that the National Insurance (No. 2) Bill should be published on 10th June and that a statement of the Government's intention to dynamise graduated pensions should be made on the same day.

The Chief Secretary, Treasury, reported that the strike in H.M. Stationery Office distribution warehouse had been settled that morning by direct negotiation.

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The Chief Secretary, Treasury, reported that the strike in H.M. Stationery Office distribution warehouse had been settled that morning by direct negotiation.
2. The Cabinet had before them a note by the Secretary of the Cabinet to which was attached the text of a statement issued by the Department of Employment and Productivity on 5th June, together with a letter which the First Secretary of State had sent to the Acting General Secretary of the Trades Union Congress (TUC), Mr. Victor Feather, on 3rd June (circulated to the Cabinet as C (69) 62).

The Prime Minister said that he and the First Secretary had met the General Council of the TUC that morning. The atmosphere had been friendly and it seemed clear that the members of the General Council, who reported on the outcome of the Special Congress held at Croydon on 5th June, did not want to come into conflict with the Government. The gap between the Government and the TUC was, however, wide. The TUC's proposals for dealing with inter-union disputes were on the whole satisfactory; their proposals for dealing with unconstitutional stoppages involving disputes with employers were not, however, adequate. He had suggested to the General Council that, after he had reported the outcome of the meeting to the Cabinet, they should have further intensive consultations to see whether by strengthening their proposals or in some other way the TUC could satisfy the Government that they would be able to deal effectively with the problem of unconstitutional stoppages. It was very important that if all at possible the Government and the TUC should reach agreement on these matters and it was essential, while efforts to this end were being made, to avoid any impression of divided counsels within the Cabinet. He had made it clear to the General Council that the Government would be prepared to continue their consultations with the TUC up to and beyond the introduction of the interim Bill on industrial relations; and that it would be possible to amend or repeal provisions of the interim Bill during the passage of the second Industrial Relations Bill which it was proposed to introduce in the next Parliamentary session. If at the end of the day the TUC rejected their proposals, the Government's duty would in his view be clear. But he would not ask the Cabinet to take any decisions at this stage.

In discussion, tribute was paid to the substantial progress which had been made as a result of the negotiations which had been conducted by the Prime Minister and the First Secretary of State with the TUC. The effectiveness of the proposed TUC arrangements must be compared very carefully with the likely effectiveness of the Government's own proposals for statutory provisions. The Government must not throw away the substance of effective
arrangements for their shadow. Every effort should continue to be made to persuade the TUC to improve their proposals for dealing with unconstitutional strikes. The General Council would not have the necessary powers formally to make substantive changes before this autumn's Congress, but an undertaking by the Council to request such changes from Congress should be accepted. If in the end the TUC refused to offer any improvements, the Government would have to decide whether the reforms now proposed were adequate to enable the "penal clauses" to be dropped, at least for the time being. In this connection it would be helpful to have a considered assessment of the likely effect of the numerous changes which the TUC had agreed to introduce since the publication of the White Paper "In Place of Strife" (Cmnd. 3888) in January 1969. If the TUC arrangements proved in practice ineffective, then the Government could introduce statutory provisions later. The Government's position would be fully defensible if they decided to drop the "penal clauses" now. They would have done so because the trade union movement had itself been spurred to make the necessary reforms. It would, however, be very difficult for the Government to defend their position if they decided to proceed now with the "penal clauses"; if in consequence the TUC abandoned their own arrangements, as they had repeatedly threatened; and then the legislation proved ineffective.

On the other hand, it was argued that the present TUC proposals were unsatisfactory in themselves and because of the motives underlying their adoption by some prominent trade union leaders. The weakness in the present proposals was the difference between the treatment of inter-union disputes, which was satisfactory, and of unconstitutional stoppages involving disputes with employers. The First Secretary of State had pointed out this difference in her letter of 3rd June to the Acting General Secretary of the TUC. Where an inter-union dispute led to a stoppage of work, there would be an obligation on the unions concerned to obtain a resumption of work. Where an unconstitutional strike occurred as a result of a dispute with an employer, on the other hand, the unions concerned would be required only to satisfy the TUC that they had done all that could be reasonably expected to secure compliance with a TUC recommendation or award. This difference in treatment was deliberate. The major unions were prepared to surrender sovereignty to the TUC to the extent required to settle inter-union disputes, but not unconstitutional strikes arising from disputes with employers. Some union leaders regarded the latter as a necessary part of their armoury, and had only supported the proposals for dealing with
them—in paragraph 42 of the TUC report “Programme for Action”—as a tactical manoeuvre to end the threat of the “penal clauses”. Thus there was good reason to believe that the TUC could and would deal effectively with inter-union disputes, but it remained extremely doubtful whether they had the will or the means to deal with other unconstitutional disputes. The TUC considered that their role in unconstitutional disputes with employers was as much to conciliate between the men and employers concerned as to secure an immediate resumption of work. Hitherto the TUC had refused to give a clear and final answer to suggestions that they should impose the same obligations and sanctions in the case of unconstitutional strikes as in inter-union disputes. If at the end of the day the TUC refused to treat both types of dispute similarly, the Government could hardly accept the TUC’s proposals as a satisfactory substitute for the “penal clauses”. The TUC had been informed that if paragraph 42 of “Programme for Action” were strengthened to deal adequately with unconstitutional strikes, the Government would drop the “penal clauses”. They had also been told that the Government recognised some validity in the criticism that the Government were only proposing to take power to enforce a return to the status quo which existed before a dispute after that dispute had begun.

The Prime Minister, summing up the discussion, said that no decisions were required at this meeting. The crucial question was whether the TUC would be prepared to strengthen their procedures for dealing with unconstitutional strikes as set out in paragraph 42 of “Programme for Action”. It might prove possible to work out various means of improving these procedures, including for example providing statutory backing of some kind for the TUC’s own arrangements. These possibilities must be urgently examined with the TUC. It did not appear that it would be helpful to reintroduce Statutory Instrument 1376, to which reference was made in paragraph 32 of “Programme for Action”, but the First Secretary of State should circulate a brief memorandum to the Cabinet about this. If they could reach agreement with the TUC on acceptable alternatives, then the “penal clauses” could be dropped. It would be too optimistic to suggest that this was at present a real possibility. Another approach would be to include the “penal clauses” in the Interim Bill but provide that they could not be invoked until after a stated period had elapsed. This would enable discussions between the Government and the TUC about satisfactory alternatives to continue over a longer period. But the TUC were wholly opposed to the inclusion of the “penal clauses” in legislation in any form. He sincerely hoped that it would prove possible to avoid a direct confrontation with the TUC on these issues, but this
depend on the outcome of the further talks which had been arranged with them. A decision could not be delayed for very much longer, but it would be possible to postpone the introduction of the Bill for a few more days in the hope of being able to reach a satisfactory conclusion.

The Cabinet—

(1) Took note of the Prime Minister's summing up of their discussion.

(2) Invited the First Secretary of State to circulate a memorandum to the Cabinet about the possible reintroduction of Statutory Instrument No. 1376 of 1951.

3. The Foreign and Commonwealth Secretary said that the recent Meeting of the Council of the Western European Union (WEU) at The Hague had not been attended by the French. All other member States, with the exception of Italy, had been represented by their Foreign Ministers. There had been a major discussion on political collaboration in Europe, during which the German, Dutch and Italian representatives had all strongly supported our early entry into the European Economic Community (EEC). The German Foreign Minister had proposed a summit meeting of the EEC countries plus the United Kingdom later this year. This would be welcome to us on the assumption that it was preceded by an agreement to open negotiations on our application to join the EEC. The subject of Greece had been discussed in restricted session. It had been agreed that all WEU members present should individually make representations to the Greek Government pointing out the risk that Greece, if she continued her present policies, might be expelled from the Council of Europe by December or earlier. The arrangements for these representations would be concerted by our permanent WEU representatives so that the Greek Government should be in no doubt that they originated from a collective decision of all WEU countries except France. The decision reached in this matter reflected one of the benefits of French absence since the French, had they been represented, would in all probability have vetoed any such proposal.

There had also been some discussion on Rhodesia, during which the other WEU representatives had agreed with our views on the importance of maintaining sanctions after the proposed
referendum, and of not according recognition to the régime. In general we had obtained a more sympathetic hearing than previously for our views on Rhodesia. Throughout the meeting the Dutch had been particularly helpful despite the difficulties we were currently going through with them over, for example, our cheese and butter imports and civil aviation. Dutch support was important to us in Europe. It would be a pity if the troubles to which he had referred were allowed to spoil the atmosphere; and he might have to ask the Cabinet in the near future to consider the whole subject of Anglo-Dutch relations.

In a brief discussion of the Greek problem, the Foreign and Commonwealth Secretary said he would like to consider further the possible advantages and disadvantages of publicising our representations, taking into account on the one hand the beneficial effect of such publicity at home and on the other the possible effect on the Greek Government’s attitude.

The Cabinet—

(1) Took note of the statement by the Foreign and Commonwealth Secretary.

(2) Invited the Foreign and Commonwealth Secretary to consider the advisability of making a public statement on representations by WEU members to the Greek Government.
The Foreign and Commonwealth Secretary said that the Tripartite Meeting being held that day in Bonn, at which the Minister of Technology and the Minister of State, Foreign and Commonwealth Office (Mr. Mulley), were our representatives, was expected to resolve most of the outstanding points of difference between us and our Dutch and German partners, and to clear the way for the signature of an Agreement. There was, however, an outstanding problem between ourselves and the United States Government in regard to the release of information restricted under the Anglo-United States Atomic Energy Agreement. This problem was still under discussion between HM Ambassador and the United States Secretary of State on the political level and between Sir Solly Zuckerman and the United States Atomic Energy Commission at the technical level. It was impossible yet to forecast the outcome; but the possibility of difficulties with the United States on this point could not be discounted, and the Cabinet would be kept informed. Meanwhile the Nuclear Policy Committee would keep the matter under review.

The Cabinet—

(5) Took note of the statement by the Foreign and Commonwealth Secretary.

(6) Took note that the Ministerial Committee on Nuclear Policy would consider further the Anglo-United States discussions on restricted centrifuge information, and that the Cabinet would be kept informed of any major development.
4. The Cabinet had before them a memorandum by the Foreign and Commonwealth Secretary (C (69) 61) on Rhodesia.

The Foreign and Commonwealth Secretary said that he wished to draw the attention of his colleagues to the conclusions reached by the Ministerial Group on Rhodesia as set out in Annex A to C (69) 61. Though it would clearly not be possible to reach a final decision on several of the conclusions until after the Rhodesian régime had held their referendum, he wished to secure his colleagues’ approval of the conclusions. With regard to the public speech on Rhodesia which he would be making on 10th June and which was referred to in paragraphs 4 and 5 of C (69) 61, the text he had proposed for inclusion in it which was given in Annex B of the paper had been drafted with the intention of being as helpful as we properly could to the Rhodesian Centre Party. While he realised that a statement on these lines might expose us to the risk of a further rebuff from the régime, especially if as seemed likely the referendum went decisively in favour of Mr. Smith and his colleagues, it was important particularly from the point of view of opinion in this country to demonstrate that we had not been unreasonable and that we had not neglected any possibility of securing a settlement. It had also to be borne in mind that the Governor of Rhodesia had strongly advocated that a statement in this sense should be made.

The Prime Minister, summing up a short discussion, said that the Cabinet endorsed the conclusions reached by the Ministerial Group, which should arrange for their detailed implementation.

The Cabinet—

Took note with approval of the statement by the Foreign and Commonwealth Secretary and of the Prime Minister’s summing up of their discussion.

5. The Minister without Portfolio said that, in view of the settlement of the strike in HM Stationery Office warehouse, the Report of the Royal Commission on Local Government in England (the Redcliffe-Maud Report) would receive reasonably normal distribution, although some delay might occur. The Ministerial Committee on Local Government Reorganisation had met that morning and reached agreement on the terms of a statement which the Prime Minister proposed to make on Wednesday, 11th June. The statement accepted the main principles behind the Royal Commission’s central recommendations—the reduction in the number
of local government units and the removal of the distinction between urban and rural authorities. Its purpose was to strike the key-note for the consultations which would now be initiated.

In discussion it was suggested that the reorganisation of local government areas, which would necessitate a great deal of work and be likely to draw on the Government much complaint from local interests, was not worth undertaking unless they believed that the quality of local government would be improved as a result. The proposed statement would not, however, prejudice the consideration of the Report in the light of consultations with the local authorities. Consultations would no doubt be concerned with, among other things, means of raising local revenue so as to lessen the dependence of the new and larger units on the central government; the means of achieving greater decentralisation from central government to the new authorities, and the problem of paying at least those members of the authorities who carried the greatest responsibility.

In the meantime it was important that Ministers who had accepted invitations to address meetings of local authorities in the near future should say as little as possible about the Report and follow closely the lines of the Prime Minister's statement. They should clear with the Minister without Portfolio the text of any speech which they proposed to make.

The Cabinet—

(1) Took note of the statement by the Minister without Portfolio.

(2) Invited the Ministers intending to make speeches in a local government context in the near future to show the draft to the Minister without Portfolio.

*Cabinet Office, S.W.1,*

*10th June, 1969.*
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 12th June, 1969, at 11.15 a.m.

Present:

The Right Hon. Harold Wilson, M P, Prime Minister
The Right Hon. Michael Stewart, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Lord Gardner, Lord Chancellor
The Right Hon. Barbara Castle, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. Denis Healey, M P, Secretary of State for Finance
The Right Hon. Peter Shore, M P, Secretary of State for Economic Affairs
The Right Hon. William Ross, M P, Secretary of State for Scotland
The Right Hon. Edward Short, M P, Secretary of State for Education and Science
The Right Hon. Richard Marsh, M P, Minister of Transport
The Right Hon. Cledwyn Hughes, M P, Minister of Agriculture, Fisheries and Food
The Right Hon. George Thomas, M P, Secretary of State for Wales
The Right Hon. Judith Hart, M P, Paymaster General

The Right Hon. Roy Jenkins, M P, Chancellor of the Exchequer
The Right Hon. Richard Crossman, M P, Secretary of State for Social Services (Items 1-5)
The Right Hon. James Callaghan, M P, Secretary of State for the Home Department
The Right Hon. Fred Peart, M P, Lord President of the Council
The Right Hon. Anthony Crosland, M P, President of the Board of Trade
The Right Hon. George Thomson, M P, Minister without Portfolio
The Right Hon. Anthony Wedgwood Benn, M P, Minister of Technology
The Right Hon. Anthony Greenwood, M P, Minister of Housing and Local Government
The Right Hon. Lord Shackleton, Lord Privy Seal
The Right Hon. Roy Mason, M P, Minister of Power
The Right Hon. John Diamond, M P, Chief Secretary, Treasury

The following were also present:

The Right Hon. Robert Mellish, M P, Parliamentary Secretary, Treasury
The Right Hon. Sir Elwyn Jones, Q C, M P, Attorney-General (Items 3-5)
The Right Hon. Lord Wilson, Q C, Lord Advocate (Item 4)
SECRET

Secretariat:

Sir Burke Trend
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. E. Thornton
Mr. J. Crocker

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SECRET
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

*The Chief Whip* recalled that the Cabinet had agreed that the sponsors of the Divorce Reform Bill should be given an opportunity in Government time after 10 p.m., and subsequently in morning sittings, to secure the passage of the Bill through the House of Commons. He had been asked on the previous evening by Sir Lionel Heald to give time for a Motion critical of the Government’s decision to provide these facilities for a Private Member’s Bill and had agreed that the Motion could be put down for debate immediately before the debate on the Bill. He had thought it right that the opponents of the Bill should be enabled to state their case against the grant of Government time for its discussion; but he had subsequently realised that the Motion amounted to a Motion of censure and that they might have difficulty in securing its rejection, since the day’s business was subject only to a one-line Whip.

In a brief discussion it was pointed out that the Government must be careful that, in giving time for what was clearly a filibustering Motion, they did not establish a precedent. They might be obliged to provide additional time for the Divorce Reform Bill equivalent to that spent on the Motion. On the other hand, however, it was important to ensure that the Bill left the House of Commons in the current week. The appropriate course might be to move the closure at midnight, having if possible concluded the debate on the Estimates before 10 o’clock, and to issue a three-line Whip to ensure the attendance of sufficient Government supporters to secure the closure.

The Cabinet—

Invited the Lord President and the Chief Whip to give further consideration to the handling of the day’s business in the light of their discussion, and if necessary to report developments to the Prime Minister.

2. *The Foreign and Commonwealth Secretary* said that the Governor of Rhodesia, Sir Humphrey Gibbs, had now made his intended statement. The British Press had not so far reported or commented on Sir Humphrey Gibbs’ observation, which had been made with the concurrence of the Opposition, that the Constitution proposed by the régime could not form the basis of a settlement with any Government in the United Kingdom. This point had however been picked up by the British Broadcasting Corporation.
The text of the policy speech which the Foreign and Commonwealth Secretary had himself made on 10th June would be placed in the Library of the House of Commons. It had been interpreted by the Rhodesian Centre Party leadership as an intimation to the Rhodesian people that an honourable settlement was theirs for the taking if there were a "no" vote in the referendum.

The Foreign and Commonwealth Secretary said that there had been no further difficulties since the closure of the land frontier at La Linea, and that emergency arrangements were working well. The Algeciras ferry was still running, but might be forced to close down if the restrictions imposed by the Spanish authorities on its use by Spanish nationals resulted in its ceasing to be commercially viable. This would suit the Spaniards better than closing the ferry down by administrative action, since they appeared to believe that this might be a violation of the Treaty of Utrecht, which was the purported legal basis for their measures against Gibraltar.

The Foreign and Commonwealth Secretary said that in the tripartite Ministerial discussions in Bonn at which the British Government had been represented by the Minister of Technology and the Minister of State for Foreign and Commonwealth Affairs, Mr. Mulley, there had been difficulties with the Germans and Dutch which might slow down the timetable for the signature of a Memorandum of Understanding. This might however in the long run be to our advantage, in that it would give us more time to resolve the problems with the United States which he had mentioned to his colleagues on 9th June.

The Cabinet—

(1) Took note of the statements by the Foreign and Commonwealth Secretary.

*The Cabinet considered the sale of arms in the Middle East.

The Lord President said that the request made on the previous day in the House of Commons by Mr. Eric Heffer, for a statement on the sale of Chieftain tanks to Libya, would be pressed later in the day.

The Foreign and Commonwealth Secretary said that it was not the practice to give the House of Commons details of individual arms deals. He was prepared, within the limitations so imposed, to answer a Parliamentary Question if one were to be put down; to make a statement would not only be undesirable in itself but would set an awkward precedent. The line we had taken over the supply of tanks to both Libya and Israel had been discussed by the Defence

* Previously recorded in a Confidential Annex.
and Oversea Policy Committee and agreed to in the knowledge that the supply of Chieftain tanks to Libya was an entirely different matter from their supply to an Arab country which was engaged, or could engage, in active hostilities against Israel. There was no possibility of the Chieftain tanks to be supplied to Libya being used in this way. It was also relevant that we had treaty obligations to Libya.

The Prime Minister, summing up a brief discussion, said that the Israelis were well aware of our intention to supply Chieftain tanks to Libya and had been actively lobbying those whom they believed to be their friends and supporters in this country. Such lobbying was probably not in their own best interests and might have the opposite effect to that intended; nevertheless, it was important that Ministers should inform the Foreign and Commonwealth Secretary of any attempt to approach them in this context.

The Cabinet—

(2) Took note, with approval, of the Prime Minister's summing up of their discussion.

3. The Cabinet had before them a note by the Chancellor of the Exchequer to which was attached a memorandum by the Secretary of State for Defence on Service pay (C (69) 64).

The Defence Secretary said that in 1966 the Government had decided to abandon the previous method of determining Service pay, which was known as the Grigg formula, and to make a standing reference to the National Board for Prices and Incomes (NBPI). The Board had now produced a clear and cogent report (Cmnd. 3651) in which they analysed conditions of Service life and made some far-reaching and constructive proposals for reforming Service pay. The report showed that inadequate pay and conditions were the biggest single cause of the disastrous fall in recruiting, which if not arrested would face the Government with some grave and politically difficult choices. The Board had proposed an interim award of 3.9 per cent on basic pay from 1st April, 1969; new scales of pay for Service doctors and dentists to bring them nearer to parity with general practitioners; and change in certain other allowances. This would still leave the Services with significantly less than they would have got under the Grigg formula and it was important that the Government should give some indication of their intentions for the long-term restructuring of Service pay. On this the Board had proposed that there should be a "military salary", common to married and single men, which would be fixed by a process of job
evaluation and supplemented by an amount to compensate for the greater liability in the Services for disturbance and interference with private life (the X-factor). The cost of these reforms could not be established at present but it would amount to substantially more than what the Services would have received under the Grigg formula. Because of the importance he attached to the long-term restructuring of Service pay he was prepared to agree that the cost of applying job evaluation and the X-factor next year should be held to not more than £31 million above what would have been allowed under the Grigg formula; and that this additional cost should be met from the Defence budget. His proposals had been agreed by the Ministerial Committee on Prices and Incomes which had considered them very fully earlier in the week, and he proposed to announce them on Monday, 16th June. He would explain to the Press as necessary that increases arising from the long-term restructuring of Service pay might have to be staged if they were too large.

The Cabinet—

(1) Agreed that the short-term recommendations in the NBPI report on Service pay (Cmnd. 3651) should be accepted in their entirety.

(2) Endorsed in principle the Board's long-term recommendations on the structure of service pay.

(3) Invited the Secretary of State for Defence to announce their decisions on Service pay concurrently with the publication of the NBPI report.
was essential that an early decision be taken on whether the Government intended to give effect to the reports or to legislate to suspend the present statutory obligation to do so. If they failed to give effect to the reports, there would be accusations of gerrymandering, but he was himself convinced after a careful study of the reports that, political considerations apart, it would be wrong to give effect to the reports at the present time, and the group of Ministers who had considered the problem had shared his view. The reason lay in the proposals formulated by the Royal Commission on Local Government in England (the Redcliffe-Maud Commission), published the previous day, which envisaged a complete redrawing of the local authority map of England outside London. The rules for redistribution of seats under which the Boundary Commissions operated in England and Wales required the constituency pattern to be based on the pattern of local government units, and a redrawing of the local authority map meant a redrawing of the constituency map. In Wales and Northern Ireland legislation to alter local government boundaries was also in prospect. The present constituency boundaries had already been in existence for 15 years: it seemed preferable to leave them for another four or five than to face another radical revision when the local government reorganisation had been carried out.

In London, however, the process of local government reorganisation was already complete and there would be advantage from the point of view of all political parties in carrying through the constituency adjustments which the Boundary Commission proposed there. In other parts of the country there were areas which were severely under-represented and areas which were over-represented. If the Boundary Commissions' recommendations were not to be implemented wholly, the aim should be to make the minimum change; and since in his judgment over-representation was much less objectionable than under-representation, he would find no difficulty in defending proposals which dealt with the worst cases of under-representation and left constituencies with very small electorates as they were; even the proposals of the Boundary Commission would not prevent a very wide range in the size of the electorates. He therefore proposed that they should introduce legislation which, in addition to relieving the Secretaries of State of their statutory obligation to lay before Parliament Orders in Council giving effect to the reports of the Boundary Commissions, would provide that where outside London two adjacent constituencies each had an electorate of over 90,000, the area should be re-divided into three and that single constituencies with an electorate above 100,000—or perhaps 90,000; this was for consideration—should be divided into two.
Inside Greater London effect should be given to the Boundary Commission's recommendations, although some adjustments would be needed in the case of constituencies straddling the Greater London boundary. The result of these changes, assuming the 90,000 criterion, would be to increase the House of Commons by only one; and in terms of party advantage so far as could be judged on the basis of the 1964 figures his proposals would make little difference. He invited the Cabinet to agree that legislation should be introduced on these lines with a view to it being passed before the summer recess, and that he should announce the Government's intention to introduce such legislation in the House of Commons on 19th June.

The Secretary of State for Scotland said that the problem in Scotland was substantially different from that in England. The report of the Royal Commission on Local Government in Scotland (the Wheatley Commission) was not expected before September, and no case for not giving effect to the report of the Boundary Commission could be founded on any recommendation of the Royal Commission. Moreover, the connection between constituency boundaries and local authority boundaries was very much less close in Scotland than in England; the only rule to which the Boundary Commission had to work was that no burgh other than a county or a city should be included partly in one constituency and partly in another. There were at present constituencies comprising the whole or parts of two or even three counties and others comprising a number of burghs and it was unlikely that any recommendation of the Royal Commission would necessitate extensive consequential changes in the pattern of constituencies. There were in Scotland both areas which were heavily over-represented and areas which were under-represented—three constituencies in Glasgow had a total electorate substantially less than Dumbarton—and it would be extremely difficult for him to justify taking no action on the report of the Boundary Commission. He appreciated that to take a course different from that of the Home Secretary might create embarrassment and he had considered possible alternatives, but he remained of the opinion that they would not be satisfactory and that the most acceptable course would be to implement the report of the Boundary Commission without modification. He could defend the difference between the action proposed in Scotland and in England and Wales by reference to the difference between the English and Scottish rules for the redistribution of seats.

In discussion there was general agreement with the approach suggested by the Home Secretary for England and Wales and at the same time a recognition of the difficulty of justifying a similar course for Scotland. Some members of the Cabinet thought that the differences in circumstances and in the rules under which the Boundary Commissions worked were wide enough to justify giving
effect to the report of the Boundary Commission for Scotland while adopting for England and Wales the course proposed by the Home Secretary; but others considered that it would embarrass the Home Secretary severely in the course he proposed for England and Wales if effect were given to the report of the Scottish Commission. It was suggested that this difficulty might be resolved by carrying still further the logic underlying the Home Secretary’s approach and postponing a decision on Scotland until the report of the Wheatley Commission was available. This could be achieved by legislating to relieve the Secretary of State for Scotland of the obligation to act on the report of the Boundary Commission and taking powers to deal with the situation after the Royal Commission’s report had been received and its effect could be judged; no legal objection was seen to such a course. Admittedly this would bring the Secretary of State under some pressure in the coming months both publicly and in private from Members who were concerned about the delay in reorganising constituencies likely to be affected by the Boundary Commission’s report, but this would be less embarrassing than following either of the other courses mentioned.

In further discussion it was suggested that the House of Lords might seek to obstruct the proposed legislation and that the delay would encourage interested parties to seek an order for mandamus. But it would be politically difficult for the House of Lords to take a strong line on the composition of the House of Commons. The legal risk had to be accepted; mandamus was however a discretionary remedy and the courts might be reluctant to intrude into so essentially political a dispute: if the Parliament Act were invoked they might accept that the matter was before Parliament.

The Prime Minister, summing up the discussion, said that the Cabinet approved the proposals of the Home Secretary for legislation in relation to England and Wales and Northern Ireland, except for the single question outstanding of whether the size of electorate required to justify splitting a single constituency should be 90,000 or 100,000. This point should be remitted for decision to the group of Ministers who had studied the question. As regards Scotland the legislation should relieve the Secretary of State of his present obligation to implement the report of the Boundary Commission and provide for action to be taken in the light of the report of the Royal Commission on Local Government in Scotland. The Home Secretary should announce the Government’s intentions in the House of Commons on 19th June.

The Cabinet—

(1) Invited the Prime Minister to arrange for a group of Ministers to decide whether the size of electorate required to
justify splitting a single English or Welsh constituency into two should be 90,000 or 100,000.

(2) Subject to (1), approved the proposals in C (69) 63.

(3) Agreed that in relation to Scotland the proposed legislation should relieve the Secretary of State of the obligation to act on the present report of the Boundary Commission and provide for the position to be reconsidered after the Royal Commission on Local Government in Scotland had reported.

(4) Authorised the Home Secretary to announce the Government’s intentions in the House of Commons on 19th June.

5. The Prime Minister said that he and the First Secretary of State had continued their discussions with the General Council of the Trades Union Congress (TUC) on the previous evening. He had told them that there seemed to be three possible alternatives. First, the provisions in relation to unconstitutional disputes in “Programme for Action” could be strengthened to the point where the Government could be satisfied that they would be reasonably effective. Secondly, they could examine the possibility of supplementing or backing the provisions in “Programme for Action”, as they related to unconstitutional strikes, by legislative provisions of one kind or another which did not involve the imposition of fines on unions or work people. Thirdly, if a solution could not be found in either of these directions, the Government would probably see no alternative to immediate legislation which included the so-called “penal clauses”, but held them in suspense in that the First Secretary of State would not be empowered to invoke them for a stated period of months after Royal Assent. It had been agreed that the possible solutions should be considered in detail by a smaller group consisting of the First Secretary of State and himself and of six members of the General Council—Sir Frederick Hayday, and Messrs. Feather, Allen, Greene, Jack Jones and Scanlon. This smaller group had examined possible means of strengthening TUC Rule 11 so that the obligation on individual unions to secure a resumption of work by their members would be as binding in the case of unconstitutional strikes, as it was, in Rule 12, in the case of inter-union disputes. He and the First Secretary of State had suggested an amendment to this end. Their amendment, which was drafted in the language of “Programme for Action” would in essence include in Rule 11 a clause corresponding to Rule 12 (d), which imposed an unambiguous obligation on unions concerned to take immediate and energetic steps to obtain a
resumption of work. The TUC representatives, on the other hand, had suggested circulating a letter to their affiliated organisations clarifying the manner in which the General Council intended to proceed in future under Rule 11 in the case of unconstitutional strikes. The terms of this letter were not sufficiently precise and unambiguous about the obligation to secure a resumption of work. He and the First Secretary of State proposed that evening to give the TUC a firm assurance that the Government would not proceed with the “penal clauses” if Rule 11 were amended on the lines which they had proposed. A revised draft of the Government’s proposed amendment was being sent to the TUC that day. If the TUC General Council refused this offer, he would report back to the Cabinet early in the following week so that they could decide their course of action. But in the event of such a refusal it would presumably be necessary either to introduce a Bill, incorporating the “penal clauses” but in such a way that they could not be invoked for a stated period after Royal Assent, or to introduce alternative legislative provisions which did not involve the imposition of fines.

In discussion, it was pointed out that the Special TUC Congress on 5th June had not the power to make amendments to the rules: this could only be done at the Congress in September. If the Government’s proposed further amendment to Rule 11 were accepted by the General Council, it could only be on the basis that the latter would recommend its adoption to the Congress in September. There was general agreement that if the General Council were prepared to make a recommendation in this sense, this would be sufficient to enable the Government to drop the “penal clauses”.

The Cabinet—

Took note of the statement by the Prime Minister.

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6. The President of the Board of Trade said that evidence had recently come to light that there had for some years been a persistent under-recording of exports. Customs and the Board of Trade had carried out a thorough investigation and it now appeared that the under-recording was of the order of 2 to 3 per cent net. It had been agreed that Customs should reintroduce a more comprehensive system of checking ships’ manifests, but this would not be fully effective for some months. In the meantime the published trade figures would not be adjusted but a conservative estimate of the under-recording would be given in the Press notice which accompanied them. The discovery of this under-recording would eventually be
reflected in equal and opposite adjustments to the export figures and the balancing item. There would be no change in our basic position or in the reserves.

The Cabinet—

Took note of the statement by the President of the Board of Trade.

_Cabinet Office, S.W.1,
12th June, 1969._
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Tuesday, 17th June, 1969,
at 10.15 a.m. and resumed in the Prime Minister's Room,
House of Commons, S.W.1, at 4.30 p.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign
and Commonwealth Affairs (Item 1)
The Right Hon. LORD GARDINER, Lord Chancellor

The Right Hon. BARBARA CASTLE, M P,
First Secretary of State and Secretary
of State for Employment and Productivity (Item 1 and morning
discussion of Item 2)

The Right Hon. FRED PEARL, M P,
Lord President of the Council
The Right Hon. ANTHONY CROSLAND,
M P, President of the Board of Trade

The Right Hon. GEORGE THOMSON,
M P, Minister without Portfolio

The Right Hon. ANTHONY WEDGWOOD
BENN, M P, Minister of Technology
The Right Hon. ANTHONY GREENWOOD,
M P, Minister of Housing and Local
Government

The Right Hon. LORD SHACKLETON,
Lord Privy Seal
The Right Hon. ROY MASON, M P,
Minister of Power

The Right Hon. JOHNSON DIAMOND, M P,
Chief Secretary, Treasury

The following were also present:
The Right Hon. ROBERT MELLISH, M P,
Parliamentary Secretary, Treasury

The Right Hon. Sir ELWYN JONES, QC,
M P, Attorney-General

* Absent from the resumed meeting in the afternoon.
Secretariat:
Sir Burke Trend
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Mr. P. E. Thornton

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The Prime Minister said that records of the discussions which he and the First Secretary of State had had with the General Council of the Trades Union Congress (TUC) had been circulated to members of the Cabinet. It was generally agreed that the TUC's proposals on inter-union disputes were satisfactory and that there was no need for the Government to introduce legislation on this topic. The position on unofficial strikes involving disputes with employers, however, was much less satisfactory. The TUC's proposals did not distinguish between official and unofficial strikes; and they put too much emphasis on the role of the TUC as a conciliator in such disputes and too little on the need to obtain a return to work. At the last meeting with the General Council he had told them that the Cabinet had authorised him to say that, if the TUC were prepared to strengthen the provisions in Rule 11 relating to unconstitutional strikes in such a way as to bring them into line with the provisions in Rule 12 relating to inter-union disputes, the Government would be prepared to abandon legislation incorporating "penal clauses" and that, if the General Council would undertake to make a recommendation on these lines to their autumn Congress, the Government would accept this without waiting until the recommendation had been formally ratified. The General Council had made it clear, however, that they would not be prepared to amend Rule 11, even though the amendments which he and the First Secretary had suggested followed closely the language of the TUC's own report "Programme for Action" and the wording which they had proposed (C(69)67) would leave the TUC considerable discretion in deciding whether the circumstances of any individual unconstitutional strike required them to initiate the disciplinary processes provided by the amended rule. The most that the General Council had been prepared to contemplate was an interpretative statement on the lines of Annex B of the record of the meeting with the TUC on 12th June. This, however, would be a mere declaration of intent, with no binding force; and it could not be regarded as a satisfactory alternative to the Government's proposal. If the Government were to accept it, they would be going back on their previous decision to secure an effective solution to the problem of unconstitutional strikes. They would lose all credibility both at home and abroad; and their authority would disappear. He and the First Secretary had therefore considered whether any statutory alternative could be found which would not involve either an amendment of the Trade Disputes Act, 1906, which was unacceptable
for the reasons given in the White Paper “In Place of Strife”, or
the imposition of fines on individual strikers and the attachment of
wages, to which the TUC and members of the Parliamentary Labour
Party (PLP) took such strong exception.

The First Secretary of State said that the broad approach in
the White Paper “In Place of Strife” (Cmnd. 3888) and the TUC’s
own proposals in “Programme for Action” were very similar; and
in seeking an alternative form of sanction she had tried to build on
this identity of purpose and, in particular, to strengthen the authority
of the TUC themselves. The Government and the TUC both
recognised that in the long term better industrial relations depended
on the improvement of negotiating procedures. But their efforts
to improve procedures would fail if employers thought the unions
would not discipline those of their members who took part in
unconstitutional stoppages in breach of procedures. She had
therefore considered whether, instead of imposing fines on individual
workers, the Bill should include provision which would make the
unions responsible for the conduct of any of their members who
took part in unconstitutional strikes. Her proposals (which were
summarised in a memorandum distributed at the meeting and
subsequently circulated as C (69) 70) envisaged that, in the case of a
strike which was in breach of agreed procedures (or where no
adequate procedure existed) and involved directly or indirectly
large numbers of workers, the Secretary of State would make an
Order for a conciliation pause in the same circumstances as were
envisaged in the White Paper. The employer would be required
to observe specified terms and conditions, which might include a
return to the status quo; and the employees would be required to
return to work. The Bill would lay responsibility on the union or
unions concerned to use their best endeavours to ensure that their
members did in fact return to work in order to allow for procedures
to be used or, if necessary, an inquiry to be held. If the strike
continued and the Secretary of State considered that the unions
were not seriously trying to get the strikers back to work, she would
be empowered to take proceedings before the Industrial Board on
the grounds that they had not used their “best endeavours” for
this purpose. The term “best endeavours” was commonly used
in the field of industrial relations; and the proposed powers were in
any case likely to be used only in cases where there was convincing
evidence that a union had failed to do its best to obtain a resumption
of work. If the Industrial Board found against the union it would
be subject to a substantial financial penalty, which would be a debt
recoverable from the union as a corporation and not from its
General Secretary. The Bill would also have to provide that a
trade union could not plead in its defence that its rules precluded
it from taking action to secure a return to work by its members.
Since some unions did not have appropriate disciplinary rules to deal with unconstitutional strike action by their members, it would be necessary to give unions time to take action to amend their rules before the appointed day, which might therefore be fixed at, say, six months after the Bill received Royal Assent. A measure on these lines should be more acceptable to the PLP than the original proposal for sanctions involving fines on individual workers; it would constitute a short, clear Bill; and it would be a reasonable proposal to put to the TUC as the alternative which the Government would be compelled to adopt if, but only if, the TUC themselves continued to reject the suggestion for an amendment of Rule 11. In particular, it would be consistent both with the White Paper "In Place of Strife" and with the attitude which the Government had taken in the recent discussions with the TUC. Finally, even if it proved necessary to introduce a Bill on these lines, it could not reach the Statute Book by the summer recess; and, if the TUC subsequently changed their mind and secured approval to the necessary amendment of Rule 11 at their Congress in September, the Government could then abandon the Bill in the autumn spillover before it had been enacted at all.

In discussion, there was general agreement that the issues for decision were—

(a) Should the Government inform the General Council on the following day that they would introduce legislation immediately, including some form of "penal clauses", unless the TUC were able to provide an adequate assurance forthwith in relation to unconstitutional disputes?

(b) Must an adequate assurance take the form of a firm commitment by the General Council to recommend to Congress a change in Rule 11 on the lines suggested by the Government? Or would an interpretation of the procedure to be adopted under Rule 11 on the lines suggested by the TUC, suitably strengthened in status and wording, be sufficient?

(c) If the Government stated their intention to introduce legislation, including "penal clauses", should these take the form originally proposed or the alternative form now suggested by the First Secretary of State?

In relation to (a) and (b) it was argued that the gap between the respective positions of the Government and the TUC was now very narrow. The difference in status between an amendment to Rule 11 and an interpretative document which would be included in the General Council's report to Congress and would be formally approved by it was minimal. The divergence between the texts of the proposed amendment to Rule 11 and of the interpretative
document—as shown in Annexes A and B to the note of the meeting with TUC representatives on 12th June—also seemed small. The Government and the TUC were accordingly near enough to agreement to make it worthwhile pursuing negotiations further; and it would be unnecessary and unwise to threaten the TUC at this stage with the immediate introduction of "penal" legislation, particularly since in any event they did not believe that the Government would be able to secure the enactment of such legislation, and it was indeed uncertain whether the Government could count on the support of the PLP if the Bill, when introduced, were condemned by the TUC. It was therefore not wholly unreasonable on the part of the TUC to threaten, in return, to withdraw their own proposals, as set out in "Programme for Action", if the Government introduced any form of "penal" legislation; and their attitude in this respect should not necessarily be taken as an indication that they were simply offering their scheme as a tactical manoeuvre in order to avoid legislation. They were genuinely convinced that no "legal" sanction, whether provided by the Government or by themselves, could be implemented effectively. But many of them would be prepared to make a real attempt to operate the principles set out in their interpretative document; and it was on the various ways of enhancing the status of this document that the Government should now concentrate. It would be unreasonable—and would seem so to public opinion—to allow the negotiations to break down on the single and not easily comprehensible issue whether the TUC's own sanction against unconstitutional strikes should take the form of an amendment to Rule 11 or an interpretative document. The Government had already procured a very substantial advance by the TUC from their original position; and, if they could now reach agreement on the sole outstanding issue, they would be seen to have secured, in a few months, a more significant reform of trade union organisation than had been achieved in many years. It would be foolish to put this potential achievement at risk for the sake of a difference of presentation which would, in any event, be of little practical importance.

On the other hand, it was argued that the position adopted by the Prime Minister and the First Secretary of State in the negotiations with the TUC had not only been in accordance with the Cabinet's earlier decisions but had also been fully justified by the merits of the case. The Government were proposing to require employers to restore the status quo in the case of a strike provoked by mismanagement on their part; and there must clearly be some corresponding requirement on the workers to return to work in cases where they were at fault. Nevertheless, the Government had offered to abandon "penal" legislation for this purpose provided
that the TUC themselves "legislated". But effective "legislation" by the TUC could only be secured by an amendment to their rules: a circular letter of interpretation would have no binding force and was therefore no substitute. The leaders of two of the largest unions—the Amalgamated Engineering and Foundry Workers' Union and the Transport and General Workers' Union—appeared to be determined to avoid an amendment of Rule 11 on the lines proposed by the Government, because such an amendment, unlike a circular letter, would make plain the obligations which the TUC would have accepted to secure a resumption of work in the case of unconstitutional strikes. They had also ensured that the terms of the proposed circular letter itself were more imprecise than the terms of the amendment to Rule 11 proposed by the Government. Thus, the circular was related to constitutional (and official), as well as to unconstitutional, strikes; and it gave prominence to the role of the TUC in securing a settlement of the issues in dispute as well as in obtaining a resumption of work. It was in fact little more than a prescription for conciliation; and it was clear that the more intransigent elements in the General Council hoped, by blurring both the precise nature of the TUC's obligations and the means by which they would be discharged, to reduce those obligations or to evade them altogether. The essence of the problem was their refusal to be made publicly answerable for the effective implementation of the principles to which they themselves purported to have subscribed in the TUC's own document "Programme for Action". But, although the TUC representatives had said that they would withdraw their own proposals if the Government introduced "penal" legislation, they would in practice be increasingly likely to modify this position if legislation were once introduced, particularly if it provided that the "penal clauses" would not take effect for a defined period. If, on the other hand, it became apparent that the Government had accepted an arrangement which was obviously less than adequate to deal with the problem of unconstitutional strikes, it would be clear that the reason for their doing so was their fear that they would be unable to carry legislation which was against the wishes of the TUC and the PLP; and in that event they would forfeit all respect and authority, both at home and abroad.

When the Cabinet resumed their discussion in the afternoon it was urged that they should consider their course of action on the basis of a clearer definition of their objective. Basically, this objective was to improve industrial relations. But there must be considerable doubt whether this would be achieved by legislation in any form. Even if it proved possible to secure the passage of the proposed Bill through Parliament, which on present evidence
seemed highly doubtful, the effect on the morale of the Government's supporters would be very damaging and would be liable to persist for many months; and the Government's credibility depended as much on their ability to maintain the unity of the PLP on basic issues of policy as on their ability to solve a particular problem. The TUC's own proposals in "Programme for Action", on the other hand, seemed likely to have a reasonable chance of being put into practical effect, particularly as regards inter-union disputes; and they would also help to strengthen the central authority of the TUC, which was in itself a desirable reform. The gap between the positions of the Government and the TUC was now so narrow that it would be politically unwise to confer the privilege of martyrdom on the more recalcitrant unions by introducing legislation which public opinion would regard as directed largely against them. The Government's position would be far more defensible if they took their stand on the solid achievements already secured in the course of negotiations with the TUC and did not jeopardise all the ground they had won for the sake of one exposed salient which was in fact untenable. The latest proposal for legislation, which the First Secretary of State had described at the Cabinet's discussion in the morning, would be no more acceptable to the TUC than any of the earlier versions of the "penal clauses"; and it would be unrealistic to resume discussions with the TUC on the basis that the Government could afford to threaten them with the prospect of legislation which the TUC themselves would know the Government could not enact except at the cost of grave and lasting damage to Party unity. Nor, indeed, had the Cabinet ever taken a formal and final decision on their course of action if it proved impossible to reach agreement with the TUC. They had suspended judgment on this issue; and they should continue to do so, since it was clear that the balance of the argument inclined in favour of making one further attempt to bring the negotiations with the TUC to a conclusion which all parties could accept, probably on the basis of a further strengthening of the proposed interpretative circular.

On the other hand it was argued that the progress made in the discussions with the TUC should not be over-estimated. While the Government's pressure had induced the General Council to make satisfactory proposals in relation to inter-union disputes, there had been virtually no advance as regards unconstitutional strikes. Moreover, such progress as had been achieved had been due entirely to the TUC's knowledge that, unless agreement on some satisfactory alternative proposals were reached, the Government were firmly and publicly committed—e.g., by the Budget Speech and the White Paper—to introduce legislation including disciplinary provisions in some form. The effect of this knowledge, however,
had been increasingly offset by reports in the Press and elsewhere that the Cabinet were divided on this issue and were not prepared to introduce statutory penal sanctions. It was clear that individual unions remained opposed to any surrender of power, whether to the Government or to the TUC, and that, if the threat of legislation were now finally removed, the TUC would not be able to offer any further advance on their proposed interpretative circular, which was clearly inadequate as an effective sanction in relation to unconstitutional strikes. If they were prepared to convert this into a rule, by amendment of Rule 11 on the lines proposed by the Government, it would be possible to forgo legislation. But they would not be moved in this direction except by a clear indication that, in default of a change of mind on their part, the Cabinet had unanimously decided to enact statutory disciplinary provisions. It might, admittedly, be difficult to carry such a Bill through Parliament. But no Government could afford in the last resort to accept dictation by its Parliamentary Party, particularly when there were grounds for believing that the Party at Westminster did not entirely reflect the sentiment of the majority of the Government’s supporters in the country as a whole. Nor should it be assumed that the PLP itself would necessarily withhold support from the Government when Ministers were free to put all the facts before it.

The Prime Minister, summing up the discussion, said that the Cabinet were not yet ready to reach a decision on the form which statutory “penal” sanctions might take, or to make a choice, for this purpose, between the original proposals and the latest suggestion made by the First Secretary of State that morning. Even on the prior issue whether, in default of agreement with the TUC on an amendment of Rule 11, legislation of this kind should be introduced at all, there appeared to be a division of opinion and a preference for continuing discussions with the TUC on the basis of their proposed interpretative circular, preferably in a strengthened form. But in view of the Cabinet’s earlier decisions and the Government’s public commitment in the White Paper, it would not be possible for the First Secretary of State and himself to resume negotiations with the General Council on this hypothesis alone; nor could any positive result be expected from further discussions with the TUC if they were allowed to believe that the Government were not agreed upon the need to introduce legislation embodying sanctions of some kind if the TUC themselves were unwilling to make any further improvements in their proposals for dealing with unconstitutional strikes. In these circumstances he and the First Secretary of State, at their meeting with the General Council on the following day, would be guided by the various views which had...
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been expressed during the Cabinet's discussion. They would seek to refrain from committing the Government to any precise form of statutory disciplinary provisions, since the Cabinet were not in agreement on this matter; but it would not be possible for them, in exploring whether the TUC were prepared to strengthen their own proposals, to avoid indicating the advice which they themselves would feel compelled to give their Cabinet colleagues if the negotiations reached a final deadlock. He would report the outcome to the Cabinet, and it would then be necessary for individual Ministers to consider their respective positions in reaching the final decision.

The Cabinet—

Took note of the Prime Minister's summing up of their discussion.

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2. The Minister of Technology recalled that the board of Upper Clyde Shipbuilders Limited (UCS) had requested £8 million to cover expected losses—in addition to about £4 million for future investment which was not in dispute—and that the Government had supported the Shipbuilding Industry Board (SIB) in offering £5 million, which the SIB were satisfied was adequate to meet the Company's financial requirements. The offer of £5 million had been made subject to conditions, including acceptance by the unions concerned of redundancies totalling about 3,000 and assurances by them on pay and productivity. All the unions concerned, with the exception of the Amalgamated Society of Boilermakers, had given satisfactory assurances. The Amalgamated Society of Boilermakers had agreed to forgo a wage increase amounting to 6s. 0d. a week which had been nationally negotiated this year. They had also agreed to forgo a premium of 5½d. an hour which their members enjoyed in the Govan Yard. But they had not given the full assurances which the SIB had required on mobility of labour and on productivity. The board of UCS had failed to obtain the additional £3 million which they considered necessary to cover their expected losses. It seemed most probable therefore that they would now decide to put the Company into liquidation. The Government might, however, still be able to prevent liquidation by persuading the SIB to give a guarantee covering a further £3 million—in addition to the offer of £5 million in cash which had already been made—despite the absence of a fully satisfactory assurance from the Amalgamated Society of Boilermakers.
In discussion, it was argued that the trade unions concerned had come a very long way in meeting the requirements of the SIB and that liquidation would be a catastrophe, not only for the Clyde but for British shipbuilding as a whole. The report which had been circulated to the Ministerial Steering Committee on Economic Policy (SEP (69) 70) underestimated the cost to the Exchequer of liquidation. In addition to the costs of social security payments, redundancy payments, etc., provision must also be made for the substantial costs involved to the Exchequer in providing new jobs in a development area. In any event, the estimate of the effects of liquidation on employment were over-optimistic. If UCS now went into liquidation after the strenuous efforts made by the trade unions to save these jobs, the Government would be held responsible. On the other hand, it was urged that SEP (69) 70 convincingly argued that the possible gain to United Kingdom shipbuilding output would probably not justify a commitment, which might prove open-ended, to further financial support to UCS. The approach hitherto adopted in an attempt to improve conditions in the Upper Clyde shipbuilding industry had failed, and was always likely to fail, since it involved a forced merger of well managed and badly managed companies. There was no prospect of UCS satisfying the two essential conditions set by the SIB: first, adequate assurances about future labour productivity, and, second, that Yarrow and Company Limited should fully integrate with the rest of UCS. In the circumstances, the solution most likely to lead to a satisfactory and viable outcome in the longer term was the appointment of a liquidator who could be assisted—if necessary financially—by the Government.

The Chancellor of the Exchequer, summing up the discussion, said that it was the general view of the Cabinet that the Minister of Technology should be authorised to discuss with the SIB the possibility of avoiding liquidation of UCS by the offer of an SIB guarantee covering £3 million in addition to the cash offer of £5 million which had already been made. The Minister of Technology should examine this possibility with the SIB but without final commitment to it, and should report the outcome to the Cabinet at their resumed meeting later that day.

The Cabinet—
(1) Took note, with approval, of the summing up of their discussion by the Chancellor of the Exchequer.
(2) Invited the Minister of Technology to explore the possibility of avoiding liquidation of UCS by the provision of an SIB guarantee covering £3 million.
When the Cabinet resumed their discussion the Minister of Technology reported that the Board of Upper Clyde Shipbuilders Limited (UCS) had informed him at midday that they had been unable to raise the money which they considered they needed to avoid liquidation. Accordingly, acting on the authority which the Cabinet had given him during the morning, he had had a further discussion with the Shipbuilding Industry Board (SIB). The Board had informed him that they believed the difficulties of UCS to be attributable to poor management; but that they had been impressed by the willingness of the unions to sacrifice some of the gains which they had recently made in order to save the Company. The SIB believed that the very substantial sums already offered would be sufficient, taken with the plan proposed and as accepted by the unions, subject to the re-negotiation by the Amalgamated Society of Boilermakers of their insistence on the present guarantee [i.e., of fall-back pay under a previous productivity agreement]; to permit the creation of a viable unit in the Upper Clyde, and they therefore believed that liquidation now would not be right. They had authorised him to inform the Board of UCS of their view and of their willingness to discuss with the reconstructed Board and Management the developing financial situation early next year in the light of the performance of the Group following the implementation of the present UCS plan. If the Cabinet agreed, he would inform the UCS Board of this development in the SIB's position, which he thought offered a slight chance of avoiding the liquidation of the Company. The money which the SIB would provide if the UCS now accepted their offer would come from the funds to which they already had access.

The Cabinet—

(3) Agreed that the Minister of Technology should communicate to the Board of UCS the further statement which he had received from the SIB.

Cabinet Office, S.W.1,
18th June, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Wednesday, 18th June, 1969, at 5 p.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs (In the chair for Items 2-4)
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department
The Right Hon. PETER SHORE, M P, Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M P, Minister of Housing and Local Government
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer

The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity (Item 1)
The Right Hon. FRED PEARCE, M P, Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M P, President of the Board of Trade
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M P, Minister of Transport
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M P, Minister of Power
The Right Hon. JUDITH HART, M P, Paymaster General

The following were also present:
The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury
The Right Hon. Sir ELWYN JONES, Q C, M P, Attorney-General
Secretariat:
Sir Burke Trend
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Mr. P. E. Thornton

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1. The Cabinet resumed their discussion on industrial relations.

The Prime Minister informed the Cabinet that he and the First Secretary of State had just come from the resumed discussion with the General Council of the Trades Union Congress (TUC) where, in accordance with the Cabinet's discussion on the previous evening, they had warned the Council that they judged that, if it proved impossible to reach a satisfactory agreement about the means by which the TUC themselves would deal effectively with unconstitutional strikes, the Government would have no alternative but to introduce legislation embodying "penal clauses". They had refrained from implying that the Cabinet had necessarily taken a final decision to this effect; nor had they specified any particular form which the "penal clauses" might take. But they had made it clear that they were not prepared to accept a document merely interpreting Rule 11 on the lines which the TUC had proposed; and they had finally taken the initiative in suggesting that the General Council should agree to a procedure whereby they would give a solemn and binding undertaking, subject to ratification by Congress in the autumn, which in its wording would be the virtual equivalent of the more stringent formulation of Rule 11 proposed by the Government at an earlier stage, would thenceforward govern the General Council's operation of Rule 11 in the form in which it had been endorsed at the Special Congress on 5th June, and would have the same binding force as the TUC's Bridlington principles and regulations. In return the Government would abandon their intention to introduce interim legislation in the current Session of Parliament and would not include "penal clauses" in any legislation introduced during the present Parliament—unless the autumn Congress failed to ratify the General Council's undertaking, in which event the Government would, of course, be free to reconsider their position.

The General Council had unanimously agreed to give the required undertaking; and it was now for the Cabinet to decide whether, for their part, they were prepared to endorse it as an adequate solution of the problem—on the basis that he himself, together with the First Secretary of State, had already accepted it. The Cabinet would realise that this agreement, which was in effect the equivalent of the amendment of Rule 11 which had been their original objective, would not have been achieved unless the TUC had been allowed to understand very clearly that the only alternative was legislation incorporating "penal clauses". In the event,

* Previously recorded in a Confidential Annex
however, good sense had prevailed; and the final outcome could be regarded as a very significant advance in industrial relations. It was essential that it should be so presented to public opinion and that neither side should claim that its views had prevailed over those of the other.

In discussion Ministers paid tribute to the skill with which the Prime Minister and the First Secretary of State had conducted the negotiations and tendered warm congratulations to them on so successful an outcome, which the Cabinet unanimously endorsed.

The Cabinet—
Touched note, with approval, of the statement by the Prime Minister, and endorsed the agreement which he and the First Secretary of State had reached with the General Council of the TUC.

CONFIDENTIAL

2. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

3. The Minister of Technology reported that the Board of Upper Clyde Shipbuilders Limited had that morning accepted the terms on which the Shipbuilding Industry Board had offered to advance £5 million. It still remained, however, to obtain satisfactory assurances from the Amalgamated Society of Boilermakers.

The Cabinet—
Touched note of the statement by the Minister of Technology.

4. The Foreign and Commonwealth Secretary said that he had received a call from the Soviet Ambassador, Mr. Smirnovsky, who had informed him that the Soviet Government had proposed negotiations with the Government of the People’s Republic of China on the boundary dispute between them. The Soviet Government had felt compelled to reject the Chinese Government’s contention that the boundary treaties were unequal or invalid; but they were willing to negotiate on the basis of the wishes of the inhabitants in the disputed area. The Foreign and Commonwealth Secretary had taken the occasion to remark that in the case of Gibraltar, Her Majesty’s Government also stood by the relevant treaties and regarded the wishes of the inhabitants as the determining factor.

The Foreign and Commonwealth Secretary said that the Soviet objective at the recent Conference of Communist Parties in Moscow had been to secure a condemnation of Chinese actions and policies.
In the event there had been no formal condemnation by the Conference as such; but a number of individual speakers had been highly critical of the Chinese Communist Party. The Soviet Communist Party had been able to avoid acrimony in the debate about Soviet policies towards Czechoslovakia; they had been assisted by the Czech Prime Minister, Mr. Husak, who had spoken in support of Soviet policies. It had become clear that, while the new Czech Government would not yield further to Soviet pressure than they had to, they had already gone a long way towards meeting Soviet demands and might find it necessary to go further. Taking the Conference as a whole, Mr. Brezhnev, the General Secretary of the Communist Party of the Soviet Union, had emerged from it with increased stature.

The Foreign and Commonwealth Secretary said that M. Pompidou had been elected President of France with a substantial majority. He was a liberal Gaullist and a capable politician. It was probable that, while M. Pompidou was in office, the Presidency would continue to exercise the leading role in French affairs. We could not expect a rapid reversal of French attitudes towards United Kingdom membership of the European Economic Community (EEC); and M. Pompidou was likely to prove a formidable negotiator. Nevertheless, there were grounds for hope that his election would open the way to a new phase in our relations with the Community. As regards other matters it might be difficult for M. Pompidou to maintain the previous Government's line on East-West relations; and in the context of the Middle East dispute he was not personally pro-Arab. The British Ambassadors to the member countries of the EEC were assembling in London shortly to report their impressions of the new situation following M. Pompidou's election; and he would subsequently inform the Cabinet of the outcome.

The Foreign and Commonwealth Secretary commented briefly on the preliminary discussions which had taken place with the Soviet Ambassador about the possibility of the release of Mr. Gerald Brooke by the Soviet authorities in exchange for the release of Mr. and Mrs. Kroger from imprisonment in this country. He undertook to make a fuller report in due course.

The Cabinet—

Took note of the statements by the Foreign and Commonwealth Secretary.

Cabinet Office, S.W.1,
19th June, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 26th June, 1969,
at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. FRED PEAERT, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSCLAND, M.P., President of the Board of Trade
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JUDITH HART, M.P., Paymaster General

The following were also present:
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury (Item 1)
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General

Secretariat:
Miss J. J. NUNN
Mr. R. R. D. MCINTOSH
Sir ROBIN HOOPER
Mr. P. J. HUDSON

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Chief Whip said that the choice by the Opposition of the charges for dentures and spectacles as a topic for debate on Tuesday, 1st July, was contrary to an understanding reached with the Opposition Chief Whip that, in view of the national importance of the Investiture of the Prince of Wales in Caernarvon Castle on that day and the subsequent absence of a number of members of the House, the Opposition would choose a non-controversial subject for discussion. The Chief Whip was in touch with the Opposition Chief Whip about this and it was possible that a different topic would be chosen.

The Prime Minister said that he would take part himself in the debate on industrial relations to be initiated by the Opposition on 3rd July; and when the Opposition motion had been put down would consider, in consultation with the First Secretary of State, the Lord President and the Chief Whip, whether the Government should move an amendment.

The Prime Minister said that the arrangement of business in the week beginning 7th July would require some care to ensure both that the Finance Bill reached the House of Lords a month before the Recess, as was customary, and that the Representation of the People (Redistribution of Seats) (No. 2) Bill passed through the House of Commons early enough to reach the Statute Book before the Recess. The Lord President and the Chief Whip should discuss the arrangements with the Home Secretary and the Chief Secretary, Treasury.

The Prime Minister informed the Cabinet that he had decided, after consultation with the Paymaster General, to create a new post of Chief Information Adviser to the Government, and to appoint Mr. Trevor Lloyd-Hughes, at present Press Secretary at 10 Downing Street, to fill it. Mr. Lloyd-Hughes would be in the Cabinet Office and would be succeeded as Press Secretary by Mr. J. T. W. Haines. The Ministerial Committee on Home Publicity, under the Chairmanship of the Paymaster General would continue to be responsible for the presentation of the Government's long-term domestic policies, but would be assisted by a new Official Committee consisting of the Chief Information Officers of the major Departments, under the Chairmanship of the Chief Information Adviser. The Chief Information Adviser would also be Chairman of
the Official Committee on Government publicity which undertook the short-term planning and co-ordination of Government announcements. The Chief Information Adviser would work in close contact with the Paymaster General and would have direct access to the Prime Minister. He would be available to any Minister who wished to consult him on long-term aspects of Government publicity. In his new capacity, he would retain the responsibility for advising on radio and television appearances which he previously had as Press Secretary. Day-to-day business would be handled as at present by the Press Secretary.

In discussion reference was made to the report in *The Times* that morning that relations between the Prime Minister and the Chief Whip were strained as a result of the part the Chief Whip had played in the Cabinet's discussion of industrial relations. Damaging material of this kind continued to appear in the Press and yet Ministers were inhibited by the restraints within which they worked from giving the public information creditable to the Government, for example about the thorough manner in which important issues were considered through the system of Cabinet Committees. They might usefully discuss whether enough information was disseminated about the working of Government; and whether restraints on Ministerial appearances at by-elections or on television were necessary.

The Prime Minister agreed that it might be useful to consider some of these issues further. The Cabinet had invited the Paymaster General on 12th November, 1968 (CC (68) 46th Conclusions, Minute 1), to arrange for the Home Publicity Committee to examine whether any further guidance should be given to Ministers about participation in broadcast programmes, and their recommendations would be coming forward shortly. As to the report in *The Times* that morning about the part played by the Chief Whip in their discussions on industrial relations, the Chief Whip had already issued a denial. He himself had been much disturbed by the briefing of the Press which had continued during and after his discussions with the General Council of the Trades Union Congress (TUC). The outcome of the discussions had afforded an opportunity for members of the Cabinet to defend the settlement as a Government achievement; but the opportunity had not been taken and the Press had been assisted by continued systematic briefing to present the outcome as a Government surrender. He did not intend to activate the leak procedure on this occasion, however, since the information available to him from a number of sources enabled him to deal with the matter himself.
The Foreign and Commonwealth Secretary informed his colleagues of recent developments in regard to Mr. Gerald Brooke.

The Foreign and Commonwealth Secretary said that, as he had already informed his colleagues, the Soviet Government had been contemplating bringing further charges against Mr. Gerald Brooke, the British lecturer arrested in April 1965, and sentenced to one year's imprisonment and four years' detention in a labour colony. When he had learnt of this he had caused the Soviet Ambassador in London to be informed that, should Mr. Brooke be subjected to a further trial and sentence, there would be no possibility of the release before 1974 of Mr. and Mrs. Kroger, the two Soviet agents sentenced to 20 years' imprisonment in 1961 for their part in the Portland spy case. If, however, it were agreed that Mr. Brooke would be released at the end of his current sentence, we would be prepared to discuss the matter of the Krogers further. The way had thus at any rate by implication been opened to discussion of an exchange of Mr. Brooke for the Krogers. Subsequently, the Russians had taken this up and had asked for clarification in terms of dates. Mr. Brooke's current sentence would expire in April 1970, by which time the Krogers would have served nine years of their sentences, and might be considered for a remission of the remainder. We had accordingly proposed to the Soviet authorities that if they would release Mr. Brooke on or about 1st September, 1969, we should release the Krogers on or about 1st April, 1970. The Soviets had refused this on the grounds that the release date for the Krogers was too late and the gap between the two proposed releases too long. They had then proposed the release of Mr. Brooke on 1st July, 1969, and that of the Krogers on 1st October, 1969.

In his view there was a convincing case for accepting the Soviet offer. Humanitarian considerations, on which a decision to accept it would have primarily to be based, argued strongly in favour of acceptance: Mr. Brooke's health was bad. The Soviets seemed fully determined to bring him to trial again if we did not accept, and acceptance of the Soviet proposal offered in his judgment the only practical means of securing the release of Mr. Brooke and avoiding the genuine hardship—and the public outcry—which would result if Mr. Brooke were to receive a further sentence, as he almost certainly would if he were tried again. In view of the Press leakages which had occurred, it would be easy for the Soviets if we refused their offer to attribute the prolongation of Mr. Brooke's ordeal to British obduracy. Account had also to be taken of possible repercussions on...
Anglo-Soviet relations, though it would be inadvisable to make too much of them in our public presentation of the case. If the Soviet authorities retried Mr. Brooke for alleged violation of prison regulations and sentenced him to a further term of imprisonment or detention, we could not let this pass, and we might be forced to take retaliatory measures. These would have an adverse effect on Anglo-Soviet relations at a juncture when it was important for us to be able to play a full and effective part in the dialogue between East and West, for example in the context of the forthcoming discussions between the United States and the Soviet Union on strategic arms limitation; of the North Atlantic Treaty Organisation’s consideration of the Budapest Declaration by the Warsaw Pact Powers on European security; and of the Four-Power talks between the United States, the United Kingdom, France and the Soviet Union on the Arab-Israel problem. In making his recommendation, he had taken full account of the Home Secretary’s earlier view that it would be difficult to explain to public opinion why the Krogers should be released before they had served a reasonable proportion of their sentence. He had also given careful consideration to the argument that in accepting the Soviet offer we might be held to be yielding to blackmail and presenting the Soviets with the opportunity of securing the release of any of their agents whom we might arrest in future, since they would in that event only have to arrest some innocuous British visitor to the Soviet Union, charge him with some trivial offence, and offer to trade the innocent against the genuinely guilty. But the “hostage” technique was a well-established Soviet practice, and it was unlikely that the Soviets would abandon it, even if we held out over Mr. Brooke. Repugnant though it was to yield to pressures of this nature, both we and others—for example the United States in the case of the USS Pueblo—had been forced for humanitarian reasons to do so. We had indeed kept the United States informed of developments in the present case, and they had indicated that they were content to leave us to judge how best to proceed.

The Foreign and Commonwealth Secretary added that if it were agreed in principle that he should seek an arrangement on the basis of the Soviet offer, he would attempt, as a makeweight, to secure agreement also on a number of subsidiary matters, for example, the detention of two British subjects on charges of drug smuggling and the grant of visas to two British subjects who wished to marry Soviet girls.

In conclusion, the Foreign and Commonwealth Secretary pointed out that if the decision to release Mr. Brooke and the Krogers on the lines proposed were taken and publicly announced, this might well lead to renewed pressure for the release of Mr. Anthony Grey, the British journalist at present held under house arrest by the
Chinese authorities in Peking. Here too, there was an element of exchange, in that it was now probable that Mr. Grey would be freed as soon as the Chinese journalists under detention in Hong Kong were released. The sentences imposed on the latter had been reduced so far as legal procedures permitted. The Chinese journalists would all be released in September, with the exception of one who would be released early in October. The Governor, whose judgment in this matter had proved to be sound and should be accepted, was anxious, both for legal reasons and for reasons of security, not to bring the release date further forward, and it would be unfortunate if he were subjected to pressure which he would be bound to resist.

In discussion, it was pointed out that while full weight had to be given to humanitarian considerations and to Mr. Brooke's state of health, we should by agreeing to the Soviet proposal, be yielding to blackmail. If the Soviets could recover two valuable agents in exchange for a British subject who had committed no real offence they would score, and would be seen to have scored, a notable success. Moreover, an exchange of this kind would lay British visitors open to the sort of dangers to which the Foreign and Commonwealth Secretary had alluded. Another time, it might not be possible to justify an exchange on the ground that, as in the present case, the Soviet agents had already served a substantial part of their sentence. It was conceivable that the Soviet authorities, who must realise that the usefulness of the Krogers as agents was at an end, might, if we adopted a firmer attitude, be less adamant in insisting on the early return of the Krogers. With regard to the misgivings expressed by the Foreign and Commonwealth Secretary in the context of Anglo-Soviet relations, it was pointed out that in other instances, for example that of the Spanish campaign of harassment of Gibraltar, we had considered taking counter-action, but had been restrained from doing so by the danger of damaging broader political relations and worsening the position of those we were trying to help. Similar considerations might apply in this case. If the Krogers (who were Polish nationals) were released after serving only part of their sentence, it might become necessary to consider the position of British subjects, for example Vassall and Miss Gee, who had been sentenced to long terms of imprisonment for similar offences. In this connection, it was pointed out that in recent years sentences in the British courts for offences involving espionage had tended to become heavier. It might also become necessary to review the position of those who had been given very long sentences for other offences, for instance those involved in the mail train robbery of 1963.

On the other hand, support was expressed for the Foreign and Commonwealth Secretary's view that the "hostage" technique was a well-established Soviet device. It was unlikely that by standing out
against it in this particular instance we should succeed in inducing the Soviets to abandon it. While there was force in the argument that the danger of the arrest of British visitors to the Soviet Union who were innocent or had committed offences which were trivial by Western standards might be increased, this could be met by warnings to intending visitors to the Soviet Union or by imposing restrictions on such visits. Though the Soviet insistence on the early release of the Krogers might be a bluff, such evidence as we had indicated the contrary, and that the Soviet authorities genuinely intended to bring Mr. Brooke to a fresh trial. If we had to engage in reprisals we should get the worst of both worlds, in that damage would be done to Anglo-Soviet relations at a crucial juncture without in any way advancing our prospects of securing Mr. Brooke’s release. In view of what had become publicly known about our discussions with the Soviets it would be difficult to withdraw from the discussions or to counter the charges of British obduracy which might be made on the lines referred to by the Foreign and Commonwealth Secretary.

Further discussion turned on the means by which the Krogers should be released. It appeared, from recent reports of their state of health, that there was no basis for releasing them on medical grounds. Release on parole would not be appropriate since they would leave the country; and a free pardon would not be appropriate, nor, with its implications that they were not guilty of the offences of which they were convicted, would it be acceptable to public opinion. A recommendation that the remainder of the sentence be remitted by the exercise of the Royal prerogative might be the most suitable course.

The Prime Minister, summing up the discussion, said that, although there was clearly a division of opinion, the majority appeared to be in favour of proceeding on the lines advocated by the Foreign and Commonwealth Secretary and accepting the Soviet proposal. As regards the form of the Krogers' release, it was clearly desirable to avoid any implication that they had been wrongfully imprisoned. The Foreign and Commonwealth Secretary and the Home Secretary should agree on an appropriate procedure, and should also concert the terms of a statement in the House of Commons, which should not be made until Mr. Brooke had returned to this country.

The Cabinet—

(1) Took note with approval of the Prime Minister’s summing up of their discussion.

(2) Invited the Foreign and Commonwealth Secretary and the Home Secretary to take the action indicated in the Prime Minister’s summing up.
The Cabinet discussed the situation in Nigeria.

It was noted that the relief situation in the rebel-held area was again giving cause for concern. Although some deliveries of supplies by air were taking place, the key to the problem lay in opening up a land route. The Federal Government's attitude to the relief problem had inevitably been influenced by the recent activities of Swedish-manned aircraft operating on the rebel side. It might at some stage be desirable to consider asking Lord Hunt to visit Nigeria again and advise on how best to ensure the relief supplies continued to flow.

The Foreign and Commonwealth Secretary said that he would probably be answering a Private Notice Question that afternoon on the closure of the Algeciras ferry.

The Cabinet—
(3) Took note of the statement by the Foreign and Commonwealth Secretary.

Cabinet Office, S.W.1,
26th June, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 3 July, 1969,
at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and
Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord
Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary
of State for Employment and
Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. PETER SHORE, M P, Secretary of State for Economic
Affairs
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and
Science
The Right Hon. RICHARD MARSH, M P, Minister of Transport
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries
and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. JUDITH HART, M P, Paymaster General
The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social
Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home
Department
The Right Hon. FRED PEART, M P, Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M P, President of the Board of Trade
The Right Hon. GEORGE THOMSON, M P, Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. ANTHONY GREENWOOD, M P, Minister of Housing and Local
Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M P, Minister of Power (Items 1 and 2)
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

The following were also present:
The Right Hon. REGINALD PRENTICE, M P, Minister of Overseas Development (Items 1 and 2)
The Right Hon. JOHN SILKIN, M P, Minister of Public Building and
Works (Item 2)
The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury (Items 1 and 2)
SECRET

Secretariat:
Sir Burke Trend
Miss J. J. Nunn
Sir Robin Hooper
Mr. P. E. Thornton

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

In discussion it was explained that there was some reason to suppose that the Opposition intended to delay the passage of the House of Commons (Redistribution of Seats) (No. 2) Bill by tabling numerous amendments; it would not be clear, however, until after the Second Reading on Tuesday, 8th July, whether deliberately delaying tactics were to be employed. It might become necessary to put down a Timetable Motion on Tuesday evening for debate on the following day, business for which had been selected which could be interrupted without damage to the Government’s programme. If a Timetable Motion became necessary it would be designed to secure that the discussion of the Bill could be completed on Monday, 14th July.

The Cabinet—

(1) Authorised the Lord President to table a Timetable Motion on the House of Commons (Redistribution of Seats) (No. 2) Bill if, in the light of developments on Second Reading and after consultation with the Ministers concerned, he considered it necessary to do so.

(2) Agreed that in the meantime the Government’s intentions with regard to a Timetable Motion should not be disclosed.

The Lord Privy Seal reported that the House of Lords had given the Divorce Law Reform Bill a Second Reading by a large majority. In consequence it would be incumbent on the Government to ensure that adequate time was available to enable the proceedings on the Bill to be completed.

In connection with the Parliamentary timetable for the remainder of the Session, the question was raised whether it was intended to pass legislation on shipbuilding investment grants before the Recess. The Cabinet were informed that preparatory work on the drafting of a Bill was in progress, but that the Parliamentary timetable appeared at present to offer no possibility of securing the passage of such a Bill unless Parliament was required to sit until the middle of August.

The Cabinet—

(3) Invited the Lord President, in consultation with the President of the Board of Trade, the Lord Privy Seal, the Chief Secretary, Treasury, and other Ministers concerned with legislation before Parliament, to consider whether it would be possible to proceed with legislation on shipbuilding investment grants during the present Session.
2*. The Chancellor of the Exchequer said that, largely because an adequate reserve had been provided for contingencies, the general position on public expenditure in 1969-70 was reasonably satisfactory and although strict control would still have to be maintained he was not proposing any cuts. While there was an element of uncertainty about any economic forecasts, recent information suggested that the prospects for the balance of payments and the economy generally were not unpromising. There was reason to hope that we should be in balance on current account in the first half of 1969 and there were good prospects of continued improvement in the second half, accompanied by an acceleration in the growth of the domestic economy. Success in switching resources to the balance of payments would bring its own problems. If the current balance improved, as he hoped, the economy would begin to show signs of strain in the early part of next year and there would be a risk that without strong corrective action in the Budget the surplus would soon disappear. The Government would then have to choose between three unpalatable alternatives. They could put through a crash exercise to cut public expenditure and so avoid increasing taxation in the 1970 Budget; this would be politically damaging and would not necessarily be effective. Alternatively they could ignore the developing pressure on resources and take no corrective action; the dangers of this course would at once be apparent to their creditors and others and there would be a grave risk of a run on sterling. Finally, they could decide to raise around £350 million in taxation; in his view this would not be practicable, given the increases already imposed in the Budgets introduced by his predecessor and himself, without the most damaging political and economic consequences. The need to choose between these three alternatives could, however, be avoided if they took decisions now which would hold back public expenditure in 1970-71 far enough to leave room for the necessary switch of resources into the balance of payments. If the balance of payments developed less satisfactorily than was assumed, they might have to consider a radical change of economic strategy; but this would be unattractive both politically and economically, and would in any case involve a sharp reduction in public expenditure. The estimates of the Public Expenditure Survey Committee (PESC) for 1970-71 (SEP (69) 64) exceeded the target set in the White Paper on public expenditure (Cmd. 3936) by a net amount of £160 million, and he judged that to allow for a neutral Budget in 1970 they would have to cut expenditure for the year by a further £240 million, making a total of £400 million. This figure was based on the need to correct

* Previously recorded in a Confidential Annex.
an imbalance of £250 million shown in the more optimistic of the two "basic cases" set out in the report by the Medium Term Assessment Committee (SEP (69) 66). When converted from resource to public expenditure terms, this amounted to some £350 million, and he had added a margin of £50 million to allow for the possibility of a rather less favourable outcome.

It might be possible to achieve savings of £150 million by reductions in the defence budget and in the investment programmes of nationalised industries. To secure the balance would involve an average reduction of a little over 2 per cent spread over the main civil programmes. If his colleagues would co-operate by deferring some new projects and by slowing down the growth of expenditure wherever possible, the necessary savings could in his view be made without any reversals of policy. He considered that this would in any case be the right approach to adopt in a situation where there was no question of any public expenditure crisis but simply of making such reductions as were necessary to obviate the need for unacceptable tax increases in the last financial year of the current Parliament. He hoped that the Cabinet would endorse his general approach and authorise him to make detailed proposals to secure the required savings and to enter into bilateral discussions to that end with the Ministers concerned.

In discussion it was pointed out that the level of public expenditure in 1970–71, which had been agreed only last autumn, allowed for a modest increase of 3 per cent over 1969–70. Why was this level now considered excessive? Ministers had been told that it was because the balance of payments had not improved as rapidly as had been forecast. But this answer appeared to be inconsistent with the contention that a substantial reduction in public expenditure was now needed in order to make room for the necessary shift of resources required for future improvements in the balance of payments. In any event, the slow improvement in the balance of payments since devaluation had been due to a very substantial and unforecast increase in imports. A change in economic strategy was now overdue. Direct control of imports and more extensive control of capital outflows were now required in order to avoid the unpalatable alternatives of higher taxation or lower public expenditure. If, none the less, it were decided to maintain the existing strategy, the appropriate level of public expenditure in 1970–71 could not be decided without further information about the assumptions on which the Chancellor was working and the implications of his proposals—in particular the size of the balance of payments surplus, unemployment, economic growth and industrial
investment in 1970–71. It would be desirable to defer decisions until the situation could be examined in the light of the short-term economic forecast which would shortly become available. On the other hand, it was argued that the economic strategy which had been followed since devaluation was proving successful and, even if it were desirable, it would be impossible to abandon a successful strategy for the direct controls which had been suggested. Direct controls on imports—imposed when our balance of payments position was improving quite rapidly—would certainly lead to retaliation against our exports, and would be inconsistent with the terms of the recent Letter of Intent to the International Monetary Fund, on which we should continue to depend for a considerable period for financial assistance. Import controls would not avoid the need for reducing the pressure of demand on resources by reducing public expenditure or increasing taxation—on the contrary, they would increase the pressures and therefore the size of the reductions required. The failure of prices and incomes policy to operate as successfully on incomes as on prices had contributed substantially to the excessive demand on resources which now had to be tackled. In deciding the extent of the reductions required in public expenditure in 1970–71, it would be necessary to form a judgment about the restraint which could be exercised over incomes in the future. Unless public expenditure in 1970–71 was reduced on the scale suggested by the Chancellor of the Exchequer, the Government would have no freedom of manoeuvre, either in next April's Budget or subsequently.

In further discussion, it was pointed out that the level of public expenditure and taxation as a proportion of the gross national product was relatively low compared with that in other developed countries. While the level of taxation ought not to be significantly increased in next year's Budget, some increase would be acceptable and could be presented as an inevitable consequence of over-generous wage and salary increases. The public reaction to an increase in taxation should not be exaggerated. Moreover, revenue could be raised by other than budgetary measures. More of the cost of services provided by the Government could be met by increased contributions and levies; and in particular consideration should be given to the possibility of raising the employers' contribution to the social security fund. If this were done, employers might be less prepared to concede extravagant wage demands and more concerned to improve labour productivity. Such an increase would also bring the level of employers' contributions closer to those pertaining in the European Economic Community (EEC) and could therefore be regarded as a necessary adjustment looking to our eventual membership of the EEC. It was difficult to see how the Government could secure any further reductions in local authority expenditure in 1970–71—below the level now set—unless the Government failed to honour undertakings already given about
the future level of the rate support grant. Thus virtually all of the squeeze on public expenditure would be applied to expenditure by the central Government. The practical consequences of such a squeeze could be much more severe than had been suggested. As a result of previous Government decisions, a great deal of public expenditure was already being postponed by local authorities and Government Departments alike, and there was little scope in most sectors for further postponement of this kind. In practice, quite small reductions could result in insufficient funds being available to cover revenue expenditure, for example on hospitals and schools, and result in a lack of jobs and possibly even in closures. On the other hand, it was argued that any significant increase in taxation next April coming after a long series of previous increases would have a most damaging effect. While the possibility of raising revenue by increasing employers' contributions to the social security fund could be examined, it would directly affect industrial costs and therefore our competitive position. It was difficult to accept that in the crucial year 1970–71 it was not possible for the Government to effect postponement of the marginal proportions of total public expenditure required to solve the problem.

*The Chancellor of the Exchequer* said that he was grateful for the appreciation which had been shown in the discussion of the political and economic constraints which underlay his proposals. He recognised that if the balance of payments deteriorated they might be forced to adopt a very different—and in his view unattractive—economic strategy. There could however be no question of imposing quantitative restrictions on imports at a time when the situation was improving; and there was in any case no guarantee that such restrictions would improve the balance of payments, especially in the crucial period with which they were concerned. He kept the position of capital outflow under constant review; but it must be recognised that in the 12 months up to April 1969 the private capital account had been in exact balance. Moreover, the imposition of further severe controls on the outward movement of capital would inevitably lead to a sharp reduction in the level of inward investment with adverse consequences for employment, especially in the development areas. In framing his proposals on public expenditure he had assumed that investment, which was now running at a very high level, would continue to grow. He would not expect the level of employment to change much over the rest of 1969; but if the balance of payments developed favourably it might fall slightly during 1970. The rate of growth of the economy should improve significantly in the second half of 1969 and the improvement could be expected to continue into 1970 giving a rate of growth of around 3 per cent a year. He would
consider the points which had been made in the discussion about
greater reliance on employers' contributions as a means of financing
the social services; but he saw considerable difficulties in making
such a change a central feature of the 1970 Budget, and the risk of
adverse consequences on investment and exports must be borne in
mind.

The Prime Minister, summing up the discussion, said that the
Cabinet agreed that public expenditure in 1970–71 must be reduced
by at least £160 million below the total shown in the PESC report
in order to bring the total back into line with the figure published
in February in Cmnd. 3936. The Cabinet further agreed that the
Chancellor of the Exchequer could now proceed—in preparing
detailed proposals for further consideration by Ministers collectively
and in his discussions with individual Ministers—on the basis that
the aim should be to secure a reduction of £400 million in public
expenditure, including investment by the nationalised industries, in
1970–71 below the total shown in SEP (69) 64. The Cabinet would
take a final decision on the size of the reduction to be made in public
expenditure in 1970–71 when they had considered the implications
of the specific reductions required to achieve a saving of £400 million.

The Cabinet—

(1) Agreed that public expenditure in 1970–71 should be reduced
by at least £160 million below the total shown in SEP (69) 64.

(2) Invited the Chancellor the Exchequer to circulate, for
discussion as necessary with the Ministers concerned,
proposals for savings in public expenditure on the basis
that the aim should be to secure a reduction in that
expenditure, including investment by the nationalised
industries, in 1970–71 of £400 million below the total
shown in SEP (69) 64.

The Foreign and Commonwealth Secretary said that the two
main aspects of recent developments in Nigeria were relations
between the Federal Military Government (FMG) and the relief
agencies, and the problem of getting food and medical supplies into
the rebel-held areas. As regards the first point, the FMG had recently
announced that they would be taking over the co-ordinating function
in regard to the distribution of relief supplies which had hitherto
been performed by the International Committee of the Red Cross
(ICRC). The FMG’s action was in accordance with the Geneva Convention; but the decision had in fact arisen as a result of difficulties between themselves and the ICRC. According to the Swiss Ambassador in Lagos, the ICRC had been tactless in their handling of the FMG, and had failed to keep in adequate touch with them. The FMG had held a conference with the relief organisations at which all of them, with the exception of the ICRC, had expressed their readiness to co-operate in the proposed new arrangements. The ICRC representative, M. Marcel Naville, had merely said that he had no mandate to do so. In their statement on their proposals the Nigerian Government, though they had criticised the ICRC’s alleged involvement in politics, had praised the work it had done and expressed the hope that a phased and orderly hand-over would be possible. M. Naville, however, in an intemperate public statement, had threatened an immediate cessation of ICRC operations. In these circumstances the ICRC in Geneva had appealed to us to help them to extricate themselves from the difficult situation in which the actions of their local representative had placed them; and the Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, Mr. Maurice Foley, had visited Geneva with an official from the Foreign and Commonwealth Office. A senior official from the headquarters of the ICRC in Geneva would shortly be visiting Lagos. It seemed likely that the difficulties over relief activities in Federal territory would be resolved; but this did not dispose of the second major problem, of the delivery of food and medical supplies into rebel-held territory. The FMG had agreed to deliveries through the so-called “mercy corridors”. They had also agreed to daylight flights, provided that the aircraft landed, and were inspected, in Federal territory. This seemed a reasonable proviso and was moreover in accordance with the Geneva Convention. We had urged the Nigerian Government to adopt a flexible attitude and to ensure that inspection would not entail long delays. We had also encouraged them to consider the United States project for ferrying supplies via the Cross River, to which they were at present objecting for reasons of “security” which they had so far failed to specify. Concurrently, the Pope had suggested that relief supplies should be flown direct into rebel-held territory from Rome, and that cargoes should be inspected by Vatican officials there. Reports so far received on the Nigerian response to this proposal were conflicting. As regards night flights, the difficulty was that Colonel Ojukwu was still insisting on night flights to the exclusion of day flights (the air strip at Uli to which relief aircraft operated was in fact being rendered unusable by day) as he wanted relief flights to act as cover for deliveries of arms, and to force the FMG into the dilemma of either tolerating
arms flights or running the risk of shooting down relief aircraft. The Swiss Ambassador had said that he thought that if the relief organisations built up a stock of supplies at Federal airports, it would be difficult for Colonel Ojukwu to resist pressure for their delivery. It was clearly urgent to reach a solution on relief flights which would be acceptable to all parties; but the fact remained that the most effective method of delivery was by land.

In conclusion, the Foreign and Commonwealth Secretary said that in view of the strong interest in the matter expressed in the House of Commons he thought it would be right for him to make a statement on Monday, 7th July, even though there would be a debate on the following Thursday. It would be helpful if the Lord President were to mention this in his statement to the House on Parliamentary business. The Nigerian question was also likely to be raised at the meeting of the Parliamentary Labour Party to be held that evening, though he did not intend at that meeting to anticipate his statement to the House.

In discussion the following points were made:

(a) In addition to the proposals for inspection mentioned above, consideration might be given to the possibility that the inspection procedures might be carried out in Federal territory, but by nationals of a neutral country such as Canada.

(b) The possibility of sending Lord Hunt out again to Nigeria should be borne in mind. Meanwhile, the Cabinet noted that the new High Commissioner, Sir Leslie Glass, had now taken up post.

(c) At the time of the Prime Minister’s visit to Nigeria in April 1969 our own military experts had discounted the likelihood of an early military victory for the Federal Government. On the other hand the fact that guerilla activity in the areas already reconquered had been minimal was an encouraging sign, in that it suggested that clandestine resistance was unlikely to continue on any scale if Federal military control could be extended over the remainder of the area still in rebel hands.

(d) The public relations effort of the rebel régime, in contrast to that of the Federal Government, had been both skilful and effective. The Federal Government had failed to exploit the lasting resentment the rebels had caused by their treatment of the inhabitants of the eastern and southern areas from which they had now been expelled, or the fact that large numbers of Ibos were now living peacefully under Federal rule. So far as our own information activities were concerned, more could be done to publicise the achievements of British youth services in Nigeria.
(e) Swedish public opinion had been strongly pro-“Biafran”. It would be useful if advantage could be taken of the Prime Minister’s forthcoming visit to Stockholm to inform the Swedish Government of the realities of the situation. It might be possible to induce the Swedish Prime Minister, Herr Erlander, to associate himself with some form of joint statement.

The Cabinet—

(1) Took note of the statement by the Foreign and Commonwealth Secretary and of the points made in discussion.

(2) Invited the Foreign and Commonwealth Secretary to prepare a draft for a joint Anglo-Swedish statement on Nigeria, suitable for issue, if the Swedish Prime Minister agreed to this, on the occasion of the Prime Minister’s visit to Sweden.

Cabinet Office, S.W.1,
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1., on Thursday, 10th July, 1969, at 9.45 a.m.

Present:
The Right Hon. Harold Wilson, M.P.,
Prime Minister

The Right Hon. Michael Stewart, M.P., Secretary of State for Foreign and Commonwealth Affairs (in the Chair for Items 6 and 7)

The Right Hon. Lord Gardiner, Lord Chancellor

The Right Hon. Barbara Castle, M.P., First Secretary of State and Secretary of State for Employment and Productivity

The Right Hon. Denis Healey, M.P., Secretary of State for Defence

The Right Hon. Peter Shore, M.P., Secretary of State for Economic Affairs

The Right Hon. William Ross, M.P., Secretary of State for Scotland

The Right Hon. Edward Short, M.P., Secretary of State for Education and Science

The Right Hon. Richard Marsh, M.P., Minister of Transport

The Right Hon. Lord Shackleton, Lord Privy Seal

The Right Hon. Roy Mason, M.P., Minister of Power

The Right Hon. Roy Jenkins, M.P., Chancellor of the Exchequer

The Right Hon. Richard Crossman, M.P., Secretary of State for Social Services

The Right Hon. James Callaghan, M.P., Secretary of State for the Home Department

The Right Hon. Fee Peart, M.P., Lord President of the Council

The Right Hon. Anthony Crosland, M.P., President of the Board of Trade

The Right Hon. George Thomson, M.P., Minister without Portfolio

The Right Hon. Anthony Wedgwood Benn, M.P., Minister of Technology

The Right Hon. Cledwyn Hughes, M.P., Minister of Agriculture, Fisheries and Food

The Right Hon. George Thomas, M.P., Secretary of State for Wales

The Right Hon. Judith Hart, M.P., Paymaster General

The Right Hon. John Diamond, M.P.,
Chief Secretary, Treasury
SECRET

The following were also present:
The Right Hon. REGINALD PRENITCE, M P, Minister of Overseas Develop-
ment (Items 3 and 5)
The Right Hon. KENNETH ROBINSON, M P, Minister for Planning and Land,
Ministry of Housing and Local Government (Item 5)
The Right Hon. JOHN SILKIN, M P, Minister of Public Building and Works
(Item 5)
The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury
(Items 1 to 3)
The Right Hon. SIR ELWYN JONES, Q C, M P, Attorney-General (Items 1 and 6)
The Right Hon. LORO WILSON, Q C, Lord Advocate (Items 6 and 7)

Secretariat:
Sir BURKE TREND
Miss J. J. NUNN
Mr. R. R. D. MCINTOSH
Sir ROBIN HOOPER
Mr. P. E. THORNTON
Mr. J. CROCKER

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

In discussion it was agreed that the Prayer for the Annulment of the National Health Service (Charges for Appliances) Regulations should be debated on Monday, 21st July.

The Secretary of State for Social Services said that a considerable number of Government supporters might on this occasion vote against the Government, but it appeared that many of them were concerned less about the particular charges for dentures and spectacles, which could be readily defended, than with the general principle of charging in the health service, and in particular with charging for prescriptions. It would be important, therefore, to make clear the distinction between the Government's policy towards charges such as those for dentures and spectacles, which fell mainly on people who were not sick, and their policy on prescription charges; and to say that the Government intended to abolish the prescription charges as soon as the economic situation permitted. The Social Services Committee had recently considered whether it was necessary to introduce an embossed card to be held by those entitled to exemption from the prescription charges; they had thought that to do so would be unfortunate, since the capital expense involved (£2 million) would create the impression that the Government regarded as permanent a system which was unsatisfactory not only on grounds of principle but also because of its failure to provide means of exempting the chronic sick from the charge. The Committee had concluded that there was at present no evidence that the existing arrangement whereby the person presenting the prescription signed a declaration of entitlement to exemption from the charge, though in theory open to abuse, was in fact being abused on a significant scale; and they did not consider that the expenditure involved in introducing and maintaining the embossed card system was justified.

The Prime Minister, summing up this part of the discussion, said that the Secretary of State for Social Services, after discussion with the Chancellor of the Exchequer, should circulate to the Cabinet at their next meeting a paper on the principle of charging in the Health Service in order that the Cabinet might discuss the case to be made in the debate on the National Health Service Charges Regulations.

The Cabinet—

(1) Invited the Secretary of State for Social Services, after consultation with the Chancellor of the Exchequer, to circulate for consideration at their next meeting a memorandum on the principle of charges in the National Health Service.
The Home Secretary said that if the House of Lords rejected the House of Commons (Redistribution of Seats) (No. 2) Bill, as they might, two courses would be open to him. He could comply with the requirements of Section 2 (5) of the House of Commons (Redistribution of Seats) Act, 1949, by laying the 94 Orders required to give effect to the recommendations of the Boundary Commissions, and the law did not appear to require him to move Motions upon them. Alternatively, he could reintroduce the House of Commons (Redistribution of Seats) (No. 2) Bill, which would become law under the Parliament Act thirteen months after the original Second Reading in the House of Commons, i.e., in August 1970. This would not bring the changes in the London constituency boundaries into effect in time for the Greater London Council (GLC) elections due in April 1970, to take place under the new arrangements, and this might put the GLC in some difficulty; but the necessary amendment would be made in the Bill at the later stages. The Cabinet might also wish to consider introducing a short Bill to limit the powers of the House of Lords.

The Attorney-General said that if it became necessary to reintroduce the House of Commons (Redistribution of Seats) (No. 2) Bill under the Parliament Act there would be a risk of successful proceedings for mandamus, or for a declaration requiring the Home Secretary to lay Orders to give effect to the Boundary Commissions’ recommendations; but the courts would not be likely to challenge Parliament lightly, and it was possible that a defence on the ground that the Bill was before the House might succeed. If, however, the Home Secretary were ordered to comply with the House of Commons (Redistribution of Seats) Act, 1949, while it was true that the law was silent about any action beyond laying the Orders, there was nevertheless an implication that, having laid them, the Home Secretary should then move the necessary Resolutions. But as a matter of law it seemed that the Home Secretary would have a good defence if he laid Orders and the Government then made time available for their discussion on a Private Member’s Motion.

In discussion it was suggested that if the House of Commons had passed the House of Commons (Redistribution of Seats) (No. 2) Bill they might refuse to debate Orders laid in pursuance of the House of Commons (Redistribution of Seats) Act, 1949, either by moving that they should be considered this day six months, or by means of a procedural Motion. The Government, however, should not obstruct discussion of the Orders, and if the Home Secretary were a party to such an attempt he would not be regarded as complying with the House of Commons (Redistribution of Seats) Act, 1949. The Commons might, however, vote to reject the Orders. It was suggested that, in order to discourage the House of Lords from provoking a disagreement with the House of Commons, the House...
of Lords should be given some indication of the tactics which the Government might pursue. This would disabuse them of the idea at present held by the Opposition, that if the House of Lords rejected the House of Commons (Redistribution of Seats) (No. 2) Bill, Orders implementing the Boundary Commissions' recommendations would inevitably take effect. Equally, the Government should have regard to the possibility that the House of Lords might take advantage of the defect in the Parliament Act which left the situation uncertain when the House of Lords delayed the passage of a Bill without in terms rejecting it. It was agreed that if the House of Lords amended the Bill the House of Commons should find time to consider the amendments and refuse to accept them.

The Prime Minister, summing up this part of the discussion, said that he would arrange for the Ministers principally concerned, including the Secretary of State for Scotland, to consider under his chairmanship the procedural problems that might arise, including any problems created by the House of Lords delaying rather than rejecting or amending the Bill. The Ministerial Committee on the Powers of the House of Lords should consider whether it would be desirable to introduce a Bill to limit the House of Lords' powers and should report to the Cabinet in September.

The Cabinet—

(2) Took note that the Prime Minister would call together the Lord President, the Home Secretary, the Secretary of State for Scotland and other Ministers concerned to consider the procedural problems which might arise from the House of Lords rejecting, amending or delaying the House of Commons (Redistribution of Seats) (No. 2) Bill.

(3) Invited the Lord Chancellor to arrange for the Ministerial Committee on Powers of the House of Lords to consider the desirability of introducing a Bill to limit the House of Lords' powers, and to report to the Cabinet in September.

2. The Foreign and Commonwealth Secretary said that the split between the two wings of the Italian Socialist Party had effectively ended the coalition, though the Government remained in office on a “caretaker” basis. The breach had come partly through personal rivalries, but considerations of the attitude to be adopted towards the Communists had also been involved. The Times had reported that day that Signor Piccoli of the Christian Democrat Party was working for the reconstitution of a Left-Centre coalition, but
there had so far been no confirmation of this. Other possibilities were a minority Christian Democrat government or new elections. The split would weaken Italian influence in Europe, which under the coalition government had on the whole been exerted in favour of our European policies. Another consequence might be the final disappearance from the Italian political scene of Signor Nenni.

*The Prime Minister* said that during his visit to Stockholm he had heard that differences over Italian Socialist representation on the Socialist International had been a contributing factor in the split. There was clearly a danger of an increase in Communist influence, which in turn raised the possibility of a Right-wing *coup*. But although the British Labour Party had been instrumental in bringing the two Italian Socialist parties together in 1963, there was little that could be done now to influence the course of events.

The Cabinet—

(1) Took note of the statements by the Foreign and Commonwealth Secretary and the Prime Minister.

*The Foreign and Commonwealth Secretary* said that there was no evidence as yet to show whether the assassination of Mr. Mboya, the Kenyan Minister for Economic Planning and Development, was politically motivated or had been the result of a private vendetta. Mr. Mboya’s fellow-tribesmen, the Luo, believed that the Kikuyu were responsible; and, in such a situation, what was generally believed was as important politically as the actual facts. It would be important for the Kenya Government to show that they were genuinely doing all they could to bring the murderer to justice. There had been some disturbances in Kenya, and there was a risk that tribal rivalries might come to the surface within the Kenya African National Union and other political parties; but so far there was no indication that the safety of British subjects was at risk.

The Cabinet—

(2) Took note of the statement by the Foreign and Commonwealth Secretary.

*The Foreign and Commonwealth Secretary* said that the Soviet Government had been informed on the lines agreed by Ministers. The point had been made that in accepting the dates proposed by the Soviet authorities for the release of Mr. Brooke and Mr. and Mrs. Kroger respectively, we had made a substantial concession, and that we expected the Soviet authorities to meet us on the subsidiary issues: for example, the outstanding cases involving marriages between British subjects and Soviet nationals, and the question of access by British consular officers to British subjects

*Previously recorded in a Confidential Annex.*
detained by the Soviet authorities. Such access had been provided for in the Anglo-Soviet Consular Convention, but the frequency of visits had not been laid down. A reply was now awaited from the Soviet authorities. If it was satisfactory, there would be an exchange of letters, and Mr. and Mrs. Kroger would be informed by the Polish Consul of our intention to release them. There was some doubt whether agreement could now be reached in time for a statement to be made in Parliament before it rose for the Recess. It would on the whole be preferable if such a statement could be made, despite the reactions which it would inevitably arouse.

The Cabinet—

(3) Took note of the statement by the Foreign and Commonwealth Secretary.

The Foreign and Commonwealth Secretary said that during the previous weekend he and the Joint Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, Mr. Maurice Foley, had seen the Nigerian Commissioner for External Affairs, Mr. Arikpo, the Nigerian Commissioner for Information, Chief Enahoro, and the Nigerian Acting High Commissioner in London. These discussions had resulted in acceptance by the Federal Military Government of Nigeria (FMG) of daylight relief flights, subject to the inspection of cargoes by neutral observers, and to a meeting between Mr. Arikpo and M. Freymond of the International Red Cross (ICRC). As a result of the latter meeting, contacts had been restored between the FMG and ICRC, and discussions between the two parties were now going on in Lagos. While the importance of these developments was not to be underrated, a number of points remained to be settled: for example, whether the FMG would be prepared, as an interim measure, to allow relief flights by night to continue until arrangements for day flights could be agreed. The question of relief flights direct to rebel-held territory would also have to be resolved. These and other issues were currently under discussion in Lagos. The attitude of the rebel leader, Colonel Ojukwu, was crucial to the whole question, and so far he had shown no signs of flexibility.

The Foreign and Commonwealth Secretary said that the new French Government was still formulating its policies in a number of fields. It was therefore important that his colleagues should consult the Foreign and Commonwealth Office if they were contemplating any contacts with any members of the French Government.
The Foreign and Commonwealth Secretary said that it had been known for some time that a Black Power Conference was to be held in Bermuda. The matter had been discussed in the Defence and Overseas Policy Committee which had decided against attempting to ban the conference. The Committee had, however, recognised that the holding of the conference might lead to disorders beyond the capacity of the local authorities to contain with their own resources, and had accordingly approved the despatch to Bermuda of a detachment from 45 Royal Marine Commando. The conference would be opening that day, and would end on 16th July. It had been less well attended than its organisers had hoped, and so far there had been no reports of any serious disorders.

The Cabinet—

(4) Took note of the statements by the Foreign and Commonwealth Secretary.

CONFIDENTIAL

3. The Cabinet had before them a memorandum by the Foreign and Commonwealth Secretary (C (69) 73) covering the report by the Review Committee on Overseas Representation under the chairmanship of Sir Val Duncan.

The Foreign and Commonwealth Secretary invited his colleagues to approve his proposal to lay the Report before Parliament, and to publish it, on 16th July, subject to the amendments indicated in the text which had been circulated to them and those set out in Annex A to his memorandum. He also invited their approval of the statement which he proposed to make in the House of Commons on the same day (text at Annex B of C (69) 73). He emphasised that, while the Government welcomed the Committee’s general approach, the implications of their conclusions would have to be examined further before these could be specifically endorsed. He drew attention to a central feature of the Report: namely the distinction which it drew between the “area of concentration” i.e., Europe and North-West America, in which our overseas interests now principally lay, on the one hand; and the rest of the world on the other. While this distinction was entirely appropriate in Britain’s present position in the world, it did not imply that the outer areas would be neglected. If the Report’s recommendations were implemented, they were likely to result by the mid-70s in substantial net savings on overseas representation, though in the short term there would have to be increases of expenditure on such items as increased training and compensation for premature retirement. He was opposed to sudden and drastic reductions, since these would make it impossible to achieve the long-term objectives to whose attainment the Report had
been directed. The proposals in the Report, if accepted, would inevitably involve some reduction in the scope of our overseas representation. In particular the flow of information from posts abroad would be reduced, and there might be some falling-off in the scale of the consular services which could be given to British subjects abroad. This would have to be accepted in the interests of economy.

In discussion there was general agreement that the Committee had produced an excellent report. Some misgivings were expressed over the effects which the application of the doctrine of an "area of concentration" might have on our contacts with Commonwealth countries—which were both important in themselves and in some cases had a considerable "nuisance value"—and with Eastern Europe. There were also some doubts of the wisdom of reducing broadcasting and information services to the extent advocated by the Committee. The point was made that the economies which were expected to result from the implementation of the Committee's proposals were very modest in scale, and in fact amounted to less than might be achieved by one year's rigid economy. The official committee which was to study the report should be impressed with the urgency of their task, and invited to report by a set date; and the results of their studies should be examined further by Ministers.

The Prime Minister, summing up the discussion, said that there appeared to be general agreement that the Review Committee on Overseas Representation had done an excellent job. The Cabinet agreed that the Report should be laid before Parliament and published as amended. They also agreed to a statement in the House of Commons by the Foreign and Commonwealth Secretary in the terms proposed. The Report would be studied by officials, who should take account of the points made in discussion, and report to Ministers, who would consider the matter further in the Defence and Oversea Policy Committee in September.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Agreed that the Report of the Review Committee on Overseas Representation, as amended in the text before them and in Annex A to C (69) 73, should be laid before Parliament and published.

(3) Approved the terms of the proposed statement to be made by the Foreign and Commonwealth Secretary in the House of Commons on 16th July.
(4) Invited the Foreign and Commonwealth Secretary to arrange as a matter of urgency for the Report to be studied interdepartmentally as indicated in paragraph 5 of his paper, with a view to the matter being examined further by the Defence and Oversea Policy Committee in September.

CONFIDENTIAL

4.* The Cabinet considered a memorandum by the Lord Privy Seal on the pay of the Higher Civil Service (C (69) 78).

The Chancellor of the Exchequer said that at their meeting on 8th July the Ministerial Committee on Prices and Incomes had agreed that the first stage of the increases in the rates of pay for the Higher Civil Service recommended in the Ninth Report by the Standing Advisory Committee on the Pay of the Higher Civil Service (the Plowden Committee) should be implemented from 1st July, 1969; and that at the same time orders should be laid before Parliament for parallel increases in the pay of the Lower Judiciary. They had also agreed that the long-term objective should be to give the National Board for Prices and Incomes (NBPI) sole responsibility for advising on pay in the public sector generally. The majority of the Committee had supported the Lord Privy Seal's recommendations that the Government should announce forthwith its acceptance in principle of the rates of pay proposed in the Plowden Committee's report. But a sizable minority considered that, while the first stage of the increases could be implemented at once, the question of any further increases should be referred to the NBPI.

The Lord Privy Seal said that the Plowden Committee had done a very thorough job. They had made their recommendations on the understanding that comparability was accepted by the Government as the main basis for determining Civil Service pay in accordance with principles laid down by the Royal Commission on the Civil Service in 1955. They had taken full account of the NBPI's report on top salaries in the private sector and nationalised industries (Cmd. 3970). There were strong arguments against referring the Plowden Committee's report to the NBPI for further advice. This would inevitably lead to the resignation of Lord Plowden and his colleagues, and in any case the NBPI would almost certainly confirm

* Previously recorded in a Confidential Annex.
the Plowden Committee's recommendations and might indeed increase them. There was a real danger that, if the salaries for the Higher Civil Service were not aligned more closely to rates of pay in comparable occupations, significant numbers of able people would go out into industry without any return movement. The right course was to follow the same procedure over the Plowden Committee's recommendations as had been adopted with the NBPI's report on top salaries in nationalised industries. Further consideration should be given to the need for closer co-ordination of the arrangements for determining public sector pay; but it would be a mistake to deal with this too explicitly in the statement about the Plowden Committee's report which he hoped it would be possible to make on the following day.

In discussion there was general agreement on the need to avoid discriminating against the Civil Service. The first stage of the Plowden Committee's recommendations was fully consistent with prices and incomes policy and should be implemented forthwith. It was argued, however, that the case for further increases was not proven and should not be accepted until it had been examined further in the context of prices and incomes policy generally. The basis of the Committee's recommendations for substantial increases for the Higher Civil Service was of doubtful validity. Civil Service salaries were compared with those in private industry but not, for example, with those of university teachers; and not enough account had been taken of the fact that civil servants were not in general publicly accountable. It was in any case important to get away from the uncritical application of comparability. Special review bodies like the Plowden Committee and the Review Body on Doctors' and Dentists' Remuneration (the Kindersley Committee) should be abolished and arrangements made for the Government to receive co-ordinated advice from the NBPI on the whole range of public sector salaries, including those of local authority staff, the judiciary, the Civil Service, Ministers and Members of Parliament. Otherwise it would be impossible to secure the continued acceptance by wage earners of the need for restraint, and the prices and incomes policy would rapidly become a dead letter.

On the other hand there was wide support for the view that, while it might have been a mistake to ask the Plowden Committee to carry out the review in the first place, they had conscientiously discharged the remit given to them by the Government. It would be unjust and inexpedient to repudiate their findings now or to refer them to the NBPI on the grounds that their members, whom the Government had appointed, were insufficiently representative. There was in any
case no reason to suppose that the NBPI would recommend any lower rates of pay; the Plowden Committee had already scaled down their recommendations considerably, below what they considered to be justified on grounds of strict comparability. Moreover, there was firm evidence that senior civil servants were being offered posts in nationalised industries and other parts of the public sector at salaries considerably higher than their present ones; and there was a real risk that a refusal to accept the Plowden Committee’s recommendations in principle would adversely affect the quality of recruitment.

The strength of the case for obtaining co-ordinated advice on salary questions in the public sector as a whole was generally recognised. But it was pointed out that there would need to be very full consultation before any changes were made. Moreover, the task of advising on such a wide range of salaries was a very large one; and if the NBPI were to be asked to undertake it, its composition and structure would need to be substantially modified.

The Prime Minister, summing up the discussion, said that on balance the Cabinet agreed that the Government should accept in principle the rates of pay proposed for the Higher Civil Service by the Plowden Committee, without reference to the NBPI. The first stage of these increases, together with a 5 per cent central pay increase for assistant secretaries, should be implemented from 1st July this year and at the same time orders should be laid before Parliament for parallel increases in the pay of the Lower Judiciary. The increases proposed for the second and third stages would be considered in the light of the development of incomes policy over the next two years. The Cabinet also agreed in principle that there should be closer co-ordination of the arrangements for determining salaries in the public sector in its widest sense, including civil servants, local authority staff, the judiciary and in due course Members of Parliament. The aim should be to do away with separate review bodies such as the Plowden and Kindersley Committees and to give the NBPI, which would need to be strengthened for the purpose, a more central role in the provision of advice on salaries in the public sector generally. Consultations to this end should begin as soon as possible. The Government’s decisions should be announced in Written Answers in both Houses of Parliament, and the Lord Privy Seal should agree the terms of the announcement with the Chancellor of the Exchequer, the First Secretary of State and other Ministers concerned.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.
(2) Agreed that the first stage of the increases in the rates of pay proposed for the Higher Civil Service in the Plowden Committee's report should be implemented from 1st July, 1969, together with a 5 per cent central pay increase for assistant secretaries.

(3) Invited the Lord Chancellor, in consultation with the Lord Privy Seal, to arrange for orders to be laid before Parliament for parallel increases in the pay of the Lower Judiciary.

(4) Invited the Chancellor of the Exchequer to arrange for the Ministerial Committee on Prices and Incomes to consider how closer co-ordination of the arrangements for determining salaries in the public sector, on the lines indicated in the Prime Minister's summing up, could best be effected.

(5) Invited the Lord Privy Seal, in consultation with the Chancellor of the Exchequer, the First Secretary of State and other Ministers concerned, to arrange for the Government's decisions on the Plowden Committee's recommendations, as indicated in the Prime Minister's summing up, to be announced in Written Answers in both Houses of Parliament on the following day.

5. The Cabinet—

(1) Agreed to postpone consideration of this subject until the following week.

(2) Invited the Chancellor of the Exchequer to consider whether he could circulate further information to the Cabinet before their next meeting.

6. The Cabinet considered a memorandum by the Health Ministers (C (69) 75) on the advice received from the Advisory Group on Transplantation Problems.
The Secretary of State for Social Services said that the Health Ministers had set up the Group to advise on any problems in the field of transplantation which were of public concern, and had asked them initially to advise on whether any amendments of the Human Tissue Act, 1961, might be desirable. The Group had recommended certain safeguards for the donor, particularly in respect of the certification of death by two doctors unconnected with the relevant transplant team. They had also agreed that the individual's right to decide whether his organs were to be used after death for transplant surgery must be respected. Six out of eleven members of the Group had recommended that organs should be available for transplantation unless the individual had indicated a wish to the contrary, subject to the existence of an absolutely effective mechanism for discovering and recording the individual's view. The minority of five had recommended that organs should not be used unless the donor or his relatives had specifically agreed, and had proposed certain other amendments of the Act to make it clear that it should be the hospital which was lawfully in possession of the body of a patient between his death and the claiming of the body by his next of kin or executors. The advice had been considered by the Social Services Committee, who had found the proposed safeguards for the donor acceptable, but had suggested that in publishing the advice the Government should also publish the names of the majority and minority groups (to which the consent of those concerned had now been obtained) and should express their doubt of the wisdom of implementing the majority recommendation at present. It was proposed to publish the advice on Monday, 14th July, and to make the statement proposed by the Social Services Committee by means of a Written Answer.

In discussion it was suggested that the public would find the recommendation of the majority of the Advisory Group wholly unacceptable and would object to the proposal that the rights of the hospital over the body of a deceased patient should be clarified. The members of the Group were not of such independent standing as to carry weight with the public, and it might be preferable to arrange a wholly independent inquiry. The subject was of great importance not only to the confidence of the public in the hospitals, but to public decisions on the right use of both material resources and research capability as between on the one hand the improvement of transplant surgery, and on the other the improvement of other forms of medical treatment and of measures which might prevent the untimely death by accident of healthy people suitable to be regarded as donors. The advice of the Group should be published in a form which made it clear that it was not a statement of Government policy, and the Government should be dissociated from the recommendations. Alternatively, it was suggested that it would be preferable to publish the advice without any statement upon it.
The Foreign and Commonwealth Secretary, summing up the discussion, said that the Cabinet were agreed that the advice should simply be published, but not as a White Paper, and the preponderance of opinion was that there should be no statement or a reply to an inspired Question. The answer to Press enquiries should be that the Government had published the document in view of the need for the public to discuss the topics with which it dealt.

The Cabinet—

Agreed that the advice of the Advisory Group on Transplantation Problems should be published without a Government statement, and invited the Secretary of State for Social Services to arrange for publication.

7. The Cabinet considered a memorandum by the Secretary of State for Scotland (C (69) 74) to which was annexed a draft White Paper on the reform of land tenure in Scotland.

The Secretary of State for Scotland said that the draft White Paper, which had already been generally approved by the Home Affairs Committee, envisaged a complete transformation of the system of land tenure which had existed in Scotland for centuries. Feudal tenure, under which land was granted in perpetuity in exchange for a recurring annual payment (the feu duty) would be swept away, and all land would be held either in absolute ownership or on lease. As from a day to be appointed, vassals would become absolute owners of their property, although pending redemption of the feu (which would be compulsory on the first sale of the land) they would be required to make annual payments to their former superiors equal in amount to the present feu duties. Redemption would be on fair and reasonable terms, but it would be premature at this stage to specify what the terms would be; in recent years the capitalised value of feu duties had been tending to fall. The proposals would be controversial since superiorities were currently held as a form of financial investment by charities and others, but their general practicability had been tested in discussions with interested bodies and they could be presented as part of the Government’s forward-looking attempts to modernise Scotland’s institutions.

The Home Affairs Committee had expressed concern that there should be consultation between the Scottish Law Commission and the Law Commission; this has now taken place. The Committee had also questioned the wisdom of the proposal in paragraph 43 of the draft White Paper to limit leases of land for house building to 20 years.
The limitation had been intended to prevent the growth in Scotland of the problems which had made leasehold enfranchisement necessary in England and Wales; but on reflection he believed that it might cause difficulty and he now intended, with the concurrence of the Lord Advocate, to substitute a paragraph saying that the Government proposed that under the new system of land tenure the leasing of land for the purpose of building dwelling-houses should cease or should be allowed only in special circumstances and subject to the most stringent safeguards. Subject to this one change he invited the Cabinet to approve the draft White Paper, which he planned to publish before the Summer Recess. It would not be possible to implement the main proposals during the present Parliament; there were many complexities to explore, including the application of the proposals to Crown land which he would be discussing with the Chief Secretary, Treasury. But he planned to introduce a Bill next Session to make the interim improvements mentioned in Part IV of the White Paper; these did not touch the main principle.

The Cabinet—

Approved the publication of the draft White Paper annexed to C (69) 74, subject to amendment of paragraph 43 on the lines proposed.

Cabinet Office, S.W.1,

10th July, 1969.
CONCLUSIONS of a Meeting of the Cabinet held in the 
Prime Minister's Room, House of Commons, S.W.1, on Wednesday, 
16th July, 1969, at 4 p.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs (Items 1 and 2)
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. PETER SHORE, M P, Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M P, Minister of Transport
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M P, Minister of Power

The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department
The Right Hon. FRED PEART, M P, Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M P, President of the Board of Trade
The Right Hon. GEORGE THOMSON, M P, Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. JUDITH HART, M P, Paymaster General

The Right Hon. JOHN DIAMOND, M P,
Chief Secretary, Treasury
The following were also present:
The Right Hon. REGINALD PRENTICE, M.P., Minister of Overseas Development (Item 2)
The Right Hon. KENNETH ROBINSON, M.P., Minister for Planning and Land, Ministry of Housing and Local Government (Item 3)
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury

Secretariat:
Sir BURKE TREND
Miss J. J. NUNN
Mr. R. R. D. MCINTOSH
Sir ROBIN HOOPER
Mr. J. CROCKER

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1. The Foreign and Commonwealth Secretary said that on 15th July he had attended the meeting of the Action Committee for a United States of Europe (the Monnet Committee) in Brussels. The Committee was holding a further session that day, at which the Minister of State for Foreign and Commonwealth Affairs, Lord Chalfont, was representing the Government, and Mr. Walter Padley was representing the National Executive of the Labour Party. The meeting had considered four reports: on agriculture, institutions, monetary problems and technology. Interest had focussed mainly on the report on agriculture, which had been quite helpful to our position, and had emphasised the need to give a new direction to the Common Agricultural Policy of the European Economic Community (EEC). The ensuing discussion had also been useful, in that it had provided an opportunity of refuting the French contention that British entry into the EEC was not a practical possibility. In private discussion the Netherlands and Belgian Foreign Ministers, Mr. Luns and M. Harmel, had taken the view that it was becoming increasingly impossible for the French to stand out against the opening of negotiations between the EEC and the United Kingdom. In the last extremity, the French might find that their partners in the Community would refuse to meet their demands on agriculture unless they agreed to negotiations with the United Kingdom.

In discussion, some concern was expressed over the position which might arise if the French were to exact the concession of their full demands on agriculture as a price for agreeing to negotiations for British entry. This would have serious implications for the United Kingdom and the Commonwealth. If there were any prospect of such a situation developing, we should have to be on our guard against being over-optimistic in our public pronouncements about the prospects of our entering the EEC. As against this, it was pointed out that we had in fact been extremely cautious in our public statements, making it clear that our application for membership was on the table and that the next move lay with the Community. This line would continue. As regards the attitude of the Five to French demands, the German Foreign Minister, Herr Brandt, had made clear his view that any changes contemplated in the Common Agricultural Policy should be made in concert with us. We should undoubtedly have to pay some price for membership of the EEC, and the financial and economic implications were currently under examination. However, though it remained our firm intention to enter the Community, we did not intend to do so at any cost.
The Cabinet—

(1) Took note of the statement by the Foreign and Commonwealth Secretary and of the points made in discussion.

The Foreign and Commonwealth Secretary said that the Chinese Government had made statements implying that they intended to release Mr. Grey when the Chinese journalists and Press workers at present under detention in Hong Kong were released on 3rd October. While too much should not be read into the Chinese statements, the prospects for the release of Mr. Grey now seemed fairly hopeful.

The Foreign and Commonwealth Secretary said that the Black Power Conference in Bermuda was now over. Not all the delegates had yet left Bermuda, and the possibility of trouble could not yet be entirely discounted; but there had been no major disturbances, and it was to be hoped that there would be none.

The Cabinet—

(2) Took note of the statements by the Foreign and Commonwealth Secretary.

The President of the Board of Trade referred to reports in the Press of further arrests by the Greek régime of intellectuals, who were stated to include an economist of international repute. He suggested that our Ambassador in Athens should be instructed to make representations to the Greek Government.

In discussion, it was pointed out that since the persons involved were Greek nationals, there was little scope for intervention by our Ambassador on their behalf. Moreover, such influence as we had with the régime depended on our remaining on reasonably good terms with it. There was however a case for considering what action could usefully be taken within these limitations.

The Cabinet—

(3) Took note of the statement by the President of the Board of Trade and of the points made in discussion.

(4) Invited the Foreign and Commonwealth Secretary to consider whether there was any action which could usefully be taken vis-à-vis the Greek Government.

The Cabinet had before them a memorandum by the President of the Board of Trade about the Lancashire Textile Industry (C (69) 79).
The President of the Board of Trade said that decisions were now needed on the recommendations of the Textile Council which had carried out a thorough enquiry into the industry's problems. The Council had proposed that, instead of the present comprehensive quota system, there should be a 15 per cent tariff on imports of cotton cloth from the Commonwealth. The most-favoured-nation rate would remain at 17½ per cent; and imports from the European Free Trade Association and the Irish Republic would continue to be duty free. In accordance with the terms of the GATT long-term agreement, it would be possible to impose quotas on individual categories of cotton textiles from particular sources, but only where there was proof of market disruption, which would be strictly defined. The economic arguments for protecting the industry by tariffs were strong, and there would be a gain both to the revenue and to the balance of trade in textiles. Moreover, this was the solution the industry wanted. India would lose by it and it would in his view be necessary—and possible without creating a precedent—to compensate her by additional aid. The only other Commonwealth country which would be seriously affected would be Canada, which had a large annual surplus in her trade with us. Developed countries would be the principal losers and apart from India the developing countries would not in general be significantly affected. The Textile Council had also recommended that the industry should receive the higher rate of investment grant payable in the development areas, but in his view this could not in present circumstances be justified. Consideration should however be given to a proposal by the Council relating to depreciation allowances; and the Industrial Reorganisation Corporation should be asked to consider sympathetically the possibility of using their powers to help in the restructuring of the industry. The economic and political arguments in favour of his proposals—which would have the support of the Textile Council, both sides of the industry and Members of Parliament from the textile districts—were very strong; and he proposed that he should make an announcement early in the following week.

In discussion it was argued that the proposal to give India additional aid as compensation for her loss of exports would create a dangerous precedent, especially in relation to our possible accession to the European Economic Community. The volume of trade involved was small, and India already received a very high proportion of our total aid. As against this, it was suggested that the effect on India and other developing countries had been underrated. A decision to abandon duty-free entry would represent a marked change of policy and to do it without compensating India for her loss of exports, despite our contractual obligations to her, would be
inconsistent with the Government's declared policy towards developing countries.

It was further suggested that the abolition of quotas would in practice lead to a deterioration in the balance of trade, and that, since it would not be accompanied by measures designed to improve the industry's ability to meet competition from imports, it would not be acceptable to the industry. The general view however was that, with falling consumption, quotas were bound to become less effective, and that a solution on the lines proposed by the President of the Board of Trade would be generally welcomed in Lancashire. The Textile Council's proposals on depreciation allowances would need further examination, in consultation with the Inland Revenue.

The Prime Minister, summing up the discussion, said that on balance the Cabinet endorsed the proposals of the President of the Board of Trade to impose a 15 per cent tariff on imports of cotton cloth from Commonwealth countries. There were divided views about the need to give India additional aid as compensation for any loss of exports. They could not in any case decide at this stage how much aid India should receive in 1972–73, when the new tariff would come into effect; this must depend on circumstances at the time, including both our own economic position and India's. In announcing their decisions to Parliament the President of the Board of Trade could, however, say that when the time came to determine the level of aid to India in 1972–73 any adverse effects on her exports arising from the imposition of the tariff would be taken into account against the background of her general aid requirements at the time. He should consult the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Minister of Overseas Development about the terms and timing of his statement.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Agreed that the present system of comprehensive quotas should be replaced by a tariff on imports of cotton textiles from the Commonwealth at 85 per cent of the most-favoured-nation rate from 1st January, 1972.

(3) Invited the President of the Board of Trade, in consultation with the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Minister of Overseas Development, to announce their decisions on the lines indicated in the Prime Minister's summing up.
3. The Cabinet considered a memorandum by the Secretary of State for Social Services about the implementation of recommendations of the Committee on Local Authority Personal and Allied Services (C (69) 81).

The Secretary of State for Social Services said that the central recommendation of the Committee on Local Authority Personal and Allied Services (the Seebohm Committee) was that a unified social work service should be provided at local level by amalgamating the local authority children's and welfare services and certain other local authority social work functions, by providing that a statutory committee should be responsible for these services and should be served by a principal officer whose appointment should initially be subject to Ministerial approval. The Seebohm Committee had recommended that these organisational changes should be made obligatory on all responsible authorities without waiting for local government reorganisation. The Government had made it clear that they would not reach decisions on the report until they had examined it, with the administrative reorganisation of the health services, in the light of the recommendations in the report of the Royal Commission on Local Government in England (the Redcliffe-Maud Report). The Ministerial Committee on Social Services had considered all these matters in close association with the Ministerial Committee on Local Government Reorganisation, and proposed that the Government should announce now their agreement with the Seebohm Committee's central recommendation; should discuss with local authority and other interests how best to give effect to it against the background of the Redcliffe-Maud Report; and should announce in the autumn their decisions on the Seebohm proposals and the related issue of the future role of the local authorities in the health field. He proposed, if the Cabinet agreed, to make an early statement in the House of Commons on the terms of the draft annexed to C (69) 81. The statement committed the Government to the acceptance of a single local authority social services department, and to the intention of making a start with the implementation of the Seebohm report by introducing early legislation ahead of the main local government reorganisation. There was no need to take a decision on the method of implementing the Seebohm report until consultations with local authorities had been completed in the autumn; and the Social Services Committee were at present divided as between a comprehensive solution which would oblige all local authorities to implement the main recommendation, and a selective scheme which would enable the reorganisation of the local authority social services to be linked with the progress of local government reorganisation in consequence of the Redcliffe-Maud Report.
In discussion it was pointed out that the Government faced the likelihood of opposition whatever decision was made in the autumn: from the medical profession, if Medical Officers of Health were excluded as such from senior posts in the local social service departments; and from social workers, if they were brought under the control of Medical Officer of Health. But there were strong reasons in the interests of children for insisting that the local social service department should have its own professional head, notwithstanding the probable demand from local authorities to be allowed to organise their committees as they saw fit. Local authorities were already protesting that the time allowed for the consideration of the Redcliffe-Maud Report was inadequate; and, if they were required to undertake an obligatory reorganisation of their social services first, the major reorganisation of local government might be prejudiced. If prior action to implement the Seebohm report was considered essential, the selective approach was to be preferred to the comprehensive; but it might in the circumstances be better to do nothing to implement the Seebohm recommendations in advance of the reorganisation of local government itself. Further, it would be well to avoid the apparent contradiction between the arguments deployed in support of the House of Commons (Redistribution of Seats) (No. 2) Bill and the decision to implement the main recommendations of the Seebohm Committee notwithstanding that a major reorganisation of local government was impending. This contradiction was liable to be exploited by the Opposition (notwithstanding that a distinction could be drawn between changes in boundaries and the reorganisation of the structure of local government), and to be misunderstood by the Government’s own supporters.

In discussion of the draft statement it was agreed that “aim” should be substituted for “propose” in the last sentence of paragraph 2, and that the second and third sentences of the final paragraph should be omitted.

The Cabinet—
(1) Approved the draft statement appended to C (69) 81, as amended in discussion.
(2) Invited the Secretary of State for Social Services to settle the timing of a statement in consultation with the Lord President.
(3) Agreed that the method of establishing integrated local social service departments should be considered in the autumn in the light of consultations with interested bodies.

Cabinet Office, S.W.1,
17th July, 1969.

SECRET
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 17th July, 1969,
at 10 a.m.
and resumed in the Prime Minister's Room,
House of Commons, S.W.1,
at 6.30 p.m.

Present:
The Right Hon. HAROLD WILSON, M.P, Prime Minister
The Right Hon. MICHAEL STEWART, M.P, Secretary of State for Foreign and Commonwealth Affairs (Items 1 and 2)
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P, Secretary of State for Defence
The Right Hon. PETER SHORE, M.P, Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P, Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M.P, Minister of Transport
The Right Hon. LORD SHACKLETON, Lord Privy Seal (Items 1 and 2)
The Right Hon. ROY MASON, M.P, Minister of Power
The Right Hon. ROY JENKINS, M.P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P, Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P, Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P, President of the Board of Trade
The Right Hon. GEORGE THOMSON, M.P, Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M.P, Minister of Technology
The Right Hon. CLEDWYN HUGHES, M.P, Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P, Secretary of State for Wales
The Right Hon. JUDITH HART, M.P, Paymaster General
The Right Hon. JOHN DIAMOND, M.P, Chief Secretary, Treasury
The following were also present:

The Right Hon. REGINALD PRENTICE, M P., Minister of Overseas Development (Items 1 and 2)

The Right Hon. KENNETH ROBINSON, M P., Minister for Planning and Land, Ministry of Housing and Local Government

The Right Hon. JOHN SILKIN, M P., Minister of Public Building and Works (Items 1 and 2)

The Right Hon. JOHN STONEHOUSE, M P., Postmaster-General (Item 1)

The Right Hon. ROBERT MELLISH, M P., Parliamentary Secretary, Treasury

Secretariat:

Chairman: Sir Burke Trend
Secretary: Miss J. J. Nunn
Deputy Secretaries: Mr. R. R. D. McIntosh, Mr. P. E. Thornton, Mr. J. Crocker

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week. Consideration of any Lords amendments received would take place on Thursday, 24th July, and be continued on Friday, 25th, and Monday, 28th July. The Lord President would not announce the date of the recess, but would say that he hoped to make an announcement next week. This would enable the Government to keep a decision open until after the debate in the House of Lords on the Committee Stage of the House of Commons (Redistribution of Seats) (No. 2) Bill.

The Prime Minister said that a group of Ministers concerned with the progress of the House of Commons (Redistribution of Seats) (No. 2) Bill were meeting under his chairmanship. They were not yet in a position to make a statement to the Cabinet because some of the complicated issues which arose needed to be explored further; but they intended to meet again on 21st July and hoped to report to the Cabinet on 22nd July.

The Cabinet—

(1) Took note of the Prime Minister's statement.

The Lord President said that there would be pressure on the Postmaster-General during the debate on Tuesday to state the Government's policy on the plan published by the British Broadcasting Corporation (BBC) "Broadcasting in the Seventies", the more so since a statement on local radio has been promised before the end of July. The Ministerial Committee on Broadcasting had now reached provisional conclusions on the main issues before them, but there had been no time to bring the matter before the Cabinet. They approved the BBC's proposal for a chain of 40 local stations, subject to adequate provision being made for Scotland and Wales. They agreed that there was a case for some relaxation of the restrictions on hours of television transmission. But these proposals could not be implemented without more revenue and to provide this they agreed to an increase in the combined annual television and radio licence fee from £6 to £6 10s. 0d. from the beginning of next year. It was proposed at the same time to abolish the separate sound radio licence fee, which was expensive to collect and almost impossible to enforce, and to intensify the campaign against evasion by users of television sets. The increase in the combined licence fee would provide a margin which would make it possible to dispense with some of the more painful economies proposed by the BBC. The proposals formed a package which must be announced as a whole if it was to make the right impact.
In discussion, opinion differed on the wisdom of making a statement of Government policy during the debate. It was argued on the one hand that if the Postmaster-General could not give any indication of Government policy he would be unable to counter the Opposition case effectively, and that little credit would be gained by a belated statement of policy, however soundly based. Moreover an early decision was essential if real progress was to be made with building a chain of local stations before the end of the present Parliament. On the other hand it was argued that the Government should not be stampeded into a premature decision by the Opposition's choice of a subject for debate, and that the issues involved were of such political importance as to warrant full consideration by the Cabinet. More thought should be given to the possibility of allowing a measure of advertising as an alternative to raising the licence fee, and the possibility of further administrative economies in the BBC should be explored. The BBC's plan had only very recently been published and the Government could reasonably say that they were still considering it.

In further discussion it was suggested that there might be advantage in the Postmaster-General discussing the arguments for and against various possible courses of action, but the general feeling was that it would be unwise to go beyond stating the points for consideration.

The Prime Minister, summing up the discussion, said that he would endeavour to arrange for the subject to be fully considered by the Cabinet before the Recess on the basis of papers circulated for that purpose. In the debate on Tuesday the Postmaster-General should merely say that the various issues raised by the BBC's plan were still under consideration, and should give no indication of the likely outcome; his most effective line might be to concentrate on attacking the broadcasting policy of the Opposition, and those who advocated it. It was important that no reports should appear in the Press attributing views to individual members of the Government.

The Cabinet—

(2) Took note, with approval, of the Prime Minister's summing up of their discussion, and invited the Postmaster-General to be guided by it in replying to the debate.

(3) Invited the Lord President to submit a memorandum reporting on the discussions in the Ministerial Committee on Broadcasting, and to arrange for papers considered by that Committee to be circulated to the Cabinet.
2.* The Cabinet considered a memorandum by the Chancellor of the Exchequer about public expenditure in 1970–71 (C (69) 82).

The Chancellor of the Exchequer said that, at their meeting on 3rd July (CC (69) 31st Conclusions, Minute 2), the Cabinet had agreed that public expenditure in 1970–71 should be reduced by at least £160 million below the level shown in the report by the Public Expenditure Committee (PESC); and that the aim should be to secure a reduction of £400 million in public sector expenditure, including investment by the nationalised industries. A reduction of £400 million in public sector expenditure would reduce demand by about £300 million, and was needed in order to make possible a neutral budget in 1970. In bilateral discussions with Ministers of spending Departments he had reached provisional agreement by 14th July on reductions totalling about £215 million, as shown in C (69) 82. He considered it practicable to add a saving of about £75 million on nationalised industries’ investment, making a total of about £290 million, which would be equivalent to a reduction in public sector demand of about £240 million, or 80 per cent of the £300 million required. Since 14th July, additional provisional savings of about £20 million had been identified in further discussions, but on the other hand it now seemed that it would not be possible to ensure the reduction of £5 million in current spending on roads by local authorities which had previously been included. The current position, shown in a revised Table II to C (69) 82 which he would now circulate, was that provisional agreement had been reached on reducing public expenditure in 1970–71 by between £232 million and £244 million; and he had further bilateral discussions to complete. He proposed that they should now consider the specific reductions proposed in the revised Table II. In the following week, they might consider the bids for increases shown in Table II, as well as the size of the nationalised industries’ investment programme. Final decisions could then be taken for 1970–71. Officials might be asked to prepare the necessary papers so that decisions about 1971–72 could be taken in September, in time for the promised White Paper on Public Expenditure.

The Prime Minister said that they should now consider the reductions proposed in column 3 of the revised Table II. If the Cabinet agreed the reductions there proposed, it would be on a provisional basis and subject to final decisions on their economic strategy for 1970–71, which they should aim to take in the following week.

* Previously recorded in a Confidential Annex.
The Secretary of State for Defence said that he had agreed to a reduction of £75 million in the defence budget, subject to his confirming one point to the Chancellor within the next week or so. In addition, he had agreed to absorb £25 million of extra costs, including those of improved service pay, which would normally have been regarded as a price change and would not increase the constant price defence budget for 1970–71. The reductions had been secured by spreading out and postponing present programmes; further major policy changes could not be contemplated.

The Cabinet—

(1) Approved, on the provisional basis indicated by the Prime Minister, a reduction of £75 million in the defence budget for 1970–71.

The Minister of Overseas Development said that although he was not being asked for a direct reduction he wished to point out that, unlike other programmes, the overseas aid programme was fixed at current prices and, as a result of cost increases, the programme in 1970–71 would in fact be reduced by about 2.6 per cent, i.e., about £6 million.

The Cabinet—

(2) Provisionally approved a reduction of £2 million in expenditure in 1970–71 on other overseas services.

The Chancellor of the Exchequer said that, after consultation with the Minister of Housing and Local Government, he accepted that it would not be possible to ensure that local authorities would reduce current expenditure on roads by £5 million in 1970–71, although every possible pressure would be applied to persuade them to do so. In the circumstances this amount could not be included in the total of firm reductions shown in column 3 of the revised Table II.

The Minister of Transport said that provision for transport as a whole in 1970–71 would be inadequate if the Cabinet continued to look separately at the various elements of this provision—roads, infrastructure programme, and investment by nationalised transport industries.

The Cabinet—

(3) Provisionally approved a reduction of £15.4 million in expenditure on roads in Great Britain in 1970–71.

(4) Agreed that, as previously, the Secretaries of State for Scotland and Wales had authority, in agreement with the Chancellor of the Exchequer, to change the incidence between their various programmes of the total reductions in public expenditure in 1970–71 agreed for Scotland and Wales.

SECRET
(5) Provisionally approved a reduction of £6·8 million in the transport programme for 1970–71.

The Minister of Technology said that he had agreed for a total reduction of £7 million in 1970–71. He wished for further time to consider how much of this reduction should be found from Category I of his programme, and how much by reducing the unallocated provision of £18 million in Category II for projects not yet identified. Any reduction in the unallocated provision in Category II would be a genuine and not a book-keeping operation, and would necessarily involve the application of stricter criteria in considering projects for approval.

The Cabinet—

(6) Provisionally approved a reduction of £7 million in expenditure on technological services in 1970–71.

The Chancellor of the Exchequer said that it had earlier been agreed that expenditure by the Industrial Reorganisation Corporation (IRC) should be limited to £80 million in the two years ending April 1970. He had now agreed with the Secretary of State for Economic Affairs that IRC expenditure in the two years ending April 1971 should also be restricted to £80 million. This should provide a reduction of £6 million. If the IRC subsequently made a strong case for further expenditure in 1970–71, this could be considered with other claims on the contingency reserve. The proposed reduction under this general head included the net savings arising from the Government’s proposals for the Intermediate Areas. The President of the Board of Trade now estimated that expenditure on investment grants in 1970–71 would be about £18 million less than expected. This reduction was not included in the total shown in column 3, since it was already allowed for in the £50 million shortfall in expenditure shown in column 1 of the revised Table II.

In discussion it was suggested that, before final decisions were taken about reductions under this head, the Cabinet should consider the report by officials on expenditure on assistance to industry.

The Cabinet—

(7) Provisionally approved a reduction of £16·5 million in expenditure on other assistance to employment and industry in 1970–71.

The Cabinet—

(8) Provisionally approved a reduction of £1 million in expenditure by Research Councils, etc., in 1970–71.
The Cabinet—

(9) Provisionally approved a reduction of £1.4 million in expenditure on agriculture, fisheries and forestry in 1970–71.

The Chancellor of the Exchequer said that he had provisionally agreed with the Minister of Housing and Local Government that, if the latter would find a saving of £47 million under these two heads, he would be ready to agree that the level of mortgage lending by local authorities should be restored to £55 million in 1969–70. This level could be changed relatively quickly, and probably had a more significant impact on the level of housing construction, at least in the short term, than changes in the public housing programme. The Cabinet might consider further the appropriate level for this lending in 1970–71, taking into account the public expenditure position and the outlook for housing construction.

The Minister for Planning and Land, Ministry of Housing and Local Government, said that the Minister of Housing aimed to find a reduction of £17 million in expenditure in 1970–71 on local environmental services, although this would involve painful decisions, including for example no further loan sanctions for art or sport in 1970–71. It would be possible to reduce expenditure on housing investment in England in 1970–71 by about £30 million without too much difficulty, because local authorities were scaling down their building. But he could not accept the further reduction shown in Table III in the form of a shortfall in housing investment.

The Chancellor of the Exchequer said that it was essential that the Ministry of Housing and Local Government should make some further contribution towards the shortfall; but, subject to this point, he would be prepared to discuss the matter further with the Minister for Planning and Land.

The Prime Minister, summing up this part of the discussion, said that officials should report in September on the relative effects, pound for pound, in stimulating house building, of increasing local authority mortgage loans and of direct expenditure on public housing. The Chancellor of the Exchequer should have further discussions with the Minister for Planning and Land about the problem of a shortfall to which the latter had drawn attention.

The Cabinet—

(10) Invited the Minister for Planning and Land to arrange for a paper to be prepared on the lines indicated by the Prime Minister.
(11) Provisionally agreed a reduction of £55.7 million in expenditure on housing and local environmental services in Great Britain in 1970-71, subject to the outcome of further discussions between the Chancellor of the Exchequer and the Minister for Planning and Land about shortfall and to any further consideration of the appropriate local authority mortgage level in 1970-71 in the light of (10) above.

The Home Secretary said that, despite the problems involved, he had provisionally agreed to a reduction of £6.4 million in expenditure in 1970-71. He would, however, like to re-open the possibility of restricting this to £6 million, in order to provide £0.4 million for a modest programme for improvement of prisons.

The Chancellor of the Exchequer said that the addition for prison improvement might be found by reductions elsewhere, for example by postponing the proposed computer installation for car licences.

The Cabinet—

(12) Invited the Home Secretary and the Minister of Transport to consider with the Chancellor of the Exchequer the possibility of making savings by delaying installation of the computer for car licences in order to pay for a modest programme of prison improvement.

(13) Provisionally approved a reduction of £6.4 million in expenditure on law and order in 1970-71.

The Secretary of State for Education and Science said that it was essential to avoid any further cuts in the education service. There was already a prospect of substantial unemployment among teachers as a result of previous cuts, and if more reductions were made this would reach very serious proportions. The proposals shown in Table III of C (69) 82 represented the only way in which savings could be made without cutting the education service, though the proposal to cut minor works by deferring starts could have an adverse effect on the employment of teachers.

In discussion strong objections were expressed to any increase in school meals and transport charges. These were equivalent to taxation, and in combination they would have a serious impact on the poorest section of the community. This would be wrong in principle and damaging politically. On the other hand it was pointed out that the question of school meal charges had been exhaustively
examined in the last round of discussions on public expenditure. A firm decision had already been taken to increase the charge for school meals by 3d. in April 1970, in order to avoid the need for an increase in further education fees, which the Secretary of State for Education and Science regarded as open to even stronger objection. The effect of school meal charges became less burdensome as earnings rose, and there was a good case for raising them to 2s. 3d. in April 1970. An increase in school transport charges on the other hand would involve legislation, which would be very controversial. Legislation would also be required if charges were to be imposed on borrowing from local libraries.

The Cabinet—

(14) Agreed to defer a decision on savings in expenditure on education and local libraries.

The Secretary of State for Social Services said that he was prepared to meet the increase in expenditure shown in Table III of C (69) 82 by making offsetting reductions in hospital expenditure. It might be possible also to make savings of rather more than £20 million by postponing building starts, charging for hospital treatment in all car accident cases and reducing local authority expenditure on welfare services. He himself did not consider it desirable to reduce total public expenditure by as much as £400 million; but if this were required, a cut of the order of £20 million in health and welfare expenditure would represent a fair proportion of the total. He doubted, however, whether it would be practicable to secure the whole of this. Moreover, the decision to defer hospital building starts would have to be announced; and the proposal relating to accident charges would be very controversial.

In discussion there was general agreement that a decision to postpone hospital building starts need not be announced. The implications of the proposal to charge for treatment in car accident cases would need further study before firm conclusions on its practicability could be reached.

The Cabinet—

(15) Invited the Secretary of State for Social Services to examine further, with the Chancellor of the Exchequer and the Minister of Transport, the practicability of securing a saving of £9 million in 1970–71 by means of charges for hospital treatment in all car accident cases.

(16) Provisionally approved a net reduction of £20.3 million in expenditure on health and welfare in England in 1970–71, subject to (15) above, and corresponding reductions in Scotland and Wales.
The Cabinet—

(17) Approved reductions of £1.7 million and £0.6 million in expenditure in 1970–71 on common services and miscellaneous services respectively.

The Prime Minister, summing up the discussion, said that the Chancellor of the Exchequer would circulate a paper to the Cabinet on the results of their discussion so far and on any further talks with Ministers responsible for particular programmes. They could then consider the proposals for increases shown in the revised Table II of C (69) 82 and resume their discussion on the proposals for reductions in expenditure on education and local libraries.

The Cabinet—

(18) Took note, with approval, of the Prime Minister’s summing up of their discussion.

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3. The Cabinet considered memoranda by the Secretary of State for Social Services (C (69) 83) and the Chancellor of the Exchequer (C (69) 84) about charges in the national health service.

The Secretary of State for Social Services recalled that the Cabinet had invited him to circulate a memorandum on the principle of charging in the national health service. The 25 per cent increase in charges for dentures and spectacles, against which a Prayer was to be moved in the House of Commons in the following week, was a minor adjustment of charges to meet rising costs. In contrast to an earlier 50 per cent increase in charges for dental treatment, it had aroused deep-seated emotions among the Government’s back-bench supporters. This might have been due partly to maladroit timing of the announcement, but in his view the opposition stemmed largely from a belief that charges were being gradually built into the national health service system of finance, in breach of the principle, which was felt particularly keenly in relation to the prescription charge, that the health service should be paid for by the healthy and be free for the sick. If this analysis was correct, there would be advantage in reviewing, in the coming debate, the whole question of the part which charges should play in financing the health service.

It was particularly unfortunate that it had proved impossible to operate the prescription charges in the way originally intended. The only authentication of the claim for exemption from the charges
was at present the patient’s signature on the claim form on the back of the prescription. This was open to abuse and, although checks had shown that losses amounted to no more than some 2 per cent of the cost of prescriptions, the Government were open to criticism from the Public Accounts Committee in allowing the system to persist without stronger safeguards. The issue of an embossed card to every person exempt from the charge had proved to be impossible, however, partly because of the refusal of the chemists to operate the system and partly because of the cost of its introduction. The principal weakness of the present arrangement was, however, its failure to protect the chronic sick from the new charges owing to the doctors’ unwillingness to certify chronic sickness except in respect of a few conditions requiring permanent medication. For these reasons, therefore, he believed that the prescription charges should not be accepted as a permanent feature of the health service, and he proposed to indicate as much in the forthcoming debate. Since circulating his memorandum, however, he had become aware of a letter which the Prime Minister had sent to Mr. L. Pavitt, M.P., on 6th March, 1968, in which he had said:

“It would be wrong for you to assume that these charges, reluctantly introduced to meet a serious economic situation, carry the implication of a permanent change of the Government’s policy or of its approach to health service financing. When the economic situation improves sufficiently for substantial extra sums (beyond normal annual growth) to be made available to the National Health Service they would, of course, be allocated according to the priorities determined by the Minister and the Government at that time.”

This seemed to be the appropriate line to take in the debate.

The Chancellor of the Exchequer deprecated any statement that might reopen the whole issue of health service charges. They had never been unpopular with the public as a whole; and a pledge to abolish them, however guarded, was liable to be exploited by the Opposition to the embarrassment of the Government. If the Secretary of State for Social Services found it necessary to mention prescription charges at all he should indicate that if the Government were in a position in which they would contemplate forgoing any of the health service charges they would give priority to the abolition of prescription charges rather than the abolition of the charge on teeth and spectacles. It would be important, however, not to refer to prescription charges or to the Prime Minister’s letter to Mr. Pavitt in a way which drew particular attention to this aspect of the problem.

In discussion the point was made that among some sections of the public there was lively interest in charges in the health service.
and it would not be possible to avoid some reference to the prescription charge. It should be possible, however, to deal with the matter without opening the way to further controversy.

The Prime Minister, summing up the discussion, said that the Secretary of State for Social Services should make the point that dental and optical charges were normally paid by people who were at work and earning, whereas the prescription charge was normally paid by the sick. It should not therefore be regarded as a permanent feature of the national health service. He should then quote the letter of 6th March, 1968, making it clear that there had been no change in the Government's policy.

The Cabinet—

Invited the Secretary of State for Social Services to be guided in his handling of the debate on the National Health Service (Charges for Appliances) Regulations by the Prime Minister's summing up of their discussion.

Cabinet Office, S.W.1,
18th July, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Tuesday, 22 July, 1969,
at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs (in the Chair for Items 6 and 7)
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity (Items 1-6)
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. CLIDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General

The following were also present:
The Right Hon. KENNETH ROBINSON, M.P., Minister for Planning and Land, Ministry of Housing and Local Government (Item 4)
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury (Items 1-3)
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General
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1. The Prime Minister said that the Group of Ministers closely concerned with the House of Commons (Redistribution of Seats) (No. 2) Bill had met on the previous day, but were not yet in a position to advise the Cabinet of the course which events might follow in the remainder of the week. He hoped to be able to report more fully to the Cabinet at their next meeting on 24th July; in the meantime, it was important to ensure that the Opposition did not become aware of what was in the Government's mind.

The Cabinet—

Took note of the Prime Minister’s statement.

2. The Foreign and Commonwealth Secretary said that the possibilities that negotiations might be opened for Britain’s entry into the European Economic Community (EEC) were now considerably greater than before. The opponents in this country of British membership of the EEC had become correspondingly more vocal. This had in turn given rise to doubts in Europe about the whole-heartedness of our candidature, though it was satisfactory that the “early day” motion put down in the House of Commons opposing British membership of the EEC had attracted little support. Nevertheless, it would be damaging if the idea that we were not serious were to take root. It was the Government’s settled policy to seek membership; and it was important that nothing should be said by Ministers that might be taken as implying that our candidature was not a genuine one.

In discussion it was pointed out that the situation had changed considerably, particularly in the economic and agricultural fields, since the original decision had been taken in 1967. There would be advantage in having an up-to-date appraisal of where our interests lay and of how negotiations should be conducted. There was likely to be an internal crisis in the EEC over the Common Agricultural Policy (CAP); and although the Foreign Ministers of certain EEC countries, in particular Herr Brandt of Germany and Mr. Luns of the Netherlands, had expressed the view that we should be consulted in the formulation of new arrangements for financing the CAP, it was by no means certain that this would happen. Should the French insist on the satisfaction of their agricultural demands in full as a price for agreeing to negotiations for British entry, we should be in a difficult position. The price we should have to pay might be too high,
and we should not seek membership of the EEC at any cost. If we were to persist in our candidature, we should at least reappraise the full implications, in particular for our balance of payments. While the prospects for negotiations might have improved, it was still unlikely that negotiations could take place very soon. The German Foreign Minister, Herr Brandt, had spoken of next year, by which time a General Election might be impending in the United Kingdom.

On the other hand, it was argued that there was no need to embark on a reappraisal of our policy at this moment; and to do so would, if it became known, create doubts about the seriousness of our intentions, and would jeopardise the achievement of our objective, which remained full membership of the EEC. It was relevant in this connection that the Prime Minister would be making a public statement on 29th July about Britain’s policy towards the Community, which would reflect the firm but cautious line taken in previous statements. Careful consideration would have to be given to the situation as it developed, in particular with reference to the CAP; and studies were already in hand on the attitude we should adopt if negotiations for British membership were opened, or if we were consulted by the EEC, in advance of our entry into it, on the financing of the CAP. We should wait to see how the situation developed over the next few months. If the EEC, either because of French intransigence or for any other reason, were to adopt agricultural arrangements which were unacceptable to us, it would still be open to us to say that though it was our object to enter the Community, we could not do so on the terms we were being offered. Meanwhile, our application remained on the table. The Cabinet should be regularly informed and consulted, and decisions should be taken in Cabinet. It would be unfortunate if we were to get into a position where Ministers and others were making statements which reflected their Departmental interests but not necessarily the policies which had been collectively decided upon; this would create an impression of divided counsels which would be highly damaging both domestically and in Europe; and in order to avoid it close inter-departmental co-ordination would be required.

The Prime Minister, summing up the discussion, said that the course of events in France and in particular the departure of General de Gaulle had made the prospects of British entry into the EEC more hopeful. On the other hand economic developments, including the devaluation of sterling and developments within the EEC itself—notably in regard to the CAP, which was still in the melting-pot—had confronted us with problems even more difficult than those which had faced us when the original decision had been taken in 1967. There was no need for any reappraisal of policy at the present time. Our application to join the EEC remained on the
table and the various problems on which decisions might later be needed were being studied. The Cabinet would take note of the statement by the Foreign and Commonwealth Secretary, and would also note that studies were in progress. Meanwhile, it was of the greatest importance that policy in regard to the EEC should be considered and decided on collectively in Cabinet; and that individual members of the Government should refrain from statements reflecting Departmental interests rather than Governmental policy.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.

*The Foreign and Commonwealth Secretary* said that agreement had now been reached with the Soviet Government on the release of Mr. Gerald Brooke and of Mr. and Mrs. Kroger. Mr. Brooke would be arriving in this country early on Thursday, 24th July, and the Krogers would be released on 24th October. The Soviet authorities had further agreed to the release of two other British prisoners held in the Soviet Union, and had also agreed to allow three British men and one British woman to go to the Soviet Union and marry Soviet citizens. The men would be permitted to bring their wives back to the United Kingdom; but the woman intended to settle with her husband in the Soviet Union. The Soviet authorities had also made a concession on a point which had not been covered by the Anglo-Soviet Consular Convention, in that they were now prepared to allow consular visits every four months to British prisoners in their hands. There was a complication in that under the Soviet prison code the prison authorities were allowed to impose the forfeiture of consular visits as a punishment. The Soviet authorities had, however, said that they would give favourable consideration to the British Government’s request that the interval between consular visits should not be more than four months. The Foreign and Commonwealth Secretary said that there had already been some speculation in the Press, but that the dates proposed for the release of Mr. Brooke and the Krogers respectively had not so far become publicly known. He intended to make a statement in the House of Commons on 24th July. Until then, the information he had given his colleagues must be treated as highly confidential.

The Cabinet—

(2) Took note of the statement by the Foreign and Commonwealth Secretary.

* Previously recorded in a Confidential Annex.
The Foreign and Commonwealth Secretary said that HM Commissioner in Anguilla, Mr. Cumber, had resigned his appointment for personal reasons, and that this would be announced on 25th July. Mr. Cumber would be taking up employment with a private firm. Attempts had been made to find an established official to take his place, but these had not been successful; and Mr. Cumber would be succeeded, on contract terms similar to those which had applied to Mr. Cumber, by Mr. W. H. Thompson, who was at present serving in the Turks and Caicos Islands and had previously been employed in Kenya. Mr. Thompson appeared to be eager to take on the job; and it had been made clear to him that he would be expected to stay in it for a reasonable period.

The Cabinet—

(3) Took note of the statement by the Foreign and Commonwealth Secretary.

The Cabinet considered a memorandum (C (69) 88) by the Lord President on the recommendations of the House of Commons Services Committee for improvements in the services and facilities available to Members in the House of Commons.

The Lord President said that the main recommendations of the Sixth Report of the Services Committee, which had just been published, were that:

(i) Provision should be made at public expense for secretarial assistance for Members or an allowance given of up to the cost of one full-time secretary for each Member.

(ii) Members should be allowed to make free trunk telephone calls on official business and to send all letters on official business free of postal charges.

(iii) Certain minor improvements should be made in the photocopying, stationery and filing facilities available to Members.

(iv) An early decision should be taken on certain recommendations outstanding from the Second Report of the Services Committee, the chief of which were for a substantial increase in the car allowance (at present a flat rate of 4½d. a mile) and four free first-class return rail vouchers a year for Members’ wives.

The proposals at (ii) and (iii) had been agreed in principle by the Treasury, but a Government announcement limited to these would disappoint many Members; a more substantial improvement was needed to forestall what would otherwise become very strong pressure for an increase in the salaries of Members of Parliament.
He therefore proposed that in a statement to the House of Commons before the Recess he should confirm the Government's acceptance of the recommendations summarised at (ii) and (iii) above and give an undertaking that the Government would study sympathetically and urgently the Services Committee's recommendation on secretarial assistance, promising to announce a decision on it immediately after the Recess. It would be helpful if his proposed statement could also include a decision on an improvement in Members' car allowances.

In discussion, there was general agreement on the Services Committee's recommendation on free trunk calls and free postage for Members' official business, on improvements in the photocopying, stationery and filing facilities available to Members, and on an increase in Members' car allowance to 5½d. or 6d. a mile, representing a repayment of running costs up to the equivalent of first-class rail travel. On the proposal to give free first-class rail vouchers to Members' wives it was argued that this concession would mean going further than in any other sector of the public service, and that it would make it more difficult for the Inland Revenue to resist claims to allow against taxable income the travel costs of the wives of businessmen. On the other hand, it was argued that a similar concession was given in other countries, and that since Members' wives often played an active part in constituency affairs, repayment of the cost of their rail travel would enable Members representing constituencies far from Westminster to obtain the same help from their wives as those whose constituencies were much nearer.

In further discussion of the proposal to provide secretarial assistance, it was argued that the form which this might take would have a very considerable effect on its acceptability to public opinion. If it were to be an unconditional payment, it would be generally recognised as virtually an addition to Members' salaries. It might induce some Members to begin employing secretaries, but in general it would reward those who worked inefficiently (i.e., without secretaries) more than those who seriously tried to carry out a Member's proper responsibilities. It would also allow some Members to devote still more effort (at public expense) to political activities which had little or no relevance to Parliament. At the rate of £1,000 suggested, a secretarial allowance would in fact make Members better off in real terms than they were in 1964, whereas the increase in national insurance benefits next November would leave retirement pensioners with a standard of living no higher than in 1964. The contrast between the Government's treatment of Members of Parliament and of retirement pensioners would alienate support during the remainder of the Parliament; and there was a highly vocal
group among retirement pensioners, and others, who would lay great emphasis on this contrast. To avoid injustice in this direction the Government, if they now agreed to a general secretarial allowance for Members of Parliament, would be obliged to make an increase in national insurance benefits (and charges) in the near future; and this would mean a substantial increase in public expenditure. An allowance to Members to cover proved expenses only, or tax-free if spent on secretarial services but taxable if not, could be more reasonably presented to the public as the provision of facilities to enable a Member to do the work expected of him, leaving the possibility of a salary increase to be considered by a newly elected Government; whereas, if Members were given now what could be interpreted as a salary increase, a new Government of whatever complexion would feel inhibited from giving a realistic increase in salary at the beginning of the new Parliament. Alternatively, arrangements could be made for providing a pool of secretaries for Members, which would be more strictly an improvement in facilities, with a reference to the National Board for Prices and Incomes (NBPI) on the question of Members' salaries as such.

On the other hand, it was argued that, however it was presented to the public, a secretarial allowance (and even the provision of facilities to take the place of what a Member at present provided at his own expense) was essentially an increase in net income for most Members, whether or not they at present employed a secretary. The effects in the 1966 General Election of the increase of Members' salaries in 1964 had not been damaging; and a fresh increase might cause no worse reaction. Moreover, if postal and telephone costs were to be free of charge, some Members at least would lose by not having tax relief for these business expenses. The difficulties of checking and auditing any accountable allowance were such that a straightforward unconditional payment was to be preferred; and an analysis of the requirements of Members indicated that the alternative of providing a central secretarial service would not be a practical solution.

_The Prime Minister_, summing up the discussion, said that some Ministers thought that a straightforward increase in Members' salaries would be the best way of making an allowance for the provision of secretarial services, while others thought any form of allowance unacceptable, as being more generous to Members of Parliament than the Government had been to retirement pensioners. But in general there was agreement that the Lord President should announce the Government's acceptance of the recommendations of the House of Commons Services Committee on telephone and postal charges, on improvements in photocopying, stationery and filing facilities, and on car allowance. He should also announce the

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Governments agreement in principle to the provision of secretarial assistance, and their intention of entering into discussion with representative Members on an arrangement which would give the best service to Members and avoid any misuse of the new provisions. Before the Lord President began the proposed discussions, a group of Ministers would consider what arrangement he should offer and its cost; they would also consider whether any increased assistance on expenses should be offered to Members of the House of Lords. At the appropriate time, the subject of the salaries of Members of the House of Commons should be referred to the NBPI, with a view to their presenting a report after the next General Election.

The Cabinet—

(1) Invited the Lord President to make a statement in the House of Commons on the lines indicated in the summing up by the Prime Minister.

(2) Took note that the Prime Minister would arrange for a group of Ministers to consider what arrangements should be made to provide secretarial assistance for Members of Parliament, and to consider the possibility of increasing the expenses allowance of Members of the House of Lords.

(3) Invited the Lord President, in consultation with the First Secretary of State, to circulate a memorandum on a reference of the salaries of Members of Parliament to the National Board for Prices and Incomes.

4. The Cabinet considered a note by the Prime Minister, to which was annexed a report by officials and a draft Parliamentary statement, on the extension of the ombudsman principle (C (69) 85).

The Prime Minister recalled that in answer to Parliamentary Questions on 24th June he had said that he hoped to make a statement in the near future on the ombudsman system and local government, and to make a statement before the Summer Recess on National Health Service inspection and a specialist ombudsman for that field. He had asked the Head of the Civil Service to co-ordinate views of officials on these topics, and their report had been circulated as an annex to C (69) 85. In his view, the two years’ experience of the working of the Parliamentary Commissioner system in central Government gave strong grounds for extending the service to local
government and the National Health Service, the activities of which in many ways impinged more directly than those of central Government upon the daily life of the citizen. There would be wide support for such an extension, in the country at large and in the Labour Party in particular, since the majority of local authorities were not at present under Labour control. Details of the proposal had still to be worked out, and the local authority associations and the other bodies concerned would have to be consulted. Meanwhile it was desirable to announce that the Government had decided in principle to extend the ombudsman service, and he accordingly invited the Cabinet to agree that in replying to Mr. Ben Whitaker’s Parliamentary Question that afternoon, he should make a statement on the lines of the draft annexed to C (69) 85.

In discussion some doubt was expressed whether this was the right time to extend the ombudsman principle. The recent Third Report of the Parliamentary Commissioner for Administration (PCA), on the sale of the Duccio picture, had some unwelcome features, in that it censured a named civil servant who was afforded no opportunity of reply, and had criticised a Ministerial statement in the House. Moreover the procedures of the Select Committee made it impossible for the responsible Minister to reply to the criticisms until several months after its publication. That apart, it was suggested that it would be premature to announce an extension of the ombudsman principle while many details of the proposal still remained to be settled. It was impossible to decide whether the proposed extension was viable without first deciding who was to appoint the local ombudsmen, to whom they were to report, and what the consequences would be if a local authority were to ignore an adverse report. Moreover, to announce the decision of principle without prior consultation might antagonise the local authority associations and put at risk their co-operation in the discussions on local government reorganisation which were just beginning. If nevertheless it were decided to make a statement, it should be made clear that the decision whether or not to include the National Health Service within the scope of the local ombudsman would not be taken until the interested bodies had been fully consulted.

On the other hand, it was argued that the fact that details of the proposal had still to be worked out did not preclude the Government from taking a decision in principle and making an announcement accordingly. While it was desirable to take account of the interests of the local authority associations and of the other bodies concerned, it was equally important to have regard to the interests of the individual citizen. Early statements on this subject had been promised, and the Government would be criticised if they failed to make them before the Recess.

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The Prime Minister, summing up the discussion, said that on balance the Cabinet agreed that the ombudsman service should be extended, and favoured an early announcement of the decision in principle. He would amend the draft statement annexed to C (69) 85 to take account of the points made in discussion, and would make it clear that the question whether or not to include the National Health Service remained open. The details should be discussed with local authorities and others concerned and thereafter considered by the appropriate Cabinet Committee.

The Cabinet—

(1) Agreed that an announcement should be made in Parliament that the Government had decided in principle to extend the ombudsman service, on the lines of the draft statement annexed to C (69) 85, amended to take account of the points made in their discussion.

The First Secretary of State said that she had arranged consultations at official level and on an informal basis with the Trades Union Congress (TUC) and the Confederation of British Industry (CBI) about the possible content of a White Paper setting out the new prices and incomes policy, which would come into effect when the present statutory powers lapsed at the end of 1969. She had intended to avoid any more formal consultation until after the TUC meeting in September, at which some opposition was likely to be expressed to the Government’s declared intention of activating Part II of the Prices and Incomes Act, 1966, with its provisions for a three months standstill on prices and incomes increases and penalties for disobeying a standstill order. However, the TUC General Council would be calling on her within a few days to record their opposition to the activation of Part II of the 1966 Act. She thought the TUC did not really expect the Government to withdraw from their already declared intention, though there might be quite determined opposition among some TUC representatives and among Government supporters in the House of Commons; and she would be hearing the TUC’s representations rather than volunteering any statement of her own. But, since the Government had withdrawn their proposal to bring in early legislation on industrial relations, with provision for penalties on trade unionists and employers, she sought a reaffirmation of the decision to activate Part II of the 1966 Act, to come into effect when the present statutory powers lapsed.
In discussion, it was argued that the proposal to activate Part II of the 1966 Act was not on a par with the proposal to introduce an Industrial Relations Bill and that despite some opposition from individual trade unions the TUC's willingness to operate a voluntary wage-vetting system would probably not be affected. A firm stand on prices and incomes against TUC opposition would help to counter assertions that the Government acted under the dictation of the trade unions. On the other hand it must be recognised that if Part II of the 1966 Act were activated at the beginning of 1970 it would be in effect during the remainder of the Parliament.

In further discussion it was confirmed that the First Secretary of State would not at this stage be undertaking formal consultation with the TUC about equal pay; and that proposals on this, as well as on improvements for low-paid workers, would come forward for Cabinet consideration at a later stage, as part of the proposals for the post-1969 prices and incomes policy.

The Cabinet—

Reaffirmed their intention of activating Part II of the Prices and Incomes Act, 1966, when the present statutory powers on prices and incomes control lapsed at the end of 1969.

6. The Cabinet considered a memorandum (C (69) 86) by the Secretary of State for Social Services, to which was appended a draft White Paper on proposals for earnings-related short-term benefits and industrial injury benefits.

The Secretary of State for Social Services recalled that the White Paper "National Superannuation and Social Insurance" published in January 1969, which contained the Government's proposals for a fully earnings-related scheme of pensions and other long-term benefits, had foreshadowed new earnings-related arrangements for short-term sickness and unemployment benefit and consequential changes in other insurance benefits. The White Paper appended to C (69) 86 dealt with these matters, but in a manner rather different from that originally intended because, in the course of working out the details, it had become clear, that the replacement of the present system of flat rate benefit with earnings-related supplement by a single earnings-related benefit created serious problems to which it had not been possible to find a solution, except at considerable extra expense. It had also become clear from discussions with the Trades Union Congress (TUC) and the Confederation of British Industry (CBI) that there was no possibility at present of persuading the employers to take over responsibility for the early weeks of sickness.
It had therefore seemed better to “mark time” on the existing system of short-term benefits, modified only to the extent necessary to make it compatible with the fully earnings-related long-term scheme. This would give time for further thought about the proper division of responsibility for workers who were sick for short periods, and for a proper study of the reasons why there was a rising level of short-term sickness. The proposals in Part II of the White Paper had therefore been devised so as to reproduce as nearly as possible the present provisions relating to short-term benefits to which people were accustomed. The major difference was that married women’s rates of short-term benefit had been brought to the same level as those of other insured persons; and the cost of the guardian allowance, which was more akin to family allowances than to insurance, had been transferred to the Exchequer.

The proposals for industrial injury benefits were limited to the minimum necessary to adjust them to fit into the new national insurance scheme, but the details had not been finally worked out and were still under discussion with the TUC and the CBI.

The scheme now proposed was somewhat more expensive than the existing scheme, partly because the married woman was given an entitlement of her own; and the estimate given in the White Paper did not include the cost of the new attendance allowance, the rates and conditions for which had not yet been settled. The Government Actuary estimated that the additional expenditure attributable to the benefits covered by the White Paper would justify a contribution of about 2.2 per cent of earnings from employers and employees alike, plus the 18 per cent contribution from the Exchequer. The actual rate of contribution would depend on decisions not yet taken on the new scheme as a whole, and on the size of the Health Service contribution; and the rate to be charged at the outset would be kept under review in the light of the trend of unemployment and sickness experience. The draft White Paper had been submitted to the Social Services Committee and approved by them, subject to certain minor amendments which had been made in the text.

The Cabinet—

Approved the early publication of the draft White Paper attached to C (69) 86.
Board of Trade (C (69) 92) covering a memorandum on commercial supersonic flying and airport noise of the Concorde, and a note by the Attorney-General (C (69) 93) covering a memorandum on the legislative implications of the Concorde's supersonic testing.

The Lord Chancellor said that it was necessary to decide on the routes to be used for supersonic test flying of the Concorde. Much of this would take place on circuits over the sea and was unlikely to cause any disturbance on land; but for some of the more exacting tests it was necessary to have a straight route of about 800 miles which would allow the aircraft to cruise at supersonic speed for about 20 minutes. To minimise the risks the aircraft should be at all times within radar range, and so far as possible within reach of airfields for emergency landings and of air-sea rescue helicopters; and the route should if possible avoid water too deep for recovery of wreckage in case of disaster. Against these requirements had to be set the desirability of minimising the disturbance and damage which might result from the aircraft flying over land, and in particular over heavily populated areas. The route preferred by the Ministry of Technology on technical grounds ran down the West Coast of Scotland, across the western extremities of Wales and across Cornwall in the vicinity of Truro (the West Coast Route). Use of this route would expose upwards of 2 million people to sonic bangs, mainly in Scotland and Northern Ireland, with Wales and Cornwall affected in less degree; England apart from Cornwall would be virtually unaffected. In view of the political implications of such a choice the Home Affairs Committee had required to be satisfied that there was no practical alternative. After hearing officials at the Ministry of Technology, the Committee were satisfied that a route over the North Sea should be ruled out because it did not meet the safety criteria; and that an alternative down the East Coast of England, which had been examined at their request, should be rejected because it was technically inferior and would disturb twice as many people. In the result the Committee were convinced that there was no alternative to use of the West Coast Route, at any rate for the earlier and more hazardous tests.

If there were to be supersonic test flying over land, some form of legislative action was necessary to provide authority and allow payment of compensation. The choice lay between passing a Bill for the purpose, which would give absolute protection and remove any risk of the tests being interrupted by legal action; and an Order in Council applying section 40 of the Civil Aviation Act, 1949, which would give qualified protection against actions for trespass or nuisance. The Attorney-General would prefer to proceed by Bill, but the majority of the Home Affairs Committee had concluded that
this would be disproportionate to the risk involved, and that the risk attaching to proceeding by Order in Council was slight enough to be accepted.

The Home Affairs Committee had considered a memorandum by the President of the Board of Trade on the noise problem, and had agreed to consider further in the autumn whether commercial supersonic flying over the United Kingdom should be banned. Two forms of noise were involved, airport noise and noise made in flight. As to the former, it appeared that the noise made by the Concorde when taking off would be marginally above the maximum now tolerated at Heathrow. In flight, the engines would not be heard, but there was the problem of supersonic bangs. Some experience of these had already been gained as the result of flights by service aircraft, but more would be known about the problem after supersonic testing of the Concorde had begun. He invited the Cabinet to endorse the conclusions of the Home Affairs Committee that the West Coast Route should be used for supersonic testing; that an Order in Council applying section 40 of the Civil Aviation Act should be made in the autumn; and that a Written Answer in the terms annexed to C (69) 87 should be given before the Summer Recess to enable consultations with local authorities to go ahead.

In discussion of the choice of route, the point was made that use of the West Coast Route would result in supersonic bangs being heard in the populated area around Greenock and in much of Ayrshire; the reaction of the general public might be unpredictable, but there was no doubt that the Scottish Nationalists would seek to turn it to their advantage. The technical arguments for the West Coast Route were decisive, but care should be taken in the presentation of the decision, and so far as possible in the timing of any announcement, to minimise embarrassment to the Government; it would be better to avoid any reference to the possible maximum of 150 flights over three years. Some members of the Cabinet questioned the wisdom of the proposed Written Answer, on the ground that it would prompt more questions than it answered; but it was pointed out that it would enable useful preliminary consultations to take place with local authorities in the areas affected. The suggestion was made that the National Farmers' Union should also be consulted.

On the point of legislative cover it was explained that the risk involved in proceeding by Order in Council was that section 40 of the Civil Aviation Act only barred actions for trespass or nuisance where the flight of the aircraft was at a height above the ground which was reasonable having regard to wind, weather and all the circumstances of the case. It would thus be open to the courts to find
unreasonableness and to hold the flight unlawful and even to issue an
injunction restraining further flights. But the risk was thought to be
small and to be outweighed by the political considerations.

The Cabinet—

Approved the proposals in C (69) 87 and the Written Answer
annexed.

Cabinet Office, S.W.1,
22nd July, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister's Room, House of Commons, S.W.1, on Thursday, 24th July, 1969, at 10 a.m. and later at 10 Downing Street, S.W.1

Present:
The Right Hon. Harold Wilson, M.P., Prime Minister
The Right Hon. Michael Stewart, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Lord Gardiner, Lord Chancellor
The Right Hon. Barbara Castle, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. Denis Healey, M.P., Secretary of State for Defence
The Right Hon. Peter Shore, M.P., Secretary of State for Economic Affairs
The Right Hon. William Ross, M.P., Secretary of State for Scotland
The Right Hon. Edward Short, M.P., Secretary of State for Education and Science
The Right Hon. Richard Marsh, M.P., Minister of Transport
The Right Hon. Lord Shackleton, Lord Privy Seal
The Right Hon. Roy Mason, M.P., Minister of Power
The Right Hon. Roy Jenkins, M.P., Chancellor of the Exchequer
The Right Hon. Richard Crossman, M.P., Secretary of State for Social Services
The Right Hon. James Callaghan, M.P., Secretary of State for the Home Department
The Right Hon. Fred Peart, M.P., Lord President of the Council
The Right Hon. Anthony Crosland, M.P., President of the Board of Trade
The Right Hon. George Thomson, M.P., Minister without Portfolio
The Right Hon. Cledwyn Hughes, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. George Thomas, M.P., Secretary of State for Wales
The Right Hon. Judith Hart, M.P., Paymaster General
The Right Hon. John Diamond, M.P., Chief Secretary, Treasury
The following were also present:

| The Right Hon. REGINALD PRENTICE, M.P., Minister of Overseas Development (Item 4) |
| The Right Hon. KENNETH ROBINSON, M.P., Minister for Planning and Land, Ministry of Housing and Local Government (Item 4) |
| The Right Hon. JOHN SILKIN, M.P., Minister of Public Building and Works (Item 4) |
| The Right Hon. JOHN STONEHOUSE, M.P., Postmaster-General (Item 4) |
| The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury (Items 1-3) |
| The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General (Items 1-3) |

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**Secretariat:**

Sir BURKE TREND  
Miss J. J. NUNN  
Mr. P. E. THORNTON  
Miss S. W. FOGARTY

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1. The Prime Minister said that in view of the approach of the fifth anniversary of the Labour Government assuming office, it would be appropriate for the Paymaster General to undertake the preparation of a comprehensive review of the Government’s achievements measured against the promises in their election manifestos. He hoped that all Ministers would give their personal attention to the contributions to this review which their Departments would be asked to supply.

   The Cabinet—
   Took note of the Prime Minister’s statement.

2. The Prime Minister said that Professor Richard Rose of the University of Strathclyde, assisted by Mr. Bruce Heady, was undertaking an academic study of government, in the course of which Mr. Heady had written to all departmental Ministers asking for information about their departmental work and the problems they encountered, and asking for an opportunity to discuss some of the problems of government with Ministers personally.

   The Prime Minister recalled that the Government had been under strong pressure from Mr. Ernest Marples, M P, who had been asked by the Leader of the Opposition to undertake a study of the machinery of government and had commissioned a firm of consultants to assist him. In response to Mr. Marples’ request for information about a certain aspect of the machinery of government, the Cabinet had agreed that he should be invited to table Parliamentary Questions, in reply to which Ministers would give such information as they would normally give in Parliamentary Replies. In view of this it might be thought undesirable that Ministers should supply information to Professor Rose or Mr. Heady in response to their enquiries.

   In discussion it appeared that some Ministers had declined to accord an interview, but others had agreed. They understood that the study was intended to be of government as such, and not of the current Government in particular; and that any comments or factual material supplied by Ministers would not be attributed to them in the finished work. In view of this it was arguable that there would be advantage in Ministers giving an interview to Professor Rose or Mr. Heady as a contribution to a greater understanding of the
practical problems of government among academic writers on political theory. A distinction could be drawn between giving an interview to an academic writer and giving one to a journalist, since the academic writer, unlike the journalist, normally had no interest in attributing views to particular Ministers.

The Prime Minister, summing up the discussion, said that the Cabinet were of the opinion that each Minister should decide for himself whether to assist in this study; but those who agreed to do so should insist that in the published work particular views should not be attributed to individuals.

The Cabinet—

Took note, with approval, of the Prime Minister’s summing up of their discussion.

SECRET

*3. The Prime Minister said that the Group of Ministers who had been considering how the Government might best handle the House of Commons (Redistribution of Seats) (No. 2) Bill had met to consider the situation on the eve of the House of Lords debate on the Committee Stage of the Bill and had made certain contingency plans which had been further examined that morning in the light of the heavy vote against the Government in the House of Lords. The principal question for consideration was whether the balance of advantage lay in disposing of the Bill one way or another before the Recess, or in keeping the issue between the two Houses open until after the Recess. If the House of Commons disagreed with the amendments by the House of Lords, and the Lords insisted on them, the Bill would be dead, though it could be reintroduced in the following Session. Alternatively, the Government could accept the House of Lords’ rejection of the Bill, lay the Orders necessary to implement the Boundary Commission’s recommendations, and use their majority in the House of Commons to defeat the Orders. It was not necessary, however, for finality to be reached: the dialogue between the two Houses could be kept up by tabling a Motion in the House of Commons to amend the Lords’ amendments, and the Government could retain the initiative in their own hands by not discussing the Motion until after the Recess. The Group of Ministers considered that the balance of advantage lay in the last course. After the Recess a calmer atmosphere might prevail; and the fact that the Bill was still before Parliament might be expected to afford grounds, at least until the Prorogation, on which a court could reject an application for a mandamus against the Home Secretary, should one be sought during the Recess.

* Previously recorded in a Confidential Annex.

SECRET
It was possible that Left-wing supporters of the Government would press for the introduction of a Bill to limit the powers of the House of Lords. The Group of Ministers were advised, however, that in view of the doubt which existed as to the point at which, for the purpose of the Parliament Acts, the House of Lords could be said to have rejected a Bill, there would be no advantage in laying a Parliament Bill before the Recess rather than after, and they recommended that this matter should be considered again in the autumn.

The Home Secretary said that four courses were open to the Government on the House of Commons (Redistribution of Seats) (No. 2) Bill: (i) to lay and pass Orders implementing the Boundary Commission’s recommendations; (ii) to agree with the Lords amendments to the current Bill and lay the Orders next Session; (iii) to disagree with the Lords amendments and adhere to their disagreement, laying a Bill to restrict the powers of the House of Lords thereafter; and (iv) to amend the Lords amendments. He himself preferred the last course, since it offered some prospect, not of meeting the main Conservative point that the Boundary Commission’s recommendations should be implemented during the lifetime of the present Parliament, but of going some way to meet an amendment moved by the Opposition in the House of Commons to require him to lay the Orders by a fixed date. He now proposed that the Bill should require the Home Secretary to reactivate the Boundary Commission not later than 31st March, 1972, and permit him to do so earlier if at any time he were satisfied that this would not be premature, having regard to the prospects of local government reorganisation. The Bill would also confer an option on the Secretary of State to implement, before 31st March, 1970, the recommendations of the Boundary Commission for Scotland or for Northern Ireland if it appeared reasonable to do so notwithstanding any proposals for local government reorganisation in those areas. This would enable the Secretary of State for Scotland to implement the Scottish Boundary Commission’s proposals if the report of the Royal Commission on Local Government in Scotland (the Wheatley Commission) did not propose any considerable changes in Scottish local government boundaries. Nothing in the proposed amendments would prejudice local government reorganisation in Wales which was expected to take place before that in England.

In discussion some anxiety was expressed lest the link established by the Bill between the reorganisation of local government and the date at which the Government had to choose between reactiving the Boundary Commission and laying Orders to implement the 1969 reports should prejudice the thorough consideration which ought to
be given to the recommendations of the Royal Commission on Local Government in England (the Redcliffe-Maud Commission) and the detailed work of preparing the legislation required to implement them. It would be unfortunate if, in order to obtain the tactical advantage of securing the agreement of the House of Lords to an amended Bill on the redistribution of seats, the long-term advantages of allowing sufficient time for the thorough preparation of the major reform of local government were lost. It was true that if the local government reorganisation were not sufficiently advanced to justify activating the Boundary Commission in March 1972 the Bill would provide for laying Orders at that point to implement the recommendations made by the Boundary Commission in 1969. But to implement the recommendations as late as 1972 would mean that the conjunction of the revision of constituency boundaries and of the revision of local authority boundaries would be even closer than it would be now. On the other hand, it was urged that there was good reason to expect that the local government reorganisation would proceed sufficiently rapidly to enable new constituency boundaries to be fixed before the next General Election but one. Where a Government had a substantial majority, it was likely to remain in office for at least 4½ years; and although the timetable might be somewhat tight, it would be possible within this period for the local government reorganisation to come into effect. Moreover, while it was necessary that the Boundary Commission should consult the reorganised local authorities before publishing their provisional report, the authorities were likely to be elected by the spring of 1973; and there was much preliminary work which the Commission could do, in the first place before the Order in Council reactivating them and secondly before their provisional report had to be published. The balance of advantage seemed therefore to lie with moving the amendments which the Home Secretary proposed. They would not wholly satisfy the Conservative Opposition, but they might well satisfy those cross-bench Peers who had voted with the Conservatives in the divisions at Committee stage; and they would assist the Government to correct the suggestions made by the Opposition that it was the Government’s intention to retain the existing constituency boundaries into the 1980s.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the balance of advantage lay in tabling the amendments proposed by the Home Secretary to the Lords amendments of the House of Commons (Redistribution of Seats) (No. 2) Bill. The necessary Motion should be tabled that evening and made available to Members and to the Press at once, and the Home Secretary should explain its effect to the Parliamentary Lobby. The Motion should not be debated until after the Recess, nor should any decision be taken about the introduction in the following Session.
of a Bill on the powers of the House of Lords, though preparatory work could continue.

The Cabinet—

(1) Agreed that the Home Secretary should put down a Motion to amend the House of Lords amendments to the House of Commons (Redistribution of Seats) (No. 2) Bill, with the effect which the Home Secretary had indicated, for discussion after the Parliamentary Recess.

(2) Agreed that consideration of the introduction of a Bill limiting the powers of the House of Lords should be deferred until the autumn.

4. The Cabinet considered a note by the Chancellor of the Exchequer (C (69) 80) covering an official review of the investment programmes of the nationalised industries from 1969–70 to 1973–74; and a memorandum by the Chancellor of the Exchequer (C (69) 96) about reductions in these programmes in 1970–71.

The Chancellor of the Exchequer said that at this stage he was asking for decisions only on the level of investment in 1970–71. The investment programmes of the nationalised industries were broadly settled in accordance with the criteria set out in the White Paper on the Nationalised Industries in 1967 (Cmnd. 3437), but a margin of choice nevertheless remained. As previously indicated, he considered that a reduction of £75 million should be found in 1970–71 as a contribution to the required reduction of public sector expenditure in that year. The review by officials had already identified inter-departmentally agreed savings of £52 million. He had considered bilaterally with the Ministers concerned how the further savings required could be made with the least harmful consequences. He would not propose any reduction in the electricity generation programmes for Great Britain. Although the forecast of further demand indicated that it might be feasible to postpone the start of one power station in 1970, such a postponement would lead to a serious underload of work for the plant manufacturers, followed by an equally serious overload later. He recognised that some smoothing out of orders was desirable in order to maintain the efficiency and the contribution to the trade balance of the electrical engineering industry. He would suggest a small reduction of £2 million in the Post Office investment programme (£472 million)
only if the full £75 million could not be found by his other proposals. But demand for telecommunication services was rising rapidly and it was therefore desirable that officials should examine, without commitment, the possibility of raising the existing financial objective for telecommunications. The results of this examination could be considered by Ministers in the context of next year's investment review. The future financial objectives for the electricity and gas supply industries must now be decided. He proposed that they should be fixed at 7 per cent, a level which would avoid the need for price increases during 1970.

For 1970-71 he proposed that the investment programme of the gas supply industry should be reduced by £12 million below the level recommended by the Ministry of Power in the official review attached to C (69) 80; that the programme of the British Railways Board should be similarly reduced by £5 million; and that a £7 million reduction should similarly be found from other transport programmes, including aviation.

The Cabinet then considered the recommendations in C (69) 96 relating to the individual investment programmes.

The Cabinet—

(1) Approved the investment programme of the National Coal Board for 1970-71 recommended in Appendix 2 to C (69) 80.

(2) Approved the investment programme of the British Transport Docks Board for 1970 recommended in Appendix 13 to C (69) 80.

(3) Approved the investment programme of the British Waterways Board for 1970 recommended in Appendix 14 to C (69) 80.

(4) Approved the investment programme of the Transport Holding Company for 1970 recommended in Appendix 15 to C (69) 80.

(5) Approved the investment programme of the National Freight Corporation for 1970 recommended in Appendix 16 to C (69) 80.

(6) Approved a limit of £105 million on total investment by the British Steel Corporation for 1969-70.

The Chancellor of the Exchequer said that agreement had been reached with the President of the Board of Trade that savings of between £2.55 million and £3.3 million would be found from the total investment programme of the Air Corporations and the British Airports Authority, though certain details still remained to be settled.
In discussion it was suggested that the reintroduction of an airport tax on passengers on international flights might enable substantial additional revenue to be raised without adverse effects, if the technical difficulties of collection could be overcome.

The Cabinet—

(7) Invited the President of the Board of Trade to agree with the Chief Secretary, Treasury, on the source of savings of between £2.55 million and £3.3 million (including savings on the deferment of the rail link to London (Heathrow) Airport) in the investment programmes for 1970–71 of the Air Corporations and the British Airports Authority.

(8) Subject to Conclusion (7) above, approved the investment programmes for 1970–71:

(i) of British Overseas Airways Corporation recommended in Appendix 8 to C (69) 80;

(ii) of British European Airways recommended in Appendix 9 to C (69) 80;

(iii) of the British Airports Authority recommended in Appendix 10 to C (69) 80.

(9) Invited the Chancellor of the Exchequer, in consultation with the President of the Board of Trade, to give further consideration to the reintroduction of an airport tax on passengers on international flights.

The Chancellor of the Exchequer said that he had proposed cuts of £5 million in the 1970–71 investment programme of the British Railways Board (BRB), but that the Minister of Transport had so far felt able to agree only to a cut of £3 million. He had also proposed savings of £2.5 million in the programme of the London Transport Board, including £2 million by the deferment of the new Fleet line of the London underground system; he understood the Minister of Transport would accept these cuts. He had also proposed a further cut of £0.8 million in the 1970 investment programme of the National Bus Company which had not so far been agreed; and a further saving of £0.5 million in the 1970 investment programme of the Scottish Transport Group.

In discussion it was argued that the transport services as a whole were being asked to carry an excessive share of the reductions in public sector expenditure. Moreover, the cuts now proposed would reduce facilities for public transport and would increase the pressure for a still larger road programme. In London, deferment of the Fleet line would make it more difficult to offer any public transport
alternatives to major road works such as the controversial proposals for the motorway box and Ringway 2. The investment programme of British Railways had already been cut by £10 million in the course of discussion between the Treasury and the Ministry of Transport. A further cut of £3 million, which the Minister of Transport was prepared to accept, would involve considerable risks; the replacement of some of the 400 unsafe bridges would have to be delayed, as would other replacements urgently needed for safety reasons. Derailments had increased substantially over the past three or four years as a result of outdated and outworn wagons and track. An additional £2 million cut would delay replacements and substantially increase the risks of rail accidents. The proposed cut in the programme of the National Bus Company would lead to delay in the change-over to one-man-operated buses and to the loss of the consequential operating savings, although considerable concessions had recently been given to the busmen in return for agreement to operate them. Moreover, under the 1968 Transport Act, the Government were offering 25 per cent grants to competing bus companies, to encourage them to renew their fleets.

The Cabinet—

(10) Agreed that a further cut of £3 million should be made in the British Railways Board's main investment programme for 1970 and approved a total of £77 million for that year subject to Conclusion (12) below.

(11) Agreed that construction of the Fleet line of the London Underground should be deferred for a year and, subject to this and to Conclusion (12) below, approved the investment programme of the London Transport Board for 1970 as shown in paragraph 10 (iv) of Appendix 12 to C (69) 80.

(12) Invited the Minister of Transport to agree with the Chief Secretary, Treasury, the source of a further saving of £0.5 million in 1970-71 from transport investment.

(13) Approved the investment programme of the National Bus Company for 1970 as recommended in Appendix 13 to C (69) 80.

(14) Approved the investment programme for the Scottish Transport Group for 1970, as shown in paragraph 14 of Appendix 18 to C (69) 80; and invited the Secretary of State for Scotland, in consultation with the Chancellor of the Exchequer, to consider how savings of 0.5 million should be found.

The Chancellor of the Exchequer said that he had reached agreement with the Minister of Power on a reduction of £12 million in the investment programmes of the gas industry. He also invited
the Cabinet to agree with a view to the early fixing of its financial objective at 7 per cent net per annum on average net capital employed for the period 1969–70 to 1973–74 inclusive.

*The Minister of Power* said that he had reluctantly agreed to the reduction proposed. A financial objective of 7 per cent would not involve consequential price increases before 1971, and he would make clear to the Chairman of the Gas Council that this was his considered view.

The Cabinet—

(15) Agreed that a reduction of £12 million should be made in the investment programme of the gas industry for 1970–71, and approved the programme recommended in paragraph 11 (ii) of Appendix 6 to C (69) 80.

(16) Invited the Minister of Power to open discussions with the gas industry, with a view to fixing a financial objective of 7 per cent net per annum on average net capital employed for the five years from 1st April, 1969.

*The Chancellor of the Exchequer* said that, for reasons which he had already explained, he was not proposing any reduction in the investment programmes for the electricity industry. He also invited the Cabinet to agree to the opening of discussions with the industry with a view to the early fixing of a financial objective for the electricity industry in England and Wales of 7 per cent net per annum on average net capital employed from 1969–70 to 1973–74, and financial objectives for Scottish electricity in the light of the decision on England and Wales.

*The Minister of Power* said that a 7 per cent objective should not lead to any consequential price increases before 1971, and he would make known to the Chairman of the Electricity Council that this was his considered view.

In discussion it was argued, on the one hand, that it would be wrong to agree without further consideration to a start being made in 1970 on a power station in England. It was not needed to meet the estimated demand, and the argument that the order should be placed then to smooth the flow of work to the plant manufacturers seemed inadequate justification, in view of the reductions being made in public expenditure on other services such as education and health. On the other hand, it was argued that if the station were not ordered, there would be a very real risk of undermining the stability and export potential of the heavy electrical industry, and that the plant manufacturers might reduce their capacity. This in turn might lead to serious shortages of equipment and an increase in imports.
and loss of exports in future years, when a number of power station
projects would have to be undertaken concurrently. In any event,
it should be possible to find reductions totalling £10 million in the
electricity programmes as a whole, particularly those of the Area
Boards, without deferring the start of new power stations.

The Cabinet—

(17) Invited the Minister of Power and the Secretary of State
for Scotland to consider, in consultation with the Chief
Secretary, Treasury, and the Minister of Technology,
whether savings of £10 million might be made in the
programmes of the electricity industry without deferring
the start of a power station in 1970.

(18) Subject to Conclusion (17), approved the electricity
(England and Wales) investment programme for 1970–71
as recommended in Appendix 3 to C (69) 80.

(19) Subject to Conclusion (17) above, approved the investment
programmes of the South of Scotland Electricity Board
and the North of Scotland Hydro-Electric Board for
1970–71, as recommended in Appendix 4 and Appendix 5
to C (69) 80.

(20) Invited the Minister of Power to open discussions with the
electricity industry in England and Wales with a view to
the early fixing of a financial objective of 7 per cent net per
annum on average net capital employed for the five years
from 1st April, 1969.

(21) Invited the Secretary of State for Scotland, in consultation
with the Chancellor of the Exchequer, to consider the
setting of financial objectives for Scottish electricity in
the light of the decision on England and Wales.

Post Office

The Chancellor of the Exchequer said that, in spite of the rapid
growth of investment in the Post Office, he had hoped to avoid
having to ask for reductions in this programme. Demand for
expansion of telecommunications facilities was high; investment here
was profitable; and it provided substantial employment in the
development areas. In view, however, of the Cabinet’s decisions not
to make all the savings he had proposed in investment by the
nationalised transport industries, he now felt he must ask for a
marginal reduction of £2 million here. At the same time he felt that
as demand for Post Office services was rising, officials should examine
the possibility of setting a higher financial objective (possibly 9½ per
cent) for telecommunications, implying some rise in telephone charges
in the longer term.

In discussion, there was general agreement that the financial
objective for telecommunications should be reviewed, possibly with
a view to fixing it even higher than 9½ per cent. It was, however, suggested that rather than cut investment, it would be preferable in the short term to increase the maximum connection charge for domestic telephones to £50. This might, however, raise difficulties of social policy which would have to be carefully considered.

The Cabinet—

(22) Invited the Chancellor of the Exchequer in consultation with the Postmaster-General and other Ministers concerned, to consider how £2 million might be provided by reductions in the investment programme of the Post Office or by increases in charges and to report the outcome to the Cabinet if necessary.

(23) Subject to Conclusion (22) above, approved the investment programme of the Post Office as recommended in paragraphs 9 (i), 14 and 18 of Appendix I to C (69) 80.

(24) Invited the Postmaster-General, in consultation with the Chancellor of the Exchequer, to arrange for officials to review the financial objective for telecommunications.

Cabinet Office, S.W. 1,
CABINET

CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister's Room, House of Commons, S.W.1, on Thursday, 24th July, 1969, at 5.30 p.m.

Present:

The Right Hon. HAROLD WILSON, M.P., Prime Minister

The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer

The Right Hon. RICHARD CROSSLAND, M.P., Secretary of State for Social Services

The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department (Item 2)

The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs

The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland

The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science

The Right Hon. RICHARD MARSH, M.P., Minister of Transport

The Right Hon. LORD SHACKLETON, Lord Privy Seal

The Right Hon. ROY MASON, M.P., Minister of Power

The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade

The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio

The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology

The Right Hon. CLIDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food

The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales

The Right Hon. JUDITH HART, M.P., Paymaster General

The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The following were also present:

The Right Hon. REGINALD PRENTICE, M.P., Minister of Overseas Development (Item 2)

The Right Hon. JOHN SILKIN, M.P., Minister of Public Building and Works (Item 2)

The Right Hon. JENNIE LEE, M.P., Minister of State, Department of Education and Science (Item 2)

The Right Hon. KENNETH ROBINSON, M.P., Minister for Planning and Land, Ministry of Housing and Local Government (Item 2)

The Right Hon. JOHN STONEHOUSE, M.P., Postmaster-General (Item 2)

The Right Hon. SIR ELWYN JONES, Q.C., M.P., Attorney-General (Item 1)
SECRET

Secretariat:
Sir BURKE TREND
Miss J. J. NUNN
Mr. P. E. THORNTON
Miss S. W. FOGARTY

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Racial Discrimination and Government Contracts

1. The Cabinet considered memoranda by the Chancellor of the Exchequer (C (69) 98) and the Attorney-General (C (69) 94) on Racial Discrimination and Government Contracts.

The Chancellor of the Exchequer said that the question which the Cabinet were asked to decide was whether all Government contracts should include a clause requiring the contractor not to discriminate unlawfully within the meaning of the Race Relations Act, and in addition to take all reasonable steps to ensure that there was no discrimination by his employees and sub-contractors. A decision in principle to include such a clause had been taken in 1967; but the Home Affairs Committee had decided recently, partly because of opposition from the Confederation of British Industry and the Trades Union Congress, that it would be better to abandon the idea of a clause and instead append to the contract documents a note to the effect that future contracts might be withheld from contractors found by the courts to be in breach of the Race Relations Act. Subsequently, however, a group of Ministers under his chairmanship, which included the Ministers with prime responsibility for race relations and the placing of contracts, had decided by a majority in favour of the insertion of a clause in the contract. The point at issue was essentially one of presentation. He entirely accepted that the clause would add little or nothing to the Government’s powers, and that even without it they were quite free to withhold future contracts from firms who discriminated. But it would have a powerful declaratory effect; and the Race Relations Board (RRB) attached great importance to its inclusion, which would in their view make a more vivid impact than a simple exhortation. The Board would feel let down if the Government, who were known to be considering the question, decided not to include the clause; and in his judgment this consideration carried more weight than the arguments in principle which had been brought forward against the clause.

He fully accepted that great care would be needed before sanctions were imposed; and it had been agreed that no action should be taken without reference to the Ministers concerned. But to restrict action, as the Attorney-General proposed, to cases where there had been a finding of discrimination by the courts would seriously restrict the usefulness of the arrangement. The RRB aimed wherever possible to achieve a settlement without reference to the courts, and they saw the clause as a means of bringing pressure to bear on recalcitrant firms.

The Attorney-General said that he had thought it right to ask, with the agreement of the Lord Chancellor, that the matter be brought before the Cabinet, in view of the conflict between the conclusions...
reached by the Home Affairs Committee and those reached by the subsequent meeting of Ministers. The proposed clause was in his view unnecessary; the Government required no authority to withhold contracts from any firm, and if a warning to contractors were required it would be better given in another form. As regards the suggestion that future contracts might be withheld from contractors in breach of the clause, it was undesirable in principle, when there were already sanctions provided by law, for the Executive to seek to impose a further penalty in the way suggested. If a sanction was to be imposed, however, it should be only in cases where a Court had already found the contractor guilty of discrimination; otherwise cases might arise where contracts were withheld from contractors who were subsequently cleared of discrimination. The right course to take in cases of alleged discrimination, assuming the proposed clause to be included in contracts, would be not to consider independent sanctions, but to refer the cases to the RRB, which could make its own investigations and take legal proceedings where appropriate. Neither the RRB nor the Report of the Institute of Race Relations on Colour and Citizenship had advocated independent sanctions.

In discussion there was support for both points of view, but a majority of those present favoured the inclusion of the proposed clause in Government contracts; it was pointed out that road contracts already carried a clause requiring conformity with any Act of Parliament. The suggestion that the clause might be included in contracts but no action taken to withhold contracts from offenders seemed an unsatisfactory compromise.

The Cabinet—

(1) Agreed that the proposed non-discrimination clause should be included in Government contracts, but that no action to withhold contracts should be taken without reference to the Minister concerned.

(2) Invited the Chancellor of the Exchequer to make arrangements accordingly.

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SECRET

2. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C (69) 97) summarising the results of the discussions so far on public expenditure for 1970–71 and the items requiring further discussion.

The Cabinet first considered issues arising on Part I of the summary attached to C (69) 97.

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* Previously recorded in a Confidential Annex.
The Chancellor of the Exchequer said that, following earlier discussions, he had now reached agreement with the Minister for Planning and Land on the treatment of the expected shortfall in housing expenditure. The level of expenditure on housing and related programmes would be one of the factors taken into account when the time came to decide how far funds should be committed for local authorities’ mortgages for house purchases in 1970–71.

The Secretary of State for Scotland said that there was an urgent need for new housing in Scotland; moreover, cuts in public housing had a proportionately greater impact on the total programme in Scotland than in England, and he would therefore be able to find only £6 million out of the £6·5 million savings for which he had been asked under this head.

The Prime Minister, summing up this part of the discussion, said that the Cabinet provisionally endorsed the proposed reduction of £55·7 million in expenditure under this head; some of the saving on the Scottish housing programme could be found from other Scottish programmes if necessary. In view of the importance of the housing programmes as a whole, however, the Housing Ministers should circulate to the Cabinet a paper setting out the prospects for housing in the light of the Cabinet’s provisional decisions. He would also be putting to them proposals about future housing policy for their consideration.

The Cabinet—

(1) Provisionally approved reduction of £55·7 million in expenditure on housing and local environmental services.

(2) Agreed that the Secretary of State for Scotland should have discretion, in consultation with the Chancellor of the Exchequer, to find from other Scottish programmes part of the £6·5 million of the total in (1) above attributable to Scotland.

(3) Invited the Minister of Housing and Local Government, in consultation with the Secretaries of State for Scotland and for Wales, to circulate to the Cabinet a paper on housing prospects in the light of the reductions in housing expenditure provisionally approved by the Cabinet.

The Secretary of State for Social Services said that he wished the Cabinet to know that the £9 million savings on hospital building in 1970–71 for which he had been asked could be found only by delaying all new starts for three months from October 1969. This in turn could only be done by issuing instructions to that effect to the Regional Hospital Boards, in whose control most of the programme lay. This would amount to a public announcement of a cut-back in the hospital building programme. Such a step was
acceptable only as part of a package of general economy measures announced together by the Government. He could, however, find £5 million by deferment in that part of the programme under his direct control. He was satisfied that it would be practicable to save £9 million, as proposed, by charges for hospital treatment in all car accident cases; the burden would fall chiefly on the insurance companies.

In discussion, it was suggested that it might be possible to find £4 million savings from current expenditure on health and welfare instead of hospital starts. This would involve cutting back the £17 million of expenditure on new or improved services which the Secretary of State for Social Services intended to finance in 1970–71 by offsetting savings of £17 million. It was suggested that the hospital charge for car accident cases was an inequitable levy on the insurance companies and thence on motorists as a whole. It would be preferable to raise the sum directly by increasing the excise licence on cars.

The Prime Minister, summing up this part of the discussion, said that the Cabinet would for the moment provisionally agree to a reduction of £5 million in the hospital building programme, which was possible without any public announcement. The additional £4 million and the corresponding expenditure in Wales and Scotland would be considered further, along with certain other sensitive items, at the end of the present discussions on public expenditure for 1970–71. The Cabinet also provisionally agreed the proposed charges for hospital treatment in car accident cases, but this could be considered further at their next discussion if Ministers so wished.

The Cabinet—


(5) Agreed to give further consideration to the possibility of saving an additional £4 million by deferring hospital building in England; and to corresponding additional savings in Wales and Scotland.

The Cabinet then considered Part II of the summary attached to C (69) 97.

Education

The Chancellor of the Exchequer said that, having considered further the points raised in earlier discussions, he was now prepared to agree that the proposed imposition of a charge for school transport should be dropped, provided all the other proposed savings under this head were made, including the increase to 2s. in the charge for school meals.
In discussion it was suggested that an increase in the school meals charge was a highly regressive tax and one whose incidence on wages at certain levels could have serious disincentive effects. It was doubtful whether a tapering scheme to mitigate the worst effects would be administratively practicable. On the other hand, it was argued that charges were the only alternative to cuts in expenditure; in this particular field, the poorest families were protected by a system of remissions.

In further discussion, it was suggested that the proposed savings on the school building minor works programme might slow down the provision of new classrooms as extensions to existing schools, as well as delaying the replacement and improvement of unsatisfactory accommodation.

The Prime Minister, summing up this part of the discussion, said that the proposed increase in the charge for school meals, the proposed school transport charge, and £1 million of the proposed savings on the minor works programme, should be considered with other sensitive items at the conclusion of the discussion. The other savings proposed, including at least £5 million on minor works, were endorsed.

The Cabinet—

(6) Provisionally agreed that the school building minor works programme for 1970–71 should be reduced by at least £5 million.

(7) Provisionally approved the proposed reductions of £0.5 million and £2 million in expenditure in 1970–71 on university equipment and recurrent grants to universities respectively.

(8) Provisionally approved reductions of £1 million and £0.6 million in miscellaneous expenditure on education in 1970–71 in England and Wales and in Scotland respectively.

(9) Agreed to give further consideration to the proposals to increase the charge for school meals, to impose charges for school transport, and to save a further £1 million on school building minor works.

The Lord Privy Seal said that he had reached agreement with the Chancellor of the Exchequer that expenditure on implementing the recommendations of the Fulton Report on the Civil Service should be reduced to £6.51 million in 1970–71.

The Cabinet—

The Cabinet—

(11) Provisionally approved a further saving of £0·1 million on expenditure in Scotland, and invited the Secretary of State for Scotland to consider with the Chancellor of the Exchequer how this saving might be obtained.

The Cabinet then considered Part III of the summary attached to C (69) 97.

The Minister of Agriculture said that he would now find it possible to make further savings of £0·6 million, giving a total reduction of £2 million in expenditure on agriculture, fisheries and forestry.

The Cabinet—

(12) Provisionally approved a further reduction of £0·6 million (making a total reduction of £2 million) in public expenditure on agriculture, fisheries and forestry in 1970–71.

The Chancellor of the Exchequer said that he would aim to save £0·5 million on administrative costs.

The Cabinet—

(13) Provisionally approved a reduction of £0·5 million in expenditure on financial administration in 1970–71.

The Chancellor of the Exchequer proposed total savings of £1 million in expenditure by the Central Office of Information (COI) and Her Majesty’s Stationery Office in 1970–71.

In discussion, some concern was expressed lest the cut in expenditure by the COI should fall unduly heavily on advertising other than that for Service recruitment.

The Cabinet—

(14) Provisionally approved a reduction of £1 million in total in 1970–71 on expenditure by the Central Office of Information and Her Majesty’s Stationery Office.

The Chancellor of the Exchequer reported that agreement had now been reached with the Government of Northern Ireland on total savings of £6·2 million on expenditure in Northern Ireland. This figure would be increased by £0·5 million if the charge for school meals were raised to 2s., and by a further £0·3 million if charges were imposed for hospital treatment in car accident cases.

The Cabinet—

(15) Provisionally approved reductions of at least £6·2 million in expenditure in Northern Ireland in 1970–71.

Cabinet Office, S.W.1.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 29th July, 1969 at 10 a.m. and resumed at 3.30 p.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister

The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs

The Right Hon. LORD GARDINER, Lord Chancellor

The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity

The Right Hon. FRED PEART, M P, Lord President of the Council

The Right Hon. ANTHONY CROSLAND, M P, President of the Board of Trade

The Right Hon. GEORGE THOMSON, M P, Minister without Portfolio

The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology

The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food

The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales

The Right Hon. JUDITH HART, M P, Paymaster General

The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer

The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services

The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department

The Right Hon. PETER SHORE, M P, Secretary of State for Economic Affairs

The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland

The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science (for the morning only)

The Right Hon. RICHARD MARSH, M P, Minister of Transport

The Right Hon. LORD SHACKLETON, Lord Privy Seal

The Right Hon. ROY MASON, M P, Minister of Power

The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury
The following were also present:
The Right Hon. KENNETH ROBINSON, M.P., Minister for Planning and Land, Ministry of Housing and Local Government
The Right Hon. JOHN SILKIN, M.P., Minister of Public Building and Ministry of Housing and Local Works
The Right Hon. JOHN STONEHOUSE, M.P., Postmaster-General (for the afternoon only)
Mr. JOHN MORRIS, M.P., Minister of Defence for Equipment (for the morning only)
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury (for part of the morning)
The Right Hon. ALICE BACON, M.P., Minister of State, Department of Education and Science (for the afternoon only)
The Right Hon. JENNIE LEE, M.P., Minister of State, Department of Education and Science

Secretariat:
SIR BURKE TREND
MISS J. J. NUNN
MR. R. R. D. McINTOSH
MR. P. E. THORNTON
MISS S. W. FOGARTY

Subject
PUBLIC EXPENDITURE 1970-71
The Cabinet considered a memorandum by the Chancellor of the Exchequer on the general situation (C (69) 104); and memoranda on specific issues relating to public expenditure in 1970–71 by the Lord President, the Secretary of State for Economic Affairs, the Lord Chancellor, the Chief Secretary, Treasury, the President of the Board of Trade and the Minister for Planning and Land (C (69) 89, 91, 76, 90, 95, 105 and 106).

The Chancellor of the Exchequer said that, on the basis of decisions which had been provisionally taken, reductions in public sector expenditure amounting to £303.4 million could be secured in 1970–71. These reductions included £5 million on expenditure by the local authorities on roads which, as had previously been explained, could not be guaranteed, and so the provisional reduction amounted to £298.4 million. Although he must warn his colleagues that a reduction of less than £400 million in public sector expenditure would involve substantial risks, in the light of the views expressed in bilateral and collective discussions he would now settle for a minimum saving of £300 million. Such a reduction would leave the Exchequer £60 million short of the reduction required to allow a "neutral" budget in 1970. But because of the erosion of the real value of income tax allowances by inflation, a so-called "neutral" budget would bring within the scope of income tax a large number of persons at present excluded. It would cost £40 million in the next budget to prevent this extension and a further £90 million to restore the erosion of income tax allowances for existing taxpayers. Thus a "neutral" budget would, in effect, raise taxation by £130 million. He had also to take into account the probability that the forthcoming Reddaway report on the Selective Employment Tax would recommend concessions which might cost as much as £50 million. Overall, therefore, if public sector expenditure could be reduced by £300 million, he might still be faced with the need to increase taxation by as much as £280 million next year. Apart from the political consequences of such a step, it would be difficult in practice to devise means of raising further substantial sums in taxation after the very large increases of recent years.

Leaving aside the possibility of an additional saving of £10 million from the electricity investment programme (without deferment of a power station), which at this stage appeared most unpromising, they had reserved for further consideration a number of sensitive reductions totalling £20.8 million. Of these, he accepted that the proposal to impose charges for school transport should be dropped, as well as that for increasing the charge of school meals in April, 1970, beyond 1s. 9d. This would limit the possible further reductions to

* Previously recorded in a Confidential Annex
£5-6 million. If in due course it proved possible to find some savings from the electricity investment programme or to introduce an airport passenger tax, these would provide a small but welcome relief to the taxation problem in the next budget. Against the possibility of further reductions of £5-6 million—of which £4-6 million would come from deferring hospital starts in Great Britain—they were faced with requests for increases which totalled £17-8 million. These calculations included, of course, the original provision of £150 million for unforeseen contingencies in 1970-71; and all experience had demonstrated the necessity of preserving such a contingency allowance for use during 1970-71. While it was tempting to think that their problems might be solved by a little more flexibility in the size of the reduction required in 1970-71, his colleagues well knew that flexibility here was a euphemism for accepting a higher level of public expenditure.

In discussion, it was pointed out that the £4-6 million which the Chancellor had proposed should be saved by additional deferments of hospital starts in Great Britain would cause the difficulties of a public announcement which had previously been explained. The alternative suggestion that £4-6 million might be saved by deferring the start of some other new health and welfare expenditure (for which offsetting savings from the health programme had already been found) was unreasonable. On the other hand it was argued that, if the Social Services Secretary was prepared only to save £5 million instead of £9 million by deferring hospital starts, it was not unreasonable to ask him to find the balance by reducing expenditure on certain new health programmes in 1970-71 while making in full the “offsetting savings” which he had identified. Unless an additional £4 million or £5 million could be saved on the health programme, there would be no scope for providing for any of the increases in public expenditure which they would be later considering.

In further discussion, it was suggested that the defence budget should be examined in detail by the Cabinet, as had the programmes of most other Departments. Additional savings might well be found from defence, as well as from raising the financial objective for Post Office telecommunications and by deferring or cancelling the Concorde project. On the other hand, it was pointed out that agreement on the reductions in the defence budget had only been reached after exhaustive bilateral discussions. The Defence Secretary had originally offered a reduction of £50 million, but this would have been offset as to £25 million by the cost of increasing the pay of the Armed Forces next year. In the event, the Defence Secretary had increased his original offer of £50 million to £75 million, and had agreed in addition to absorb the whole of the cost of the pay increases. No more could be obtained from the defence budget,
which was already contracting, without major changes in defence policy. The majority of Departmental spending programmes had been settled bilaterally in the same way as the defence budget, and it was only where there had been disagreement that part of some Departmental programmes had been subjected to scrutiny by the Cabinet. Officials had already been requested to examine the possibility of an increase in the financial objective for Post Office telecommunications, and the Government would be considering the future of Concorde at the end of the year. They could not, however, count at this stage on savings from either of these sources: if they produced savings, they would help to close the remaining taxation gap.

The Prime Minister, summing up this part of the discussion, said that a decision on the proposed additional savings of £1 million for school building and £4·6 million for hospital building should be deferred until they had considered the position as a whole, including the bids for increases and the possible other sources of savings such as the airport tax. It was the general view that it would be desirable to examine the defence budget and savings in 1970–71 in more detail in September. He would consider, in consultation with the Chancellor of the Exchequer and the Defence Secretary, how this might best be arranged. If further defence savings could be found, they would fall within the scope of the general decision which the Cabinet had previously taken, that if the economy and the level of public expenditure developed more satisfactorily than was at present expected they would be presented with a choice between a lower level of taxation in the next budget or increasing public expenditure.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of this part of their discussion.

The Cabinet then considered a number of specific issues in relation to public expenditure in 1970–71.

The Cabinet considered a memorandum by the Chief Secretary, Treasury (C (69) 90) about expenditure by the Land Commission on land acquisition.

The Chief Secretary, Treasury, said that the expenditure of the Land Commission on land acquisition depended on the policies and priorities it adopted and on its priority in relation to other expenditure programmes. If all the policies and expenditure proposed by the Minister for Planning and Land were agreed, total expenditure in 1970–71 would reach £27·7 million, £10·1 million above the Public Expenditure Survey Committee (PESC) ceiling of
£17·6 million. If purchases were restricted to land for early development in the areas where there was pressure on land for housing, it would be possible to save some £2 million below the present PESC figure. He saw no need at this time for the purchase of land for early development outside the pressure areas, nor for the acquisition of "white land" for longer-term holding.

The Minister for Planning and Land said that the £17·6 million ceiling had been fixed on unrealistic assumptions before the Land Commission started work. Acquisition had built up more slowly than expected, with the result that by 1970–71 offsetting sales would be lower than had been expected. No allowance had been made for price increases since 1967. To restrict acquisition to land in pressure areas only would involve closing down the Land Commission's operations and offices over much of the country, including Wales. It would also involve breaking off negotiations already entered into. A viable programme was not possible at the level proposed by the Chief Secretary. He was, however, prepared to agree that the purchase of "white land" should be deferred for the present and that the land acquisition programme for 1970–71 should be limited to £20 million, i.e., £2·4 million above the present PESC figure.

In discussion it was argued that it was important for the Land Commission to maintain a viable programme of land acquisition in the next few years. Cutting out purchases of "white land" and reducing those in the non-pressure areas would reduce the acreage bought more than proportionately to the savings because of high prices in the pressure areas. Moreover, there would be very great difficulties in breaking off negotiations where the process of acquisition was already in train. On the other hand, even a reduced programme of land purchases outside the pressure areas would need to be considered carefully in relation to other priorities.

The Cabinet—

(2) Agreed that expenditure by the Land Commission in 1970–71 should be increased from £17·6 million to £20 million.

The Cabinet considered a memorandum by the Secretary of State for Economic Affairs on the National Film Finance Corporation (NFFC) (C (69) 91).

The President of the Board of Trade said that the Corporation, which was established in 1949 to remedy a serious shortage of finance for film production, had done a valuable job. Excluding the loss of £2 million on the loan to British Lion, the Corporation's losses had been £3 million spread over 20 years. The Corporation could provide invaluable expertise in mobilising resources for film production if American finance were withdrawn; and it was the general view in the film industry, which made a substantial
contribution to employment, national prestige and the balance of payments, that it should continue in being. The Industrial Reorganisation Corporation considered that if the NFFC pursued a more active and commercial policy it might, with strengthened management, break even over the years. He proposed that it should be continued until 1980 and refinanced by the injection of a further £5 million, on the strict understanding that this was not a grant but a loan which would have to be repaid. £1 million of this would be required for 1970–71, but the expenditure of part of that sum could if necessary be brought forward to 1969–70.

In discussion it was argued that although the Corporation had done useful work in the past the situation had changed and there was now a strong case on merit for terminating its existence. If United States finance were withdrawn from the industry it would be because there was no longer a market for its products in the United States and in these circumstances the NFFC could not hope to save the industry. As against this it was argued that the NFFC should be able to make a profit in the future and that its operations, particularly in relation to low-budget productions, could do much to encourage creative talent and increase the prestige of London as a cultural centre.

The Cabinet—

(3) Agreed that additional finance of £5 million should be made available to the National Film Finance Corporation, which should be continued until 1980 by extension of the expiring legislation.

(4) Agreed that £1 million of this additional finance should be made available to the Corporation for expenditure in 1970–71, subject to consultation between the Chancellor of the Exchequer and the President of the Board of Trade about bringing forward part into 1969–70.

The Cabinet considered a memorandum by the President of the Board of Trade about a national consultancy grants scheme (C (69) 95).

The President of the Board of Trade said that following the first National Productivity Conference there had been considerable support for the idea of providing more expert advice to small businesses. He had introduced a pilot scheme of grants to small businesses for consultancy projects in Bristol and Glasgow. These had been successful and proved that there was a substantial demand for such services. Officials had now agreed that a national scheme was desirable, but had not been able to agree on its priority in relation to other forms of assistance. Small firms were important to the
economy, but in general the calibre of management was low and difficult to improve. Whatever the outcome of current studies on the reorganisation of business advisory services as a whole, and these would not be submitted to Ministers for some time, the national consultancy grants scheme could be fitted in. There was space for the necessary Bill in the legislative programme for 1969–70. Drafting authority was now needed, together with approval of the expenditure of £2 million in 1970–71.

In discussion it was argued, on the one hand, that consultancy grants could make a substantial contribution to the improvement of productivity. Moreover, following the success of the pilot schemes, there was increasing pressure for a national scheme. On the other hand, it was suggested that it would be wrong to commit funds now to a scheme costing between £10 million and £15 million over five years. It had not been considered by Ministers in detail, nor in relation to the other advisory services and to assistance to industry in general.

The Prime Minister, summing up the discussion on this point, said that before decisions were taken on the proposed national scheme it should be considered by the Ministerial Committee on Industrial Policy in the context of the business advisory services as a whole. It might well be appropriate to produce a White Paper on the subject in 1970, and perhaps to introduce a Bill; a Bill should not, however, be introduced early in the 1969–70 Session. The President of the Board of Trade might, however, maintain the momentum by extending pilot schemes to certain new areas; he should consider with the Chief Secretary, Treasury, what funds would be needed for this purpose and whether they could be found.

The Cabinet—

(5) Decided that a national consultancy grants scheme should not at present be authorised, and that the related Productivity Consultants Bill should not be introduced early in the 1969–70 Session.

(6) Invited the President of the Board of Trade, in consultation with the Chief Secretary, Treasury, to consider an extension of the pilot consultancy grants scheme to other areas.

(7) Invited the Secretary of State for Economic Affairs to arrange for the Ministerial Committee on Industrial Policy to consider as soon as possible the Government’s business advisory services as a whole.

The Cabinet considered a memorandum by the Lord Chancellor on public expenditure on law and order (C (69) 76).

The Lord Chancellor said that because he had no Vote of his own and many of the services for which he was responsible were
largely financed by fees charged to the users, he was unable to adjust his expenditure so as to save on one service the additional sums required by another. Consequently legal aid in civil cases, which was properly regarded as a social service, had not been adjusted, as had other social services, to compensate for the fall in the value of money; and he was unable to find the modest sums required to extend legal aid to proceedings before tribunals or to reorganise the civil and criminal courts. He hoped that he would at least be permitted to adjust the level of entitlement to legal aid, which had not been altered since 1960.

The Prime Minister, summing up a brief discussion on this point, said that the Lord Chancellor had established a case for consideration where his services had failed to keep pace with the decline in the value of money. The possibility of adjusting the level of entitlement to legal aid, and of making improvements in the provision of legal aid, should be examined by the appropriate Ministerial Committee. In the meantime, the Lord Chancellor was not being asked to make any contribution to the savings required in 1970–71.

The Cabinet—

(8) Invited the Lord Chancellor, with other Ministers most concerned, to examine the possibility of improving arrangements for the provision of legal aid.

The Home Secretary said that he was being asked for a saving of £300,000, which he could achieve by postponing the introduction of a new computer required for the use of the police. The computer was also required however for the Minister of Transport's new vehicle licensing scheme and unless this requirement also could be postponed he would be compelled to find the necessary saving from the money allocated to improvements to older prisons.

The Cabinet—

(9) Invited the Chancellor of the Exchequer to discuss with the Home Secretary and the Minister of Transport the possibility of finding the necessary saving by postponing the introduction of the police computer.

The Cabinet considered a memorandum by the Lord President of the Council on resources for transfer to new civil research and development, to which was attached a note by the Chief Scientific Adviser to the Government on national priorities in science and technology (C (69) 89).

The Lord President said that at their meeting on 12th May the Ministerial Steering Committee on Economic Policy accepted savings on research and development (R and D) in defence, aerospace and
civil nuclear technology; and at the same time asked for a statement of priorities in relation to proposed new civil R and D projects to which some of the savings might be transferred. After consultation with the Central Advisory Council for Science and Technology and with Departments, the Chief Scientific Adviser to the Government had drawn up a list of priorities in which the proposed civil R and D projects were divided into three categories. Although he considered that there was a strong case for supporting most of the proposed projects, in the circumstances of the present review of public expenditure he was prepared to recommend only those of the very highest priority. These were listed in Table A of the Chief Scientific Adviser’s note and the finance required for them in 1970–71 was £2.55 million.

In discussion it was argued that a higher proportion of the savings resulting from cuts in defence R and D should be devoted to new civil R and D projects for which there was an urgent need. Moreover, expenditure on defence R and D was still too high and further efforts should be made to reduce it.

The Prime Minister, summing up the discussion, said that the priority to be given to expenditure on marine bore-holes by the Institute of Geological Sciences should be reconsidered in the light of the Government’s recent decisions on the issue of licenses for the exploration of the continental shelf. Subject to this, the Cabinet approved the recommendations in the Lord President’s memorandum.

The Cabinet—

(10) Invited the Lord President of the Council, in consultation with the Secretary of State for Economic Affairs, the Minister of Power and the Chief Scientific Adviser to the Government, to reconsider the priority to be given to expenditure on marine bore-holes on the lines indicated in the Prime Minister’s summing up.

(11) Subject to (10) above, approved the proposals in C(69)89 for additional expenditure of £2.55 million in 1970–71 on civil research and development.

The President of the Board of Trade said that he had assumed that there was no intention of introducing legislation to levy a tax on all passengers leaving United Kingdom airports on international services. The simplest and cheapest way to introduce a charge on passenger services would be to require the British Airports Authority (BAA) to increase its landing charges for international services so as to produce whatever additional revenue was required. Another
method would be for the BAA to devise a scheme for making a
direct charge on passengers travelling on international services. Both
methods would be strongly criticised by the international airlines and
would give rise to serious administrative problems. He was very
doubtful whether it would be practicable to levy a charge by either
method, but he was quite content that the problem should be
examined further.

The Prime Minister, summing up a brief discussion, said that the
Cabinet agreed that the problem should be further studied, with a
view to imposing a passenger service charge (as distinct from a tax)
at United Kingdom airports as soon as possible if a satisfactory
scheme could be devised. Revenue which would accrue from such a
scheme could not however be taken into account in the present public
expenditure exercise. If, as a result of further examination, charges
were introduced, the additional revenue would provide some welcome
flexibility at the time of the next Budget.

The Cabinet—
(12) Took note, with approval, of the Prime Minister's summing
up of their discussion.
(13) Invited the Chief Secretary, Treasury, in consultation with
the President of the Board of Trade, to arrange for the
possibility of introducing passenger service charges at
United Kingdom airports to be further examined on the
lines indicated in the Prime Minister's summing up.

The Cabinet considered a memorandum by the Minister for
Planning and Land on housing prospects (C (69) 106).

The Minister for Planning and Land said that, on the basis of
figures available at the end of June, housing starts and completions
in 1970 were forecast to be 405,000 and 380,000 respectively. The
figure for starts included an estimate of 210,000 for the public sector
but information now becoming available suggested that this figure
might be too high. In these circumstances it was important that
everything possible should be done to stimulate building in the private
sector and he hoped that the Chancellor of the Exchequer would be
able to agree to the industry's recent request that they should be given
priority for bank advances.

In discussion it was pointed out that it would not be practicable
to give the building industry higher priority than, for example, export
industries. Moreover, banks were already authorised to give priority
to bridging loans for house purchase. The crucial point was to
maintain the sums available for mortgages. As a result of higher
interest rates the building societies were now attracting substantial
funds, and the restoration of the cut in funds for local authority mortgages in 1969–70 would ease the position further.

In further discussion it was pointed out that there was nothing which the Government could now do to affect completions in 1970, which might well fall significantly below the forecast figure of 380,000. In public discussion of the housing problem more emphasis should be put on the action taken by the Government to assist the modernisation of old houses.

The Cabinet—

(14) Took note of C (69) 106 and invited the Minister for Planning and Land to be guided by the points made in discussion.

The Chancellor of the Exchequer said that at their meeting on 24th July (CC (69) 36th Conclusions, Minute 4) it had been agreed that officials should examine the possibility of raising the financial objective for telecommunications to 9½ per cent or even higher. This examination would take time and it would be quite wrong to think that it would provide certain and substantial savings which could justifiably be taken into account in the present public expenditure exercise. Raising the objective was not expected to lead to a significant cut in investment; and it would ease the budgetary problem only if it were accompanied by higher telephone charges and rentals. In the light of undertakings given after a previous investigation by the National Board for Prices and Incomes (NBPI), it would not be easy to increase these charges, which in any case could not be worked out in detail until the new Post Office Corporation came into existence in October.

The Postmaster General said that demand was rising rapidly in the field of telecommunications and he was accordingly in favour of increasing the financial objective, but this would not lead to short-term savings. The new Corporation would have to be consulted, and it might well be necessary to refer proposals for increased charges to the NBPI. It should be possible to implement a decision to raise the financial objective on 1st October, 1970; and if the new figure were 9½ per cent, savings amounting to £12.5 million could be achieved in 1970–71. This would however involve raising rental as well as installation charges and the political and social implications would need to be carefully considered before decisions were taken.

The Cabinet—

(15) Took note of the statements by the Chancellor of the Exchequer and the Postmaster General.

The Cabinet then reviewed public expenditure in 1970–71 as a whole.

In discussion it was argued that, although the outcome appeared now to produce a net saving of rather less than £300 million, the
shortfall was no more than £7 million or £8 million at most. It would be folly to attempt to find this small extra saving from the highly sensitive items listed for further consideration in C (69) 104. Such a course would have damaging consequences out of all proportion to the effect on the overall public expenditure position. Since devaluation, by a series of substantial reductions in public expenditure, the Government had already seriously departed from their declared policies of increasing public expenditure to improve social services and the quality of life. It was impossible to estimate the course of the economy with sufficient precision to calculate that a saving of £300 million on a total expenditure of about £17,000 million in 1970–71 would just suffice, but that a saving of £292 million would not. The Secretary of State for Education and Science should not be asked to make the further saving of £1 million on school building shown in C (69) 104, nor authorised to spend an additional £\frac{1}{2} million on special schools. Otherwise, the reductions provisionally decided should stand as shown in C (69) 104.

On the other hand, it was argued that a reduction of £300 million instead of £400 million would present the Government with serious budgetary problems. Some of the increases in expenditure to which they had just agreed were unjustified in the circumstances. The level of taxation was already the cause of serious complaint by those earning average industrial wages, and an increase in taxation in 1970–71 would be far more damaging than some further, relatively small, reduction in public expenditure, which had expanded very rapidly in the early years of the present Administration and was only now levelling off.

The Chancellor of the Exchequer said that over the past five years there had been a substantial increase in the allocation of resources to the public sector in accordance with the Government’s declared policies. There was no question now of reducing total public expenditure or of reversing those policies. He had had to increase the level of taxation very substantially since devaluation. It had proved very difficult to find additional sources of revenue in the last budget. Even a reduction of £400 million (which had been based —with a small safety margin—on the more favourable case in the medium-term forecast) would not enable him to make good the erosion of the present income tax allowances next year. The savings so far provisionally agreed were inevitably the sum of a large number of small savings, since the aim had been to avoid major policy decisions and announcements. If they had proceeded throughout on the basis now advanced, that difficult small savings made more trouble than they were worth, there would have been no savings at all. If the Cabinet now decided that an overall saving of £292 million was all that could be achieved, he must emphasise that a saving on
this scale would not provide the basis for a "neutral" budget in 1970. On the contrary, there would be a real risk that further public expenditure cuts might prove to be inevitable at the turn of the year. In these circumstances, he must ask that if further savings for 1970–71 could somehow be found over the next few months—for example, by raising the financial objective for telecommunications, imposing an airport service charge—these should be added to the savings already secured in order to reduce the risks; and should not be dissipated on additional expenditure.

The Prime Minister, summing up their discussion, said that it was the general view that all the reductions in expenditure in 1970–71 which had been provisionally agreed and which were listed in C (69) 104 should now be formally approved. The Secretary of State for Education and Science should not be asked to save the further £1 million on school buildings shown in C (69) 104 as reserved for further consideration. But any additional expenditure on special schools, as proposed by the Secretary of State for Education and Science must be fully offset by reduction in expenditure on other school building. If any of the reductions or increases in expenditure which had now been agreed called for announcements, these should be cleared with himself, the Chancellor of the Exchequer, the Lord President and the Paymaster General. In the light of reductions and increases agreed for 1970–71, officials should now proceed with work on public expenditure in 1971–72, with a view to decisions on terms taken in September.

The Cabinet—

(16) Took note with approval of the Prime Minister’s summing up of their discussion.

(17) Confirmed the reductions in public expenditure in 1970–71 which were listed in C (69) 104 as provisionally decided.

(18) Agreed that any further savings for 1970–71 arising from the further consideration of specific issues discussed should be used to reduce total public expenditure in that year.

(19) Invited the Ministers concerned to clear with the Prime Minister, the Chancellor of the Exchequer, the Lord President and the Paymaster General any announcements relating to public expenditure in 1970–71.

(20) Invited the Chancellor of the Exchequer to arrange for work on public expenditure in 1971–72 to be carried forward on the lines indicated by the Prime Minister.

Cabinet Office, S.W.1.
30th July, 1969.
SECRET

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Printed for the Cabinet. April 1970

CC (69)
39th Conclusions

Copy No. 31

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Wednesday, 30th July, 1969, at 10.30 a.m.

Present:

The Right Hon. HAROLD WILSON, M.P, Prime Minister

The Right Hon. MICHAEL STEWART, M.P, Secretary of State for Foreign and Commonwealth Affairs

The Right Hon. LORD GARDINER, Lord Chancellor

The Right Hon. BARBARA CASTLE, M.P, First Secretary of State and Secretary of State for Employment and Productivity

The Right Hon. FRED PEART, M.P, Lord President of the Council

The Right Hon. ANTHONY CROSLAND, M.P, President of the Board of Trade

The Right Hon. GEORGE THOMSON, M.P, Minister without Portfolio

The Right Hon. ANTHONY WEDGWOOD BENN, M.P, Minister of Technology

The Right Hon. CLEDWYN HUGHES, M.P, Minister of Agriculture, Fisheries and Food

The Right Hon. GEORGE THOMAS, M.P, Secretary of State for Wales

The Right Hon. JUDITH HART, M.P, Paymaster General

The Right Hon. ROY JENKINS, M.P, Chancellor of the Exchequer

The Right Hon. RICHARD CROSSMAN, M.P, Secretary of State for Social Services

The Right Hon. JAMES CALLAGHAN, M.P, Secretary of State for the Home Department

The Right Hon. PETER SHORE, M.P, Secretary of State for Economic Affairs

The Right Hon. WILLIAM ROSS, M.P, Secretary of State for Scotland

The Right Hon. EDWARD SHORT, M.P, Secretary of State for Education and Science

The Right Hon. RICHARD MARSH, M.P, Minister of Transport

The Right Hon. LORd SHACKLETON, Lord Privy Seal

The Right Hon. ROY MASON, M.P, Minister of Power

The Right Hon. JOHN DIAMOND, M.P, Chief Secretary, Treasury
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The following were also present:

The Right Hon. John Stonehouse, M.P., Postmaster-General (Items 3 and 4)
Mr. John Morris, M.P., Minister of Defence for Equipment (Item 4)
Mr. Roy Hattersley, M.P., Minister of Defence for Administration (Item 5)

The Right Hon. Sir Elwyn Jones, Q.C., M.P., Attorney-General (Item 4)

Secretariat:
Sir Burke Trend
Miss J. J. Nunn
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. G. F. Kear
Mr. G. P. Pratt

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1. The Cabinet were informed that it was proposed that the 1969–70 Session of Parliament should be opened on 28th October. The remainder of the present Session’s business might well occupy the House of Commons for the two previous weeks.

In discussion attention was drawn to the possibility that Government time might have to be found to deal with the House of Lords amendments to the Divorce Bill.

The Home Secretary recalled that the Cabinet had invited the Secretary of State for Scotland and himself on 22nd May to move during the remainder of the Session the resolutions required under the Murder (Abolition of Death Penalty) Act 1965 to continue permanently the abolition of capital punishment. The precise timing of this would require further consideration in September.

The Lord Privy Seal drew attention to the importance of introducing Bills suitable for introduction in the House of Lords during the early part of the Session so as to avoid the congestion of business in the House of Lords during the summer.

2. The Foreign and Commonwealth Secretary said that, before leaving Anguilla on his resignation, HM Commissioner, Mr. Cumber, had submitted a report on the situation. This was being studied in the Foreign and Commonwealth Office and Ministry of Defence, who were also considering the possibility of withdrawing without replacement the paratroops at present stationed in the island, if the situation permitted. Consideration would also be given, in consultation with the Home Secretary, to reducing the Metropolitan Police contingent or withdrawing it altogether. As it would be difficult to bring the matter to the Defence and Oversea Policy Committee or the Cabinet during the Recess, he suggested that any decisions which might be necessary during the Recess should be taken
by the Prime Minister, himself, the Home Secretary and the Defence Secretary.

The Cabinet—

(1) Took note of the statement by the Foreign and Commonwealth Secretary.

(2) Agreed that any questions which might arise during the Recess in regard to force levels in Anguilla, or the Metropolitan Police contingent there, should be taken on the basis proposed by the Foreign and Commonwealth Secretary.

The Foreign and Commonwealth Secretary said that at the meeting of the Foreign Ministers of the six countries of the European Economic Community (EEC) held at Brussels on 22nd July, the French Foreign Minister, M. Maurice Schumann, had proposed that a summit meeting of the Six should be held to discuss the enlargement of the Community. The other five countries had not objected to this proposal, but had pointed out that the enlargement of the Community and its development should be considered together. At the meeting, the Commission of the European Communities had been instructed to bring up to date their 1967 “opinion” regarding the admission of the United Kingdom to the EEC. On the whole the meeting had gone well and the Netherlands Foreign Minister, Mr. Luns, had expressed himself as well pleased with its results.

The Cabinet—

(3) Took note of the statement by the Foreign and Commonwealth Secretary.

(4) Agreed to discuss the problem of Britain’s entry into the EEC further after the Recess.

The Foreign and Commonwealth Secretary said that the International Committee of the Red Cross (ICRC) had reached agreement with the Nigerian Federal Military Government (FMG) on a relief flight of three or four aircraft direct from Cotonou to the airstrip at Uli in the territory held by the secessionists. The ICRC were now seeking the approval of the secessionist leader, Colonel Ojukwu, and it was difficult to see how Colonel Ojukwu could object. So far as regular daylight relief flights were concerned, the ICRC had enlisted the support of the Vatican and the Roman Catholic relief organisation “Caritas” in bringing pressure to bear on Colonel Ojukwu to authorise these; but the prospects of securing his consent were not good. There had been some night relief flights, but these had not followed the routes agreed by the FMG, and had taken place against the latter’s wishes. The FMG had agreed in principle to discuss the opening-up of a supply route by ship via the
Cross River with secessionist representatives at a private meeting in Geneva; and we had had some part in promoting this. Meanwhile, two river craft were in Lagos harbour loaded and ready to sail with protein and medical supplies for a month. The Head of the FMG, General Gowon, would not be attending the meeting to be held shortly in Kampala by President Obote of Uganda; but he was sending two Federal Commissioners, one of whom would be Chief Enahoro. The meeting would also be attended by the Administrator of the Eastern Region. This would be a useful propaganda point, as the Administrator was an Ibo.

The Foreign and Commonwealth Secretary drew attention to the attack by secessionist forces on the Shell-British Petroleum flow station at Kokori and the continued activities of Count von Rosen, the Swedish soldier of fortune who was conducting air attacks on targets in Federal territory with light aircraft flown by mercenary pilots and armed in France. The Ministries of Defence and Power, together with the Foreign and Commonwealth Office, were consulting with Shell regarding the defence of the latter’s installations against air attack. The Swedish Government had banned the export of aircraft to Count von Rosen and to the insurgents, but he had been able to obtain aircraft and armaments in France. The Swedish Government had also attempted to curb Count von Rosen’s activities, but had been unable to find any legal basis for doing so.

The Prime Minister, summing up a brief discussion, emphasised the importance of Nigerian oil to our balance of payments. It was likely that Shell (though not necessarily the FMG itself) would approach the Government for advice and assistance on the defence of their installations in Nigeria; and the Foreign and Commonwealth Secretary and Defence Secretary, in consultation with the Minister of Power, should discuss with Shell arrangements for air defence with minimum involvement on the part of Her Majesty’s Government. Any action which might prove necessary would be taken, with his approval, by the Ministers concerned. Public presentation was important, and we should avoid giving the opponents of our Nigerian policy any pretext for drawing unfavourable comparisons between our alleged indifference to starvation in Biafra and our zeal in protecting our oil interests.

The Cabinet—

(5) Took note of the statement by the Foreign and Commonwealth Secretary.

(6) Took note, with approval, of the Prime Minister’s summing up of their discussion.
Mr. Gerald Brooke

(Previous Reference: CC (69) 35th Conclusions, Minute 2)

*The Foreign and Commonwealth Secretary said that some of the statements made by Mr. Brooke since his return to the United Kingdom, in particular during his appearance on television, had been interpreted as implying that his activities had been less innocuous than had previously been generally believed. On the other hand, it had always been known that he had been acting for an anti-Communist organisation in this country, though it had not been generally known until his return that he had taken with him coding instructions for contacts in the Soviet Union as well as distributing propaganda leaflets. Mr. Brooke had clearly been indiscreet. In particular, by undertaking during his imprisonment to transmit messages from his fellow prisoners to other Russians, he had laid himself open to serious further charges under Soviet law. But there was of course no question of his being a British intelligence agent, or indeed a spy of any kind. He had returned from imprisonment in a state of some nervous tension, and the possibility that he had been subjected to a form of "brain-washing" could not be excluded. Full reliance could not be placed on all his statements, though it might be possible as time went on to obtain a more coherent and accurate account from him. But it was already clear that, even if all his statements about his activities before his arrest were true, the actions which had afforded the pretext for the original charge against him would not have constituted an offence under British law.

In a brief discussion, the following points were made—

(a) It would not have been possible to prevent Mr. Brooke appearing on television, or to control what he said during his interview. Any attempt to do so would have been counter-productive.

(b) The exchange of Mr. Brooke for Mr. and Mrs. Kroger had been criticised on the ground that we had been handed a comparatively innocent in exchange for two important agents. Mr. Brooke's statements might do something to suggest that he was of more importance—at any rate in Soviet eyes—and that the bargain was a less unequal one than had previously been supposed.

(c) On several occasions, Ministers visiting the Soviet Union had been asked to make representations on behalf of Mr. Brooke. They had always done so on the basis that Mr. Brooke had been guilty only of the comparatively minor indiscretion of distributing propaganda material. Should it be established that there was some basis of fact for the statements he had made since his return, the Ministers concerned might retrospectively be placed in an awkward position.

The Cabinet—

(7) Took note of the statement by the Foreign and Commonwealth Secretary and of the points made in discussion.

* Previously recorded as a Confidential Annex.
The Foreign and Commonwealth Secretary said that he had been considering whether any initiative could usefully be taken within the framework of the Four-Power talks on the Arab-Israel problem between the representatives on the Security Council of the United Kingdom, the United States, France and the Soviet Union. The talks were temporarily in abeyance pending the outcome of bilateral discussions between the United States and Russia; and it was unlikely that there would be any movement on this until September, when he would be taking soundings at the meeting of the United Nations General Assembly. Meanwhile, incidents between the two sides continued. We had urged restraint on both parties and were in consultation with France and the United States on how best the temperature might be lowered.

The Prime Minister said that the question of a British initiative in the Four-Power talks had been discussed by the Defence and Oversea Policy Committee on 28th July. He would also be discussing the matter with the United States President when Mr. Nixon landed in this country on 3rd August on his way home from his tour of Rumania and South-East Asia.

The Cabinet—

(8) Took note of the statements by the Prime Minister and the Foreign and Commonwealth Secretary.

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Confidential

3. The Cabinet considered memoranda by the Postmaster-General on the pay of grades represented by the Post Office Engineering Union (POEU) and on the effects of industrial action by the PEOU in support of their current pay claim (C (69) 109 and 110); and by the Lord Privy Seal on the possible repercussions of a settlement of the PEOU pay claim (C (69) 111).

The Postmaster-General said that the Post Office was faced with a claim by the PEOU for a 10 per cent increase, to take effect from 1st July, 1969. The claim was based partly on comparability and partly on productivity. The PEOU grades were also due to have a comprehensive pay review in 1970 with an operative date of 1st January. The Ministerial Committee on Prices and Incomes had authorised him in June to offer, without prejudice, 5 per cent based solely on productivity. The Union rejected this and carried out a one-day strike on 14th July. The Committee had then authorised him to increase his offer to 7 per cent, and later 8½ per cent; but he had not in fact offered the Union anything above 7 per cent.
accompanied by a concession on overtime hours which had been authorised by the Committee. The POEU, who had been very co-operative in the past on productivity and other matters, were now in a militant mood. A further strike would have very damaging consequences for telecommunications services. He proposed that when meeting the POEU on the following day he should be authorised either to offer 7 per cent from 1st July, 1969, with a guarantee of at least a further 3 per cent on 1st January, 1970; or to offer to call in an independent arbitrator on the Union's claim and to bring forward the start of the projected pay research study, while leaving the operative date at 1st January, 1970. If the Union rejected both these offers he would like authority, in agreement with the Chancellor of the Exchequer and the First Secretary of State, to offer 8 per cent from 1st July with a further 2 per cent from 1st January, 1970.

The Lord Privy Seal said that to offer the POEU 10 per cent or anything approaching that figure would have serious repercussions in the non-industrial Civil Service and elsewhere. It would mean that over a period of about three years POEU members would receive an increase of 28 per cent, compared with 14 per cent for non-industrial technicians who were their nearest analogues. To give way to the POEU's demands would encourage the existing trends towards militancy among the Civil Service unions. A strike would not necessarily have such damaging consequences especially as the POEU had no strike funds. In any case, if there had to be concessions, it would be best for these to be made after a strike had taken place, and not simply under the threat of militant action.

In discussion, the importance of adhering to traditional negotiating procedures was emphasised. The right course was to determine in advance the maximum figure for which the Government would be prepared to settle and to insist on the matter going to arbitration if the Union rejected this. The principle of comparability had many advantages from the employer's standpoint and should not be lightly abandoned.

Against this, it was pointed out that the POEU had themselves suggested arbitration with a view to securing an award on grounds of comparability and then exacting a price for every future concession on productivity, on which they had previously been very co-operative.

In further discussion it was suggested that there were good prospects of reaching a settlement on the basis of 8 per cent from 1st July, 1969, to which any increases from the pay review in January 1970 would be added. On the other hand, it was urged that the repercussive effect of yielding to militancy should not be under-rated; even if the Government were forced to make concessions in the end,
it was important that they should not appear to have given in too easily.

The Prime Minister, summing up the discussion, said that although some members of the Cabinet considered that the right course was to stand firm on 7 per cent, the general view was that if the POEU rejected this the Postmaster General should be authorised to offer in addition a guarantee that they would receive a further increase of at least 3 per cent from 1st January, 1970, as a result of the forthcoming pay review. If it were likely to be helpful he could also point out to the unions that it would be open to the new Post Office Corporation, which would be conducting negotiations after 1st October, 1969, to start the pay research review before the end of the year.

The Cabinet—

(1) Invited the Postmaster General, if his proposed 7 per cent pay increase was rejected, to offer the POEU in addition a guarantee of a further increase from 1st January, 1970, of at least 3 per cent, as the outcome of the forthcoming comprehensive pay review, together with the prospect of an early start on the review.

The First Secretary of State said that, although agreement had been reached some time ago on the pay for work at the new container terminal at Tilbury of Overseas Containers Limited and Associated Container Transportation, representatives of the No. 1 Docks Group of the Transport and General Workers Union (TGWU) had refused to ratify the agreement for work at the terminal until negotiations were completed on the second stage of the dock modernisation programme. In June, the employers had refused to proceed with these negotiations unless the Tilbury container terminal agreement was ratified; but at a joint meeting in her Department on 10th July, they had offered to resume the negotiations with a commitment to reach a settlement and put it into effect by 1st October, 1969, together with certain other concessions to the trade unions, provided that the Tilbury container agreement was accepted. The No. 1 Docks Group representatives had not accepted this offer, and a further meeting of the two sides would take place on Thursday, at which the port employers proposed to reaffirm their decision of last June and, if this failed to convince the trade union representatives, to make public their offer of 10th July. If this were to happen, there might be a good deal of trouble at docks throughout the country, but the present seemed to be the least harmful time for any such consequences. Despite a natural suspicion of the port employers’ real intentions
and of their hitherto faulty judgment, she proposed to let them proceed as they proposed, in the hope that at the meeting or thereafter the dockers might be brought to see the advantages for them of the Tilbury container terminal agreement and of permitting further progress with the second stage of the modernisation programme. She would arrange to be consulted about the terms in which the port employers made their proposed public announcement. There was no need to take steps to prepare for a full-scale emergency, since industrial action was not likely to be more than sporadic at least for some little time.

The Cabinet—

(2) Took note of the statement by the First Secretary of State.

4. The Cabinet had before them a note by the Secretary of the Cabinet (C (69) 102) covering a memorandum on the timing and method of the release of the records of the 1939-45 War.

The memorandum proposed that, in order to avoid the inconvenience to historians which would result from the normal application to the records of the 1939-45 War of the Thirty Year Rule, further complicated by the assembly rule under the Public Records Act, which would result in the papers becoming available piecemeal over some six years, those which were known from experience to be most in public demand (the “cream” papers) should be opened together in 1972. Those Departments which could release papers, whether among the “cream” or not, on the normal date under the Thirty Year Rule where this was earlier than 1972, would do so; and where the concentration of the available resources on the scrutiny and release of the “cream” papers involved a delay in the opening of other papers, the delay could be authorised under Section 5(1) of the Public Records Act. The arrangements were designed to achieve the release of the papers en bloc, with the minimum increase in the staff required to carry out the necessary scrutiny of the papers and the identification of those which must be kept closed for a longer period. Most Departments believed that they could carry out the task within their present staff complement; but the Foreign and Commonwealth Office would require some reinforcement, and the Public Record Office would also need some extra staff, most of them immediately before the opening date. If the Cabinet agreed to the proposed arrangements in principle, it would be necessary to consult “old” Commonwealth countries about the release of shared papers and to inform certain Governments who also had an interest in the opening of the papers. The Leaders
of the Opposition Parties would also be consulted, and, subject to The Queen's consent being obtained to the disclosure of Cabinet papers, an announcement could then be made in the autumn.

In discussion there was general agreement with the proposed arrangements for the earlier release of the records of the 1939-45 War. It was emphasised that the ability of the Foreign and Commonwealth Office and of the Public Record Office to comply with the proposed timetable would depend on the willingness of the Civil Service Department to agree to the necessary increases of staff where these could not be found within the present limits.

The Cabinet—
Approved the proposals in C (69) 102.

SECRET

*5. The Cabinet considered memoranda by the Secretary of State for the Home Department (C (69) 108) and by the Minister of Defence for Administration (C (69) 107) about developments in Northern Ireland.

The Home Secretary said that, when the Apprentice Boys of Londonderry held their annual parade on 12th August, there was a prospect of more severe disorders than since the recent unrest began in Northern Ireland. Four times as many people as usual were expected to participate. The event was so well established and on such a scale that any attempt to ban it would provoke more trouble.

Although the underlying trend was for moderate opinion to recognise that the Northern Ireland Government were serious in their pursuit of reforming policies and for leaders of all but the extreme factions to be willing to join together to prevent violence, the events of the weekend of 12th-13th July had shown how suddenly and gravely violence could erupt. The situation was placing a severe strain on the Royal Ulster Constabulary (RUC), on whose efficiency we depended if British troops were not to be involved in maintaining law and order. He was concerned therefore that the RUC should have every reasonable means to carry out their duties unaided. For this purpose tear gas could be vital; and its use by the RUC would be preferable to the intervention of British troops. On Sunday, 13th July, the Northern Ireland Government had renewed more urgently an earlier request for supplies of the CS type of tear gas which was less harmful than the CN type which the

* Previously recorded as a Confidential Annex.

SECRET
RUC already held. He had agreed, in the light of the situation at that time, and with the concurrence of the Prime Minister and the Defence Secretary, that CS gas should be supplied from Service stocks, on the condition that its use would be subject on each occasion to the specific and prior approval of the Northern Ireland Minister of Home Affairs, and that it would be used only if the RUC had exhausted all other means of controlling a disorderly crowd and would otherwise have to open fire or call for assistance from British troops. The decision had been ratified by the Group of Ministers who had been considering the Northern Ireland situation and he asked the Cabinet to endorse it. We were assured that CN gas would not now be used.

A deputation of Members of Parliament had suggested that either he or representatives of the Home Office should visit Northern Ireland as observers, but he had persuaded them that to go would merely involve him more deeply in the issues which divided the Province. Likewise, he thought that the suggestion that the Prime Minister should go there was ill considered.

The Minister of Defence for Administration said that Northern Ireland officials had raised informally with the Home Office the possibility of using Wessex helicopters, at present stationed in Northern Ireland, for the emergency transport of members of the RUC to a trouble spot where their presence was essential to keep the peace. It had also been suggested that Army Sioux helicopters should be used to observe and report to the police on crowd movements. His view was that, while it was right to try to ensure that the RUC were equipped to control the situation, in the hope that intervention by British troops would be obviated, the overt use of Army helicopters in circumstances where law and order had not broken down would be dangerously provocative. The informal request had been made in the hope that, if the United Kingdom Government turned it down, this would forestall a public request; he could not however guarantee that the Northern Ireland Government would not make a public request.

The 1st Battalion The Prince of Wales' Own Regiment of Yorkshire (1/PWO) had been sent to Northern Ireland in April this year as an addition to the normal garrison to assist in guarding vulnerable points against sabotage. It was planned that all vulnerable points should be handed back to the RUC by 2nd August, and the battalion understood that they would return to Great Britain not later than 22nd August, in accordance with the assurances given them that their posting to Northern Ireland would be for not more than four months. It had to be decided, therefore, whether 1/PWO should be replaced by another battalion. It was difficult to foretell whether an extra battalion would still be needed, but it would be rash to deplete the forces in Northern Ireland just after the
Apprentice Boys' parade. He proposed therefore that 1/PWO should be withdrawn as planned on about 18th–22nd August, and replaced immediately by another battalion who should be warned to prepare for the move.

In discussion it was suggested that circumstances might arise in which it would be right to provide Service helicopters to move RUC reinforcements, notwithstanding that the situation did not warrant the participation of British forces generally. It was also pointed out that the police might be so embroiled in a dangerous riot that they could not obtain the authority of the Minister of Home Affairs before they were obliged to resort to the use of tear gas; nevertheless this condition would serve a useful restraining purpose.

The Prime Minister, summing up the discussion, said that the Group of Ministers had considered that the use of troops to assist the civil power would raise fundamental constitutional issues. The Home Secretary had therefore sought by every means to avoid their use save for guarding certain vital installations. It was to reduce the possibility of the use of troops that the Group had ratified the decision to supply CS gas to the RUC on the conditions described by the Home Secretary; and the Cabinet now endorsed that decision. They agreed that Service helicopters should not be made available to the RUC either to transport reinforcements or for spotting crowd movements. There would be advantage however in the Northern Ireland Government exploring the possibility of hiring civilian helicopters. 1/PWO should be withdrawn as proposed on about 18th–22nd August and replaced immediately by another battalion, who should be given adequate notice. Neither the Home Secretary nor representatives of the Home Office should go to Northern Ireland as observers, nor would he go there himself. We had had considerable success in persuading the Northern Ireland Government to introduce measures of reform; the present outbreaks of violence were the work of hooligans and members of the Irish Republican Army rather than a manifestation of serious political grievances. But the underlying causes of unrest—bad housing and unemployment—could not be removed overnight. Furthermore Captain O'Neill, the former Prime Minister of Northern Ireland, had warned that some Unionist members in both the Stormont and Westminster Parliaments might be subjected to increasing pressure from right wing extremists to dissociate themselves from the present reformist policy of the Northern Ireland Government. In the long term, therefore, the situation could raise grave constitutional issues. He, with the Home Secretary, the Defence Secretary and the Foreign and Commonwealth Secretary, if available, should be authorised to take any decision urgently required while Ministers could not be called together.
The Cabinet—

(1) Agreed—

(a) that supplies of CS gas should continue to be made available to the RUC on the conditions already specified by the Home Secretary;

(b) that Service helicopters should not be made available for use by the RUC;

(c) that the 1st Battalion the Prince of Wales Own Regiment should be relieved in mid-August by another battalion on a four month tour of duty;

(d) that it would not at present be appropriate for the Prime Minister, the Home Secretary or Home Office observers to visit Northern Ireland.

(2) Authorised the Prime Minister, the Home Secretary, the Defence Secretary and, if available, the Foreign and Commonwealth Secretary to take any decisions urgently required.

_Cabinet Office, S.W.1,
31st July, 1969._
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Wednesday, 30th July, 1969,
at 3 p.m.

Present:

The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
The Right Hon. GEORGE THOMASON, M.P., Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The following were also present:
The Right Hon. KENNETH ROBINSON, M.P., Minister for Planning and Land, Ministry of Housing and Local Government
The Right Hon. JOHN STONEHOUSE, M.P., Postmaster-General (Item 1)
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury

SECRET
Secretariat:
Sir Burke Trend
Miss J. J. Nunn
Mr. J. Crocker
Mr. G. F. Kear

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Future control of local authority rent increases
1. The Cabinet considered memoranda by the Lord President of the Council (C (69) 103) and the Postmaster-General (C (69) 99) on Broadcasting and BBC Radio Finance. They also had before them the papers considered by the Ministerial Committee on Broadcasting (circulated with C (69) 101).

The Lord President said that the Ministerial Committee on Broadcasting had considered four matters: the future of the national radio services; local sound radio; hours of television broadcasting, and finance. As to the first of these, the plan put forward by the British Broadcasting Corporation (BBC) “Broadcasting in the Seventies” proposed to reorganise radio services on a generic basis with one programme devoted to popular music (pop), one to light music, one to serious music and drama and one to speech; Radio 3—the serious music and drama programme—would be broadcast only on VHF, which only about one-third of listeners could receive. At the same time the BBC were proposing to reduce sharply the number of their orchestras, which they claimed to be substantially in excess of their requirements; this feature of the proposals had been widely condemned, but it was estimated to save over £5 million by 1974 and the BBC’s plan was not viable without this economy. On local sound radio the BBC had proposed a string of 40 stations in England, with local broadcasting councils to ensure that local opinion was not overlooked; these stations would cost about £16 million over the period to 1974, but the BBC were in no position to find the money. The Committee agreed with the BBC and the Postmaster-General that the present eight local radio stations had been a success and that a permanent system of local broadcasting should be established on the lines proposed by the BBC, though with three of the 40 stations located in Scotland and three in Wales; it was important to establish local radio as a public service before the Election, and in the Committee’s view it would be right to increase the licence fee from the beginning of next year to pay for it. If the fee were increased by 10s. this should provide enough money over the period to March, 1974, to pay for the development of local radio and reprice the orchestras, and also allow for some limited extension of television broadcasting hours. At the same time the sound radio licence might be abolished; it produced only about £3 million a year, was expensive to collect and evasion was almost impossible to check. Such a change would reduce the burden on the poorest section of the community.

On hours of television broadcasting, the majority of the Ministerial Committee on Broadcasting favoured a limited extension on the lines proposed in the Report by Professor Wedell and Mr. Brian...
Blake. His own view was that it might be better to stand on the position enunciated in paragraph 47 of the 1966 White Paper and allow no extension at all, but he was content to accept the view of the majority. The main questions for decision, however, were whether the Cabinet approved the proposals for local sound radio and for an increase of 10s. in the combined licence fee from the beginning of 1970, coupled with abolishing the sound licence. If these two proposals were approved, the Postmaster-General might be authorised to tell the BBC in confidence that they could go ahead with the development of local radio.

The Postmaster-General said that an early decision on local sound radio was essential if substantial progress was to be made in setting up a chain of stations before the general election; if such progress were not made, commercial radio would undoubtedly be an election issue. He himself believed that the experiment had been justified by the results, and this was also the view of the Members of Parliament concerned; the stations had improved the sense of local community. He was convinced that commercial local broadcasting would mean a lowering of standards, but if this were to be avoided they had to find the necessary money from other sources and in practice this meant the licence fee. If the combined licence fee were increased by 10s. from the beginning of next year and the sound licence fee abolished at the same time, this would yield additional revenue (including savings of administrative costs) of about £27½ million over the period to March 1974; and this would be enough to cover the proposed local radio services (£16 million), reprieve the orchestras (£5 million), and after allowing for extra costs leave £4 million to finance a limited extension of hours. The BBC estimated the cost of the proposed extension of hours at £10 million over the four years rather than £4 million, but he believed that the cost could be kept down by use of less expensive programmes, and that it was in any case desirable to keep the BBC under pressure to economise; the difference between their estimates and his was hardly significant in terms of an income of £400 million over the four years. Taken as a whole this group of proposals would in his view be popular with both broadcasters and the public, and would make it difficult for the Conservative Party, if returned to power, to implement their proposals for local commercial radio.

In discussion there was agreement that transmission of the serious music programme on Radio 3 should not at this stage be restricted to VHF, which could only be received by one-third of listeners, even though in the longer run such a restriction might be desirable. It was understood that it was technically possible to retain the transmission on medium wave, and that the BBC were considering this.
On the proposal to cut the orchestras, varying views were expressed. It was argued that the BBC could not be expected to retain orchestras for which they had no use and should not be urged to yield to pressure from the Musicians’ Union; if there was a case for retaining so many orchestras—and an inquiry might be desirable to ascertain this—assistance should be given through the Arts Council. But the general feeling was that the BBC had a duty of patronage, and that some at least of the orchestras should be saved; the decision was however for the BBC to take, and it might not be to the Government’s advantage to be seen to share the responsibility.

On hours of television broadcasting, there was some support for the view that restrictions on hours of broadcasting were outmoded and inconsistent with the independence of the BBC and the Independent Television Authority; and it was argued that an extension of hours would give more scope for creative talent and enable programmes to be produced for the benefit of housewives, shift workers and others at home during the daytime. But most members of the Cabinet considered that there was little demand for any extension of hours and that its financial consequences would be embarrassing. If, to save money, programmes were restricted to repeats and other low-cost programmes, the extension would not provide more opportunity for the production of serious programmes.

It was however the future of local sound radio which was the central issue, as it was also the most expensive part of the proposals. The point was made that with a chain of only 40 stations the areas covered by each would be too large for them to be genuinely local, and that it would be preferable to have stations that were locally owned and locally financed. In the event of a change of Government, locally owned stations would be much more difficult to sweep away than a chain of BBC stations which would not have had time to become properly established. On the other hand it was pointed out that the local stations’ areas would not be so very different in size from the local government areas proposed by the Royal Commission on Local Government; and that these local stations should be able to play an important role in strengthening the sense of local community and participation. Most of those present agreed that the experimental stations had been a success and that the proposals for a chain of BBC stations were worthy of approval. It was certainly not possible to preserve the status quo, for the experiment would shortly collapse, but the pace of advance must depend on what money was available.

In further discussion the Cabinet considered the question of finance. There were only two ways in which extra money could be found: accepting advertisements and raising the licence fee. The
time might be coming for a reappraisal of the pros and cons of advertising; some of the arguments used against it now looked threadbare, and it was difficult to see how the quality of programmes such as BBC 1 could be damaged by allowing advertisements. But to raise the issue now would cause a storm in the Labour Party, and advertising therefore provided no answer to the present problem; it was thus an increase in the licence fee or nothing.

There was considerable support for the view that the public would accept an increased licence fee as providing value for money, particularly when accompanied by abolition of the sound licence. But most members of the Cabinet considered that it would be politically damaging to increase the licence fee again next year, and that plans should be made on the basis that there would be no increase before 1971. It was the balance of income and expenditure over the next two years, rather than the next four, which mattered; and the BBC might feel able to run a limited deficit in the next two years in anticipation of an increase in 1971 or 1972, although this would have the disadvantage of adding to public expenditure. The BBC should be encouraged to review their plans on this basis and then go ahead with the development of local sound radio as fast as they felt able.

The Prime Minister, summing up the discussion, said that the majority of the Cabinet were against any increase in broadcasting hours. They considered that a further increase in the licence fee next year would be resented by the electorate and exploited by the Opposition, but the BBC should be given the prospect of an increase in 1971 or 1972. The Postmaster-General should negotiate with the BBC on this basis, without commitment. He should invite them to consider what progress could be made with local sound radio; and make it clear that the Government expected at least the majority of the orchestras to be reprieved and that Radio 3 transmissions should not be confined to VHF. As a first step he should prepare and circulate to the Chancellor of the Exchequer, the members of the Ministerial Committee on Broadcasting and the Prime Minister a memorandum setting out revised proposals covering the next two years, giving estimates of costs and income.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Invited the Postmaster-General to prepare revised proposals for the next two years in the light of their discussion and to circulate these to the Prime Minister, the Chancellor of the Exchequer and members of the Ministerial Committee on Broadcasting.
2. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C (69) 100) on consultation with Local Authority Associations and the Greater London Council about the future control of local authority rent increases.

The Chancellor of the Exchequer said that the Future Policy Sub-Committee of the Ministerial Committee on Prices and Incomes had considered the effects of the present statutory powers, which had operated since mid-1968 and would lapse at the end of 1969. The powers had been used to hold rent increases for local authority dwellings in any twelve-month period to an average of 7s. 6d. a week and a maximum of 10s. for any one dwelling, and to permit an increase within these limits only where otherwise a larger than usual rate fund contribution would have been required. The effect had been to keep the average rent increase in England and Wales to 1s. 10d. a week (as compared with 3s. 1d. and 4s. in the two preceding years) and in Scotland to 2s. 4d. a week (as compared with 8d. and 1s. 11d.). This restriction had been achieved mainly by running down the housing balances; restriction in future would mean an increase in rates, with a consequent rise in public expenditure at a time when the Government were trying to limit it.

In view of the likely conflict between rent increases and charges for rates, there had been consultation with Transport House and the Parliamentary Labour Party about the possibility of extending the present statutory powers. This had led to no decisive support either for extending the powers or for a voluntary system to replace them. However, since the Housing Ministers were agreed that a voluntary system was preferable, a majority of the members of the Future Policy Sub-Committee had agreed to recommend an attempt to secure a voluntary system, under which in any twelve month period no local authority would make a rent increase above the current ceiling figures; this would be supported by statutory powers in reserve, permitting Government control of rent increases above the ceiling, to be brought into effect by Ministerial direction if the voluntary agreement were broken. The proposal was that consultations should take place with the Local Authority Associations and the Greater London Council (GLC) to see if they would agree to a voluntary system on these lines, with a view to a final decision by Ministers later in the year.

In discussion, it was argued that the ceiling figures proposed were too high. Conservative-controlled local authorities, like the GLC, would make year by year increases at the maximum allowed, and on the basis proposed there would be no Government examination (as there was at present) of the justification for an
increase which was below the ceiling. The hostile reaction of many tenants to the current GLC programme of rent increases, and the trouble which seemed likely to follow from their refusal to pay the higher amounts, illustrated what would happen more widely. For a voluntary system on the lines proposed, the ceiling figures should be no more than 6s. a week average and 7s. 6d. for any one dwelling. On the other hand it was argued that lower figures could not be negotiated with the Local Authority Associations for use in a voluntary system, since a rise in rates would be required to offset the difference.

In further discussion, it was emphasised that the reserve statutory powers accompanying a voluntary system would provide for Governmental control only over increases above the ceiling, but that if the proposed voluntary system were rejected, the Government would be free to consider a compulsory system on the lines of the present arrangements, with an examination of all rent increases proposed by local authorities.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the Local Authority Associations and the GLC should be consulted about the possibility of a voluntary system of control on local authority rent increases after the end of 1969, to be accompanied by statutory powers in reserve, as proposed by the Chancellor of the Exchequer, with a ceiling in any twelve-month period of 7s. 6d. a week average and 10s. for any one dwelling. The outcome of these consultations should be reported back so that, if a voluntary system on these lines was not likely to emerge, the Cabinet could consider afresh what statutory powers the Government should take.

The Cabinet—
Invited the Minister for Planning and Land, in consultation with the Secretary of State for Scotland and the Secretary of State for Wales, to arrange for consultation with the Local Authority Associations and the Greater London Council, on the lines proposed in paragraphs 13 and 14 of C (69) 100, and to report on the outcome.

Cabinet Office, S.W.1.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street on Tuesday, 19 August, 1969,
at 2 p.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister

The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonweal th Affairs

The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services

The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department

The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs

The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science

The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government

The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales

The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer

The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity

The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence

The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio

The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology

The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food

The Right Hon. JUDITH HART, M.P., Paymaster General

The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The following were also present:
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury

SIR ARTHUR IRVINE, Q.C., M.P., Solicitor-General
Secretariat:
SIR BURKE TREND
SIR ROBIN HOOPER
Mr. J. CROCKER

Subject
NORTHERN IRELAND
The Cabinet discussed the situation in Northern Ireland; the conclusion reached was separately recorded and circulated only to The Queen, the Prime Minister and those Ministers who had to take action.

The conclusions are recorded separately in the standard file held by the Secretary of the Cabinet.

Cabinet Office,
20 August, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1., on Thursday 4 September, 1969, at 3 p.m.

Present:

The Right Hon. Harold Wilson, M.P., Prime Minister

The Right Hon. Michael Stewart, M.P., Secretary of State for Foreign and Commonwealth Affairs

The Right Hon. Richard Crossman, M.P., Secretary of State for Social Services

The Right Hon. James Callaghan, M.P., Secretary of State for the Home Department

The Right Hon. Peter Shore, M.P., Secretary of State for Economic Affairs

The Right Hon. William Ross, M.P., Secretary of State for Scotland

The Right Hon. Edward Short, M.P., Secretary of State for Education and Science

The Right Hon. Richard Marsh, M.P., Minister of Transport

The Right Hon. Cledwyn Hughes, M.P., Minister of Agriculture, Fisheries and Food

The Right Hon. George Thomas, M.P., Secretary of State for Wales

The Right Hon. Roy Jenkins, M.P., Chancellor of the Exchequer

The Right Hon. Barbara Castle, M.P., First Secretary of State and Secretary of State for Employment and Productivity

The Right Hon. Fred Peart, M.P., Lord President of the Council

The Right Hon. Anthony Crosland, M.P., President of the Board of Trade

The Right Hon. George Thomson, M.P., Minister without Portfolio

The Right Hon. Anthony Wedgwood Benn, M.P., Minister of Technology

The Right Hon. Anthony Greenwood, M.P., Minister of Housing and Local Government

The Right Hon. Lord Shackleton, Lord Privy Seal

The Right Hon. Lord Mason, M.P., Paymaster General

The Right Hon. Judith Hart, M.P., Paymaster General
The following were also present:
The Right Hon. ROBERT MELLISH, M P, Mr. ROY HATTERSLEY, M P, Minister Parliamentary Secretary, Treasury of Defence for Administration
The Right Hon. SIR ELWYN JONES, Q.C., M P, Attorney-General (Items 1 and 2)

Secretariat

SIR BURKE TREND
Mr. R. R. D. MCINTOSH
SIR ROBIN HOOPER
Mr. P. E. THORNTON
Mr. J. C. W. BUSHELL

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1. The Foreign and Commonwealth Secretary said that the new Revolutionary Council in Libya (RCC) now seemed to be in control of the country, including the town of Tobruk where it had at one time looked as though there might be some pro-royalist resistance. There had been no hostile demonstrations against the United Kingdom or British subjects. The RCC had stated that they would honour Libya's international obligations and had addressed a warm message of friendship to the British Government. On the other hand, they had closed ports and airports. This presented a problem for us at El Adem, where it was our intention to maintain routine flights. There had been no interruption in the flow of oil and none was expected.

The Foreign and Commonwealth Secretary said that it was important to be on good terms with whatever Government controlled Libya. BP and Shell had an investment in the country of about £100 million and our exports to Libya were running at an annual rate of £34 million. Meanwhile he had received a visit from Omar Shelhi, the personal emissary of King Idris, who had urged that we should intervene in Libya to save lives and property and to restore the King. This was not a proposition that we need consider seriously; the visit had however aroused some criticism in Libya. It had been explained to the RCC that the interview had taken place at Shelhi's request and it was hoped that criticism would now die down. It was not to be excluded that the King might still have some part to play. His presence might be required to hold the disparate parts of the country together. Consideration was now being given to the possibility that Sir Duncan Cumming, a former Governor of Cyrenaica, might be sent to visit the King in Athens, provided that this could be achieved with complete secrecy. As regards recognition, the RCC appeared to be reaching one of the criteria which we considered necessary, namely, effective control of the country. All the evidence was that they were likely to remain in control, and our diplomatic mission on the spot was strongly in favour of recognition. On the other hand, the name of only one member of the RCC was known to us, Colonel Abu Shuwayrib, and he might well prove to be only a figurehead. It was difficult to extend recognition to a Government without knowing how it was made up and whether, for example, it would be a military régime. HM Chargé d'Affaires was being instructed to make a friendly approach to the régime, telling them about our criteria for recognition and asking them to let us have information about themselves, the nature of their Government and their policies. If the answers were satisfactory, we might accord recognition over the weekend. Apart from the political and economic considerations involved the matter was of some urgency for us, since our new Ambassador, whose agreement had been granted by the previous Government, was waiting to proceed to his post. His doing so would of course in itself constitute recognition. We were in touch with the Americans and the other members of the Western European Union about the question of recognition. It was likely that the Americans, while not disagreeing with us, would be inclined to go more slowly.
The possibility of a coup d'etat in Libya had always been on the cards—the King was now 80 and it was difficult to suppose that the régime created by him would continue after his death. But there had been nothing to indicate that it would occur at this particular moment.

The Minister without Portfolio said that he had just returned from a visit to the President of the United Arab Republic (UAR), Colonel Nasser, who appeared to have been taken by surprise. This was perhaps borne out by his remark that the Egyptians had sought to check on the success of the coup by monitoring Libyan police and army communications networks rather than by sending emissaries to the RCC. As regards the Arab-Israel question generally, he had come away with the impression that the President had a realistic appreciation of the risk that the UAR would suffer a second military humiliation if the present situation was allowed to escalate to full-scale fighting.

In the course of a brief discussion it was noted that an early decision would be required about certain heavy arms, including Chieftain tanks, which we were due to deliver to Libya shortly. It was also noted that if our troops at present in Libya had to be withdrawn, they could be rehoused in Germany.

The Cabinet—
(1) Took note of the statements by the Foreign and Commonwealth Secretary and the Minister without Portfolio.

(2) Agreed that the question of arms deliveries to Libya should be further considered in the Defence and Oversea Policy Committee.

The Foreign and Commonwealth Secretary said that the Soviet grip on Czechoslovakia appeared to be tightening and that the position of Dubcek was increasingly precarious. A number of British subjects had been in trouble with the Czechoslovak authorities at the time of the anniversary disturbances but only one had been detained. We were seeking consular access to him.

The Cabinet—
(3) Took note of the statement by the Foreign and Commonwealth Secretary.

The Minister of Technology said that he had just been informed that the contract for the engines for the Multi-Role Combat aircraft had been awarded to Rolls-Royce. The news would not be made public until midnight on 4 September in order to give the Germans time to inform the United States Government since an American firm (Pratt and Whitney) had also tendered for this contract.

The Cabinet—
(4) Took note of the statement by the Minister of Technology.
The Cabinet discussed the situation in Northern Ireland; the conclusions reached were separately recorded and circulated only to The Queen, the Prime Minister and those Ministers who had to take action.

The conclusions are recorded separately in the standard file held by the Secretary of the Cabinet.

The Cabinet considered a memorandum by the First Secretary of State and Secretary of State for Employment and Productivity on equal pay to which was attached a report by officials on the economic and social implications of equal pay for women (C (69) 113).

The First Secretary of State said that of the seven items listed in the chapter on workers' rights in the 1964 election manifesto equal pay was the only one on which no move had yet been made. In June 1968 she had told the House of Commons that she would be entering into discussions with the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) with a view to agreeing a timetable for the phased introduction of equal pay over an appropriate period. As a result of these discussions she had arranged for a survey of the cost of equal pay in a number of industries to be carried out. The results of the survey had now been analysed and formed an important part of the raw material for the report by officials. Pressure for equal pay was mounting steadily and it was clear that trade union leaders could not resist it even if they wanted to. Employers would increasingly be compelled to concede equal pay in the course of normal pay negotiations and the Government now had to decide whether to let equal pay come as a result of sporadic action or as a controlled operation in which the economic disadvantages were minimised.

The cost of introducing equal pay depended on the timing and definition used. She proposed that legislation should be enacted in the next Session under which equal pay would be introduced over a five-year period ending on 31st December, 1975, possibly with provision that the differential between men's and women's wages should not exceed a given percentage by the end of 1973. She proposed that the definition used should be "equal pay for the same work"; this was the definition adopted by the European Economic Commission and we should have to use it if we became members of the European Economic Community. On that definition officials had estimated, on a very conservative basis, that there would be an addition to the national wage and salary bill of about 5 per cent. This would imply a cost to the balance of payments of some £350 million; but if as was in her view not improbable the addition to the wage bill were only 3 per cent, the cost to the balance of payments might be less than £200 million. The TUC would clearly not accept that increases resulting from the introduction of equal pay should be accommodated within any norm set for the purposes of incomes policy and there would accordingly need to be a specific
exception for it in any criteria laid down in the White Paper on Prices and Incomes which was to be published later in the year. She would be seeing the TUC in the following week and the CBI shortly afterwards and would have to inform them of the Government's intentions on equal pay. In her view it was no longer possible to stall; they must either fulfil the expectations which had been aroused or say publicly and firmly that they could not go ahead in the present economic situation. She recommended that they should proceed on the lines set out in the paper and that she should be authorised to inform the TUC accordingly next week.

In discussion it was generally agreed that there was a strong case in equity for introducing equal pay and that the Government were committed to make an early move in this direction. It was, however, pointed out that while 5 per cent was probably a realistic estimate of the addition to the wage and salary bill, it was by no means an absolute maximum—much would depend on the rate at which the differential between men's and women's wages was reduced. Moreover, the balance of payments cost would be substantial unless male workers were prepared to moderate their own demands to accommodate substantial increases for women. It was unrealistic to suppose that they would do this and therefore the policy would carry with it a need to increase taxation, reduce the growth of public expenditure and run the economy with a higher level of unemployment than would otherwise be necessary. An early decision to implement equal pay by the end of 1975 would have little effect on the economy in the next 18 months but it would pre-empt substantial resources in the period 1971–75 and would accordingly limit the Government's freedom of manoeuvre in the next Parliament. The effect on the distribution of incomes between families would be considerable and in some cases regressive. The introduction of equal pay would not lead to an increase in national wealth and must therefore be paid for, in one way or another, by a reduction in the rate of increase of real male wages. Experience suggested that the more highly paid male workers would be able to protect their real wages and that the introduction of equal pay would in practice be at the expense of low-paid workers who were already finding it difficult to maintain their standard of living. The introduction of equal pay, however desirable, was not so urgent a social reform as the raising of the wages of the lowly paid. These considerations pointed towards delaying an announcement of the Government's attitude to equal pay and perhaps extending its full implementation over a longer period than the First Secretary had proposed.

As against this it was argued that it would be wrong to assume that in the next two or three years the cost of a phased programme would be much greater than allowing equal pay to be implemented haphazardly in normal pay negotiations and through industrial action. With a five-year programme employers should be able to argue successfully that increases should be phased over this period. Without such a programme they would be under continuous pressure to make large adjustments in women's pay to eliminate discrimination and the evidence indicated that the industries and companies best able
Industrial
National
Newspaper
Price
Increases
to meet the cost would give way and that others would then be forced to follow suit. While an announcement of early legislation on equal pay would not be particularly popular in the country generally it would be greeted with enthusiasm in the Parliamentary Labour Party and would do much to strengthen the hand of the moderates on the General Council of the TUC. Moreover, the case in equity for introducing equal pay—particularly after the introduction of legislation for a new system of earnings-related pensions later in the year—was overwhelming.

In further discussion it was suggested that, because of the regressive effects of equal pay, its introduction might be linked in some way with a move towards a national minimum wage. This suggestion was opposed on the grounds that the repercussions of introducing a national minimum wage would be very damaging economically: but it was generally recognised that further consideration would need to be given to ways of mitigating the adverse effect on low-paid male workers of introducing equal pay.

The Prime Minister, summing up the discussion, said that while some reservations had been expressed about timing the Cabinet agreed that legislation should be introduced in the next Session on the broad lines indicated in the First Secretary's memorandum. There would be great advantage in announcing this at the Labour Party Conference but because of the implications for confidence in sterling a decision on this would have to be taken in the light of the international monetary situation at the time. In her talks with the TUC the First Secretary could express the Government's willingness to encourage the phased introduction of equal pay but should not reveal their intention to legislate next Session. She should seek to elicit the TUC's views on the need for legislation and the form it might take and should draw their attention to the problem which the introduction of equal pay would create for low-paid male workers. She should have a similar discussion with the CBI and it would be helpful if she could then see the TUC and the CBI together; and she should report the outcome of her discussions to Cabinet in time for them to take decisions about the timing and form of legislation before the Labour Party Conference.

The Cabinet—

(1) Took note with approval of the Prime Minister's summing up of their discussion.

(2) Invited the First Secretary of State to discuss the introduction of equal pay with the TUC and CBI on the lines indicated in the Prime Minister's summing up and to report the outcome to the Cabinet before the Labour Party Conference.

CONFIDENTIAL

4. The Cabinet considered a memorandum by the President of the Board of Trade about proposed increases in the prices of a number of national newspapers (C (69) 115).

The President of the Board of Trade said that since his memorandum had been circulated he had been notified of a proposed
early increase of 1d in the price of the *News of the World*. He had initially considered that a general reference of newspaper prices would be desirable for the reasons set out in paragraph 9 of the Annex to his memorandum. On reflection, however, he had come to the conclusion that a further reference to the National Board for Prices and Incomes (NBPI) would achieve no useful purpose. The proposed increase in the price of *The Times* seemed fully justified, and those for the Beaverbrook papers were reasonable. The proposed increases for the *Sunday* and *Daily Mirrors* and the *People* were more dubiously within the criteria of the prices policy, but it would be difficult to single out for reference the papers of the International Publishing Corporation, which was the most efficient publisher. In any event, the NBPI could do no more than repeat its previous exhortations and, possibly, proposals—which had proved unacceptable to the Government—for subsidies to assist the process of eliminating surplus manpower. Some embarrassment could also arise from the fact that the pay and productivity agreements reached in the industry in 1967 had not been referred to the NBPI. There was widespread anxiety that the number of national newspapers might continue to dwindle. The Government had resisted pressures directly to assist newspapers and if they now refused to allow the publishers to assist themselves the Government could justifiably be criticised. For these reasons, he proposed that the Government should inform the publishers that they had no objection to the proposed increases and that there should accordingly be no general reference to the NBPI.

In discussion, it was argued that the newspapers concerned should be allowed to make the immediate price increases which they had proposed while leaving the increases scheduled for 1970 subject to the outcome of a general reference. This course—course (c) in paragraph 11 of the Annex to C (69) 115—would not prevent the publishers, therefore, from making the increases which they now considered necessary. A further general reference to the NBPI would maintain pressure of public opinion on the newspaper proprietors and the unions to tackle more effectively the notorious inefficiency and over-manning of the industry. Moreover, if there were no reference in this case, it would become increasingly difficult to maintain Government pressure on other industries to contain price increases. On the other hand, it was suggested that the NBPI would not necessarily focus attention on the industry's general inefficiency if a further reference were made. They might express the view that the industry's troubles stemmed in part at least from the Government's failure to implement the earlier recommendation by the Board for financial assistance to help with over-manning.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that course (c) as described in paragraph 11 of the Annex to the President's memorandum should be adopted. The latest proposal for an increase in the price of the *News of the World* could be authorised if the President of the Board of Trade considered this to be necessary and consistent with the treatment of the other proposed increases.
The Cabinet—

(1) Invited the First Secretary of State, in consultation with the President of the Board of Trade, to refer the costs and revenue of national newspapers to the National Board for Prices and Incomes.

(2) Invited the President of the Board of Trade—

(a) to authorise the proposed increases in 1969 in the prices of *The Times*, the *Sunday Express*, the *People* and the *Sunday Mirror*; and, if necessary, similar increases in the *News of the World* and *The Guardian*;

(b) to request the newspaper publishers concerned not to implement proposed price increases in 1970 before the National Board for Prices and Incomes had reported on the reference at (1) above.

*Cabinet Office,*

*5 September, 1969.*
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street on Thursday, 11 September, 1969, at 10 a.m.

Present:

The Right Hon. Harold Wilson, M.P., Prime Minister
The Right Hon. Michael Stewart, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Richard Crossman, M.P., Secretary of State for Social Services
The Right Hon. Denis Healey, M.P., Secretary of State for Defence
The Right Hon. Anthony Crosland, M.P., President of the Board of Trade
The Right Hon. George Thomson, M.P., Minister without Portfolio
The Right Hon. Richard Marsh, M.P., Minister of Transport
The Right Hon. Lord Shackleton, Lord Privy Seal

The following were also present:
The Right Hon. Kenneth Robinson, M.P., Minister for Planning and Land, Ministry of Housing and Local Government (Item 5)
The Right Hon. Sir Elwyn Jones, Q.C., M.P., Attorney-General (Items 1–3)

The Right Hon. Roy Jenkins, M.P., Chancellor of the Exchequer
The Right Hon. James Callaghan, M.P., Secretary of State for the Home Department
The Right Hon. Fred Peart, M.P., Lord President of the Council
The Right Hon. William Ross, M.P., Secretary of State for Scotland
The Right Hon. Edward Short, M.P., Secretary of State for Education and Science
The Right Hon. Cledwyn Hughes, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. George Thomas, M.P., Secretary of State for Wales

Mr. Reginald Freeson, M.P., Parliamentary Secretary, Ministry of Power (Item 5)
Secretariat:

SIR BURKE TREND
Mr. R. R. D. McINTOSH
SIR ROBIN HOOPER
Mr. J. C. W. BUSHELL

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The Prime Minister said that Ministerial travel abroad, particularly by junior Ministers, had been tending to increase. This was to be deprecated, particularly at a time when foreign travel by private individuals was still limited by currency restrictions; and Ministers should therefore scrutinise all proposals for overseas visits more closely in future. The test should be whether the visit was really required by the public interest, with particular reference to trade promotion; and visits for purely general purposes should be discouraged.

The Cabinet—
Took note of the Prime Minister’s statement.

The Foreign and Commonwealth Secretary said that the new Revolutionary Council in Libya (RCC) seemed to be now definitely in control of the situation. Recognition had been accorded by a number of countries, including the United States and France as well as ourselves. The RCC was a military body which had nominated a generally civilian cabinet but it was not yet clear which would be the controlling force. The Prime Minister from his record appeared to be strongly anti-Western but the Foreign Minister rather less so. Our new ambassador was expected to leave for Tripoli shortly. The Libyan Government had not so far raised with us any questions concerning the Anglo-Libyan Defence Agreement.

The Foreign and Commonwealth Secretary said that the situation in the Middle East was characterised by increasing violence. We had issued a statement in terms similar to those we had used in respect of Arab actions of the same kind, deploiring the Israeli attack on the Red Sea coast of Egypt. It would be important, in the discussions which he would have later this month in New York with the United States Secretary of State, Mr. Rogers, and the French Foreign Minister, M. Maurice Schumann, to press for the re-activation of the Four Power talks.

The Foreign and Commonwealth Secretary said that an agreement had now been reached, though not yet signed, between the International Committee of the Red Cross and the Nigerian Federal Military Government (FMG) which would allow relief aircraft for Biafra to take off from points outside Nigeria. This was subject to the right of the FMG to require random inspections on Nigerian airfields. There were good hopes that the agreement would be brought into force, though the possibility still existed that the Biafran leader, Colonel Ojukwu, might make difficulties.

As regards the conference of the Organisation of African Unity which had just taken place in Addis Ababa, some optimism had been expressed, but it was not clear that this was altogether justified. However, a resolution had been passed which confirmed the principle of a united Nigeria (which would commend itself to the FMG) while urging a cessation of hostilities (which would commend itself
to the Biafrans): this might lead on to negotiations. It was encouraging that President Nyerere of Tanzania had sought to play a helpful role since he might be expected to have considerable influence with Colonel Ojukwu.

There was no doubt about the correctness of reports that further Swedish aircraft had arrived in Biafra and this would certainly encourage Colonel Ojukwu. The Swedish Government were anxious to prevent the introduction of these arms but found themselves without legal powers to prevent it.

The Foreign and Commonwealth Secretary said that the Government of the Irish Republic were seeking to bring the situation in Northern Ireland before the General Assembly of the United Nations. He was in consultation with the Home Secretary and the United Kingdom Permanent Representative to the United Nations, Lord Caradon, but subject to this, he considered that our policy should be to resist the inscription of this item on the agenda although we might not be able to muster enough votes to prevent it. Had the Security Council agreed to the earlier Irish attempt to have the matter discussed there, we should have been bound to use our veto.

The Cabinet—
Took note of the statements by the Foreign and Commonwealth Secretary.

3. The Cabinet discussed the situation in Northern Ireland; the conclusions reached were separately recorded and circulated only to The Queen, the Prime Minister and those Ministers who had to take action.

The Conclusions are recorded separately in the standard file held by the Secretary of the Cabinet.

4. The Chancellor of the Exchequer informed the Cabinet that balance of payments figures which were being published that day would show that in the second quarter of 1969 there had been a surplus on current and capital account, on a seasonally adjusted basis, of £100 million. The outturn for the first half of 1969 was a surplus of £93 million on current account and £48 million on capital and current account together.

In discussion it was suggested that there would be advantage in publishing the trade figures at quarterly intervals instead of monthly as at present. On the other hand it was pointed out that all other countries published monthly trade figures and a change to quarterly publication would be damaging to sterling.

The Cabinet—
Took note, with approval, of the statement by the Chancellor of the Exchequer.
5. The Cabinet had before them a memorandum by the Secretary of State for Social Services (C(69)116) on arrangements for partial contracting-out of the new earnings-related pension scheme.

The Secretary of State for Social Services said that the number of occupational pension schemes had risen sharply in recent years and there were now some 65,000 of them. The schemes varied widely in their provisions, their methods of financing and the efficiency with which they were run. It was undesirable—and would not in any case be politically acceptable—for the Government to compel those in charge of occupational schemes to wind them up when the new State scheme was introduced and it would accordingly be necessary to take them into partnership. As had already been announced this would involve arrangements for partial contracting out, under which occupational schemes could assume responsibility for providing a proportion of the benefits payable under the State scheme in return for a reduction in the employers’ and employees’ contributions. It had been agreed with the pension interests and other organisations concerned that there should be only one level of contracting out, but agreement had not yet been reached on what this level should be or on the ratio between the pension abatement and the consequential reduction in contributions. It had at one time seemed likely that agreement could be reached on the basis that a pension abatement of 24 per cent after 30 years (equivalent to 0.8 per cent a year) was reasonable and that this might be offset by a reduction of 1 per cent in employers’ and employees’ contributions. Opposition to this proposal had however grown and it was now being very strongly resisted. It was now accepted by the Departments concerned that a pension abatement of 1 per cent a year would be appropriate. Estimates made by the Government Actuary in a report which would shortly be published indicated that a corresponding reduction of 1.25 per cent in contributions would be strictly fair and would enable a competently run scheme to make a reasonable profit. The Government Actuary’s report showed, however, that a large number of middling schemes would probably lose money on this basis and might well be forced to close down. There was therefore a strong case for increasing the abatement in contributions to 1.3 per cent. The Life Offices would like a substantially higher abatement in contributions, even though this carried with it a higher pension abatement, and no doubt many employees would take the same view. He estimated that the highest figure to which the pension abatement could be raised without breaking the National Superannuation Fund was 1.2 per cent and the corresponding reduction in contributions, using the ratio proposed by the Government Actuary, would be 1.5 per cent. Decisions on the level and terms of abatement were now urgently needed in order to meet the timetable set for the Bill. He would be seeing the organisations concerned next week and asked for authority to conduct his discussions with them on the basis that the ratio of 1:1.25 for abatements in pensions and contributions respectively was economically correct but that he could...
agree to 1:1.3 if the opposition to the lower ratio was very strong. He would welcome his colleagues' views on whether he should propose as an alternative 1.2 per cent pension abatement and 1.5 per cent contribution abatement.

In discussion the need to maintain a balance between those who contracted out and those who remained in the State scheme was strongly emphasised. The ratio between the pension and contribution abatements was more important than the absolute figures and there were strong arguments for fixing it at 1:1.25. Objectively these figures were fair and reasonable and in the light of the Government Actuary's report they would be open to criticism if they went beyond it. To widen the ratio to 1:1.3 would reduce the period during which the National Superannuation Fund was in surplus; to widen it still further would lead to unacceptable difficulties for the financing of the State scheme.

On the other hand it was pointed out that the proposal to abate pensions by 0.8 per cent and contributions by 1 per cent had aroused fierce opposition from a wide range of interests including the nationalised industries and local authorities. This was equivalent to a ratio of 1:1.25 which would be equally strongly resisted. As had been shown by the debates at the recent Trades Union Congress the earnings-related pension scheme was not popular and there were serious political objections to fixing the ratio at less than 1:1.3.

In further discussion it was widely argued that 1:1.3 was the most appropriate ratio. While there was some support for the proposal to offer an alternative of 1.2:1.5, the general view was that this would give rise to serious anomalies and would prejudice the Government's position in the forthcoming discussions with pension interests.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the Secretary of State for Social Services should try to secure the agreement of the organisations concerned to abatements of pensions and contributions of 1 per cent and 1.25 per cent respectively; but that if this proved impossible he could in subsequent discussions increase the latter figure to 1.3 per cent. It would be helpful if he would report to the Cabinet at their next meeting the initial reactions of such organisations as he had seen by then.

The Cabinet—
(1) Took note with approval of the Prime Minister's summing up of their discussion.
(2) Invited the Secretary of State for Social Services—
   (a) to be guided in his discussions with the pension interests and other organisations concerned by the Prime Minister's summing up;
   (b) to report at their next meeting the organisations' initial reactions.

Cabinet Office,
11 September, 1969.

CONFIDENTIAL
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 16th September, 1969, at 11 a.m.

Present

The Right Hon. HAROLD WILSON, M P, Prime Minister

The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer

The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence

The Right Hon. PETER SHORE, M P, Secretary of State for Economic Affairs

The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland

The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science

The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food

The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales

The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity

The Right Hon. FRED PEART, M P, Lord President of the Council

The Right Hon. ANTHONY CROSLAND, M P, President of the Board of Trade

The Right Hon. GEORGE THOMSON, M P, Minister without Portfolio

The Right Hon. RICHARD MARSH, M P, Minister of Transport

The Right Hon. LORD SHACKLETON, Lord Privy Seal

The Right Hon. ROY MASON, M P, Minister of Power

The Right Hon. JUDITH HART, M P, Paymaster General

The following were also present:

The Right Hon. REGINALD PRENTICE, M P, Minister of Overseas Development (Item 3)

The Right Hon. JOHN SILKIN, M P, Minister of Public Building and Works (Item 3)

The Right Hon. FREDERICK MULLEY, M P, Minister of State for Foreign and Commonwealth Affairs

Mr. J. P. W. MALLALIEU, M P, Minister of State, Ministry of Technology (Item 3)

Mr. DAVID ENNALS, M P, Minister of State, Department of Health and Social Security (Items 2 and 3)

The Right Hon. SIR ELWYN JONES, Q C, M P, Attorney-General (Item 1)
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Northern Ireland
(Previous Reference: CC (69) 43rd Conclusions, Minute 3)

National Superannuation Arrangements for Partial Contracting Out of the Earnings-Related Pension Scheme
(Previous Reference: CC (69) 43rd Conclusions, Minute 5)

1. The Cabinet discussed the situation in Northern Ireland; the conclusions reached were separately recorded and circulated only to The Queen, the Prime Minister and those Ministers who had to take action.

The conclusions are recorded separately in the standard file held by the Secretary of the Cabinet.

2. The Minister of State, Department of Health and Social Security said that following the discussion in Cabinet on 11th September the Secretary of State for Social Services said he had seen three of the organisations concerned to discuss the arrangements for partial contracting out of the new earnings-related pension scheme. Their reaction had been much as expected. They had expressed some satisfaction at the proposal to increase the pension abatement to 1 per cent and there had been no pressure to go above this. The proposal that contributions should be abated by 1.25 per cent had, however, provoked a sharp adverse reaction. The indications were that, while most large and efficiently run schemes would fare reasonably well under this formula, a large number of small schemes would be very badly hit. It would not, however, be possible to reach a firm judgment on the consequences of adopting the 1:1.25 per cent formula until the consultations with interested organisations had been completed. In the meantime neither he nor the Secretary of State for Social Services had said anything to suggest that the Government would be willing to increase the contributions abatement beyond 1.25 per cent.

In discussion it was argued that there were strong objections to abating contributions by more than 1.25 per cent and that an increase to 1.3 per cent should be considered only as a last resort. It was important that before any decision to increase the abatement beyond 1.25 per cent was taken estimates should be obtained of the extent of contracting out which would be likely to occur on the basis of an abatement of 1.3 per cent.

The Prime Minister, summing up a brief discussion, said that the Cabinet had already decided that, if need be, the contributions abatement could be increased from 1.25 to 1.3 per cent. Whether this would be necessary was a question of judgment which would have to be decided in the light of the views expressed by the pension interests and other organisations concerned in the consultations which were taking place this week. The Secretary of State for Social Services should consult the Chancellor of the Exchequer before taking a final decision.

The Cabinet—
(1) Took note with approval of the Prime Minister's summing up of their discussion.
(2) Invited the Secretary of State for Social Services to consult the Chancellor of the Exchequer before taking a final decision on the level of contributions abatement.
3. The Cabinet considered a memorandum by the Chancellor of the Exchequer about public expenditure in 1971–72 (C (69) 118).

The Chancellor of the Exchequer said that although 1971–72 was the “focal year” of the current public expenditure survey, in practice decisions in respect of that year would not have the same degree of importance to the spending Departments or the Treasury as those for 1970–71: they were further off and related to a period after the end of this Parliament. He hoped, therefore, that they would not find it necessary to give the same exhaustive consideration to the programmes for 1971–72 as for 1970–71. Nevertheless, it would be essential to show in the White Paper on Public Expenditure to be published towards the end of this year that the total, and the breakdown, for 1971–72 were consistent with the Government’s policies. Total public expenditure for 1971–72 as set out in the 1969 Survey would involve an increase, on a constant price basis, of 5·2 per cent over 1970–71. Including the allowance that should be made for the faster increase in prices to be expected in the public than in the private sector—the “relative price effect”—the increase would be 6 per cent. This was unacceptably large. Publication in the White Paper of such a steep rise in public expenditure would not only have adverse effects on confidence in sterling, but would also prompt the accusation that the Government had only managed to keep public expenditure within reasonable bounds until 1970–71 by postponing expenditure, and the associated budgetary problems, until after the next General Election. He recognised, nevertheless, the disadvantages of publishing too low a figure and he had attempted to strike a fair balance. Officials had suggested that a reduction of about £450 million in public expenditure was required in 1971–72 in order to eliminate a prospective excess of demand of about £350 million in that year. He considered, however, that a reduction of £300 million in demand terms should just be adequate: if the demand content was sufficiently high, this would be equivalent to a reduction of £350 million in public expenditure. Such a reduction would still leave the total of civil and defence programmes between 3½ and 3½ per cent higher in 1971–72 than in 1970–71. Including nationalised industries’ investment, total public sector expenditure would increase by about 3·2 per cent over this period—the largest rate of increase which would be tolerable in relation to the expected rate of growth of gross national product.

Of the £350 million reduction proposed, about £180 million would stem from the decisions which they had already taken in respect of 1970–71. He suggested that £80 million of the remainder should be found from the defence and nationalised industries’ investment programmes combined. Investment by the nationalised industries would in any event be reduced by £103 million as a result of the 1970–71 decisions, so that it would be unrealistic to accept an additional reduction of more than £20 million from this source. If the defence budget could be reduced by £60 million, this would leave about £95 million to be found from the civil programmes. If, however, the defence budget and the nationalised industries could not
produce £80 million between them, the civil programmes would have to be further reduced. If new proposals for additional expenditure in 1971–72 were agreed, these would have to be offset by additional reductions. He asked for agreement that officials should now be requested to produce detailed proposals for consideration by Ministers in the second week of October to achieve a reduction of about £350 million in public expenditure in 1971–72 as indicated in paragraph 9 of C (69) 118.

The Defence Secretary said that he agreed with the Chancellor's proposal that public expenditure should be reduced by £350 million in 1971–72 and that the defence budget should make a significant contribution. He must point out, however, that the main burden of finding additional savings would fall on defence. He could not agree to cuts which would involve a new Defence Review, but only to savings which could be made by a series of relatively small and unrelated cuts mainly achieved by deferment of expenditure. In 1971–72, the defence budget would already have to find reductions of up to £25 million in order to offset the pay improvements which had been agreed for the armed forces. In addition, he would certainly find savings of £50 million, equivalent to a 3.3 per cent reduction in a contracting defence budget. The civil programmes on the other hand, which were expanding, would be cut by only 1.1 per cent on the Chancellor's proposals. He would try to reduce the defence budget by £55 million and if possible by £1 million or so; and since he would in any event be finding £25 million to offset the pay improvements, any shortfall in the cost of the latter would increase the defence savings still further. But he could not provide reductions totalling more than £60 million, i.e. £85 million including provision for absorbing the pay improvements. He was prepared to give similar information to that provided by other spending Ministers about the sources of the defence savings proposed.

In discussion, the following points were made—

(a) Regular resort to cuts in the nationalised industries' investment programmes in order to contain public expenditure as a whole was not conducive to efficient management of this investment. In any event, it might led to precautionary inflation of individual programmes by the industries concerned.

(b) The present civil programmes for 1971–72 made no provision for renewal of the existing financial assistance to the coal industry which would be needed, though not necessarily on the same scale as now.

(c) The present opportunity should be taken to alter the balance of public expenditure in 1971–72 so that a smaller share went to assistance to industry and a larger share to social services. This switch had not been a practical possibility for 1970–71 because of the length of time required to make substantial alterations to expenditure on assistance to industry.

(d) The proposal to find a substantial part of the saving on the civil programmes by limiting the Rate Support Grant for 1971–72 would not necessarily reduce local authority revenue expenditure,
which could be maintained by increases in rates. To the extent that local authority revenue expenditure was thereby reduced, it could prevent the employment of adequate numbers of teachers, whose salaries formed an important part of local authority current expenditure.

(e) There was a difference of view between the Treasury and the Ministry of Overseas Development about the cost of continuing existing policy in 1971–72. This would need to be considered further in the course of the preparation of detailed proposals for economies in 1971–72.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the rate of increase in public sector programmes in 1971–72 should be trimmed to reduce demand by £300 million and that the aim should be to do this by a reduction of about £350 million in public expenditure in that year. This reduction should be apportioned broadly as the Chancellor had suggested in C (69) 118, but to the extent that, for example, it was not possible to find £80 million from the nationalised industries and defence, there would have to be corresponding additional reductions in the civil programmes. The Chancellor of the Exchequer should now arrange for officials to commission detailed proposals to effect these reductions for consideration by the Cabinet in the second week of October.

The Cabinet—
(1) Approved the proposals in paragraph 9 of C (69) 118.
(2) Invited the Chancellor of the Exchequer to arrange for officials to make detailed proposals accordingly for their consideration.

Cabinet Office,
16 September, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 25th September, 1969, at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, MP, Prime Minister
The Right Hon. MICHAEL STEWART, MP, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. RICHARD CROSSMAN, MP, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, MP, Secretary of State for the Home Department
The Right Hon. FRED PEART, MP, Lord President of the Council
The Right Hon. ANTHONY CROSLAND, MP, President of the Board of Trade
The Right Hon. GEORGE THOMSON, MP, Minister without Portfolio
The Right Hon. ANTHONY WEDGWOOD BENN, MP, Minister of Technology
The Right Hon. ANTHONY GREENWOOD, MP, Minister of Housing and Local Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, MP, Minister of Power
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, MP, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, MP, Secretary of State for Defence
The Right Hon. PETER SHORE, MP, Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, MP, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, MP, Secretary of State for Education and Science
The Right Hon. RICHARD MARSH, MP, Minister of Transport
The Right Hon. CLEDWYN HUGHES, MP, Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, MP, Secretary of State for Wales
The Right Hon. JUDITH HART, MP, Paymaster General
The Right Hon. JOHN DIAMOND, MP, Chief Secretary, Treasury
The following were also present:
The Right Hon. ROBERT MELLISH, MP, Parliamentary Secretary, Treasury
The Right Hon. SIR ELWYN JONES, Q.C, MP, Attorney-General

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1. The Cabinet considered the arrangements for the conduct of the forthcoming Labour Party Conference.

No record of the Cabinet's discussion was taken.

2. The Cabinet considered business for the last two weeks of the current Parliamentary Session beginning on Monday, 13th October, in the light of the concentration of Home Office business which would need to be completed in this period and the possible impact on certain of the items concerned of the relations between the Government and the House of Lords.

In discussion it was agreed that the balance of advantage lay in seeking to promote a debate on the situation in Northern Ireland on Monday, 13th October, inviting the House of Commons to consider the Lords' amendments to the House of Commons (Redistribution of Seats) (No. 2) Bill on Tuesday, 14th October; arranging for the House to deal with the Lords' amendments to the Children and Young Persons Bill on Wednesday, 15th October; and disposing of the Southern Rhodesia Order on Thursday, 16th October. Without prejudice to this timetable, however, it would be necessary for the Cabinet to take an early opportunity to consider the Government's tactics if the House of Lords continued to withhold co-operation in enacting the House of Commons (Redistribution of Seats) (No. 2) Bill and to examine at the same time the probable effect on the redistribution of seats in Scotland of the proposals in the report of the Royal Commission on Local Government in Scotland, which was due to be published later that day. There should be close consultation between the Home Office and the Scottish Office in order to ensure consistency in the Government's approach to the interrelated questions of the reorganisation of local authority boundaries and the redistribution of Parliamentary seats in both countries.

3. The Home Secretary said that on 22nd May the Cabinet had invited the Secretary of State for Scotland and himself to move the resolutions required to continue the abolition of capital punishment permanently during the spill-over period at the end of the present Session. Since then statistics had become available showing that, despite a substantial rise in capital murders, the figure for all murders in 1968 was only marginally higher than in 1967. He had now received an analysis from the Home Office Research Unit which was
on the whole helpful from the Government's point of view; and he had undertaken that he would publish this before capital punishment was next debated in Parliament. In the light of these developments, it would in his view be preferable to postpone the moving of the resolutions until the new Session, and to debate them in early December. There was some risk that resolutions might be defeated in one or other House, in which case the Homicide Act, 1957, would revive unless the Government brought in a new Bill; but he considered that this risk could reasonably be accepted.

In discussion it was argued that it would be better to introduce the resolutions during the spill-over period in order to get the issue, which was unpopular in the country generally, out of the way as soon as possible. Delay would simply strengthen the opposition to permanent abolition. Moreover, the Law Officers advised that if the resolutions were defeated in either House it would not be possible to introduce a Bill on the same subject in the same Session. On the other hand, there was wide support for the view that it would be preferable to publish the Home Office analysis in October and to move the resolutions early in the following month. Since new legislation was not involved, it would not be necessary to include a reference on the subject in The Queen's Speech; but an announcement could be made during the course of the debate on it.

The Prime Minister, summing up the discussion, said that on balance the Cabinet agreed that the resolutions required to continue the abolition of capital punishment permanently should not be introduced during the spill-over period. The Cabinet should have before them at their next meeting further advice from the Law Officers on the question whether legislation on the subject could be introduced during the latter part of the next Session if the resolutions were moved shortly after its commencement and were defeated in either House. The Cabinet might at the same time reconsider the possibility of extending the Murder (Abolition of Death Penalty) Act, 1965, for a further period of years, which they had considered and rejected at their meeting on the 22nd May.

The Cabinet—
(1) Agreed that the resolutions on capital punishment should not be moved during the present Session.
(2) Invited the Lord Chancellor to arrange for the Law Officers to submit advice in accordance with the Prime Minister's summing up of their discussion.
4. The Foreign and Commonwealth Secretary said that during his recent visit to Canada he had emphasised, in discussions with the Canadian Prime Minister and Minister for External Affairs, the misgivings which we felt about their decision to effect reductions in the Canadian forces committed to the North Atlantic Treaty Organisation (NATO). The combined effect of allied representation to the Canadian Government had been of positive value in that the force reductions themselves had been scaled down, and that the Canadians had also made it clear publicly that they remained firm supporters of NATO.

On the Middle East, the Americans had claimed that some progress had been made in their bilateral talks with the Soviet Union, although the only specific point on which agreement had been reached was that the Russians now accepted that the settlement would have to take the form of a document signed by all parties. There was little other evidence of movement. In a Press communiqué, prepared on Mr. Gromyko's initiative after a dinner attended by U Thant and the Foreign Ministers of the four Powers, a phrase had been included stressing the right of all States in the Middle East to continue in peace and security; and in a speech to the General Assembly the Israeli Foreign Minister had emphasised that from Israel's viewpoint nothing was non-negotiable, but in private discussion had proved as unyielding as ever on the unity and sovereignty of Jerusalem. The Egyptian representative, on the other hand, had made an unyielding speech, but in private had indicated a readiness to meet the Israelis face to face at the final stage of the negotiations. The Foreign and Commonwealth Secretary said that his view, which the United States Secretary of State accepted, was that the four-Power discussions on the Middle East, which had been in abeyance pending the outcome of the United States-Soviet talks, should be resumed in mid-October. He would consult the Cabinet on what the United Kingdom's line should be in these further discussions.
The Foreign and Commonwealth Secretary said that M. Schumann, the French Foreign Minister, whose attitude was very much more friendly than that of his predecessor, had stressed that from France's viewpoint the achievement of the Common Market, i.e., an agreement between the Six on a common agricultural policy, was a precondition of any enlargement of the Community. The view of the other EEC Foreign Ministers with whom he had discussed the problem was that no more than a temporary agreement on agriculture was possible, pending British entry into the EEC and consideration of the Mansholt plan for a revised EEC agricultural policy. Clearly a major argument among the Six was inevitable. It was still possible, however, that some compromise settlement might be reached which would make it possible for negotiations on our accession to the Treaty of Rome to begin by about February 1970.

In a discussion on the question of negotiations for entry into the EEC there was general agreement that the summit conference of EEC countries in November would be unlikely to lead to any rapid easing of the strains within the Six and that some months would therefore be likely to elapse before serious negotiations between the United Kingdom and the EEC could begin. There was also general agreement that our negotiating stance had greatly improved since the 1967 discussions. Not only was our economic house in better order as a result of our own efforts, a point which the Foreign and Commonwealth Secretary had been careful to stress at suitable points in his discussions in New York, but the EEC countries, both individually and collectively, were much less self-confident. Most of them now recognised the manifold defects of the agricultural policy which the EEC had up to now pursued. In considering the political aspects of our entry, it had to be borne in mind that for most people the issue of our entry to the Common Market was subsidiary to more domestic issues. Both in the Labour Party and in the country as a whole, those who felt strongly about the issue, whether advocates or opponents, were very much in a minority. It would be important in the coming months to strike the right note of robust confidence, making it clear that we were ready to negotiate but were in no way suppliants for admission to the Common Market on any terms. Equally, it would be important to avoid any suggestion of a reversal of previous policy.

The Prime Minister, summing up the discussion, said that it remained our objective to become members of the EEC. But any negotiations for this purpose would need to be on the basis that they committed the Six as a whole to a genuine intention to bring them to a successful conclusion; and we should, of course, need to be satisfied that acceptable terms could be negotiated. It must be understood that in our present economic position we were now strong enough

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to carry the initial burdens of membership but also strong enough to stand on our own feet, if membership on acceptable terms proved impossible. The timing and manner of our approach to negotiations with the EEC would be of great political importance; and the Cabinet would wish to consider the subject in the fairly near future. Meanwhile the interdepartmental study of the cost of our accession to the EEC should proceed under the central direction of the Cabinet Office; and it should be based on a range of assumptions about possible variations in the main factors concerned. In particular the estimates should take full account of changes which had occurred since 1967 in relation to trade with the EEC and to capital movements. The Government would have to be ready to give, to Parliament and the public, full information relating to our accession to the EEC.

The Cabinet—

  Took note, with approval, of the Prime Minister's summing up of their discussion.

The Foreign and Commonwealth Secretary said that while in New York both he and Mr. Rogers, the United States Secretary of State, had discussed with Mr. Gromyko the continued Russian delay in replying to the United States' suggestion that the two Powers should hold talks on the limitation of strategic armaments. Both Ministers had formed the impression that the Russians remained serious in their intention to enter into such talks, but were finding the subject, as had the Americans, an extremely complex one on which to formulate a negotiating position.

The Foreign and Commonwealth Secretary said that, following an appeal by Lord Caradon, which had been preceded by intensive diplomatic lobbying by our representatives all over the world, the Foreign Minister of the Irish Republic had given up his attempt to have the situation in Ulster inscribed on the agenda of the General Assembly. The matter would not now be pressed to a vote.

5. The Cabinet considered a memorandum by the First Secretary of State and Secretary of State for Employment and Productivity (C (69) 123) about industrial policy, together with a note by the Secretary of the Cabinet (C (69) 122) covering a report by officials on the nature, scope and functions of a possible Industrial Commission.
The First Secretary of State said that future policy on prices and incomes should be considered as part of the Government’s industrial policy as a whole. They were already committed to the reactivation of Part II of the Prices and Incomes Act, 1966; and this would form the basis of policy for most of 1970. But the power to delay the implementation of price or wage increases for three months was of limited value. In the longer term the emphasis should move from efforts to restrict specific increases to the positive promotion of efficiency and productivity and to the development of the concept of the public accountability of industry in both the public and private sectors. The establishment of a new Public Accountability Commission, on the lines indicated in the report by officials, could make an important contribution to this concept. Such a Commission would be able not only to take over the existing functions of both the Monopolies Commission and the National Board for Prices and Incomes (NBPI) but also to examine the activities of large or monopolistic firms as a whole instead of considering them only in terms of prices and incomes on the one hand or the abuse of monopoly power on the other. This would be a useful institutional reform and would eliminate an increasingly irrational duplication of functions between the NBPI and the Monopolies Commission. In the long term, it might be possible for the new body also to take over the functions of the Commission on Industrial Relations. The new Commission would not affect the responsibility of Ministers in charge of production departments for the industries with which they dealt, whether nationalised or private.

On the incomes side, the new body would be able to consider references covering pay agreements or pay structures and their implications for costs, prices and the overall efficiency of the firms concerned. It would also be able to consider pay and efficiency in the public sector, although further consideration would need to be given to the precise arrangements for this purpose. The Government would retain, in relation to the Commission’s findings, powers similar to those which they now had in relation to the Monopolies Commission, although it might be appropriate to restrict the power to control prices—at present unlimited—to a period, of say, two years. On this basis the Cabinet should now reaffirm that Part II of the 1966 Act should be reactivated at the end of this year and should continue in operation until the new Commission, on lines indicated in C (69) 122, was established by legislation in the coming Session of Parliament. A White Paper on the Government’s industrial policy might be published and the necessary legislation introduced in the New Year.

In discussion it was suggested that proposals for institutional changes should follow, not precede, decisions about future policy.
objectives. While the Government's present policy in relation to industry could no doubt be improved, it was fundamentally sound and was widely accepted by both sides of industry, as recent discussions in the National Economic Development Council had shown. The apparent contradictions between the roles of the Monopolies Commission and of the Industrial Reorganisation Corporation had been satisfactorily resolved. As to future policy objectives and powers, it might well be desirable in future to have power to consider the implications for the public interest of a company's policies and operations as a whole and also to examine the results of past mergers. It was more doubtful, however, whether it would be desirable to continue to exercise powers of price control while dropping all powers to control incomes. This asymmetrical policy, even if effective in economic terms, would be liable to give rise to strong opposition from industry and to endanger their existing co-operation with the Government on price restraint. The proposal to refer to the new Commission the activities of any large company—whether or not it exercised a statutory monopoly—would in practice extend the present scope of the Monopolies Commission little if at all; but it would provoke intense opposition from industry, who were already concerned at the allegedly indiscriminate and unpredictable choice of references to the Monopolies Commission. As regards institutional arrangements in this field, there was a case for some rationalisation of the existing bodies concerned with investigation into various aspects of industrial activity. But it was irrational and incongruous to seek to merge—as was now proposed—responsibility for two such disparate matters as the overall efficiency of a private company and the pay of e.g. the Armed Forces or other sectors of the public service. A more appropriate solution might be to merge part of the present responsibilities of the NBPI—for example, the efficiency audit of nationalised industries—with the Monopolies Commission in a new organisation concerned with industrial structure and efficiency and to merge the remainder of the NBPI with the Commission for Industrial Relations (CIR) in a single organisation concerned with incomes policy in its widest sense. Moreover, the place of the Industrial Reorganisation Corporation (IRC) and of the Restrictive Practices Court in relation to any new institutional machinery would need careful consideration. For these reasons it would be preferable to give more time to detailed examination of the objectives of Government policy in relation to industry and the machinery required to implement those objectives with a view to action in the next Parliament; and it would be premature and inappropriate to seek to legislate on this subject in the forthcoming Session.
It was also suggested that, in so far as the proposed new Commission might be designed to maintain the substance of a prices and incomes policy in a broader context after the necessary interim reactivation of Part II of the 1966 Act, it was doubtful whether it could be convincingly presented in this light, particularly to the International Monetary Fund (IMF) to whom we were committed as regards the reactivation of Part II. On the other hand, it was implicit in C (69) 123 that Part II would not be likely to give the Government any effective powers of control in 1970; and on that assumption the better course might be not to reactivate it at the end of the year. The IMF might be persuaded by the recent improvement in our economic position that such action might not now be necessary. It was further urged that a new Commission on the lines now proposed would be liable progressively to erode the existing responsibilities and powers of Ministers to stimulate efficiency and regard for the public interest in the private and public sectors of industry. Ministers were genuinely and directly accountable to Parliament and public opinion for their discharge of these responsibilities; and this principle should not be blurred or confused by the intervention of a new Commission. In any event, the establishment of a Commission with wide-ranging powers to investigate any large company and to control prices but not incomes would inevitably lead to a serious confrontation with industry which could be extremely damaging, at any rate in the short term. The suggestion that the new Commission should be given responsibility for advising on the pay of the various public services (e.g. doctors, civil servants and, presumably, teachers) would also provoke unnecessary difficulties at this time. Industry in general and the food industry in particular had co-operated well—on a largely voluntary basis—in the restraint of price increases. Co-operation between the Government and industry, which was particularly important for the maintenance of price stability for food, could hardly be expected to continue under the proposed new régime. A change on the lines proposed might also disrupt an understanding which was on the point of agreement with local authorities for voluntary restraint of rent increases.

On the other hand, it was generally recognised that there was at present serious duplication of functions between the Monopolies Commission and the NBPI. The proposed new Commission would have the advantage of resolving this duplication without encroaching on the existing powers and responsibilities of Ministers and would also represent an important development of the Government's industrial policies in the longer term. There was accordingly a strong case for creating as soon as possible a body on the lines of the proposed Commission in the context of the complex of problems arising in connection with prices, wages, costs, monopolies and
mergers. The additional functions which such a body might discharge in relation to the concept of greater public accountability on the part of industry could perhaps be the subject of more detailed and leisurely examination.

The Prime Minister, summing up the discussion, said that the Cabinet accepted that the Government were publicly committed to the reactivation of Part II of the 1966 Act. Ministers would clearly wish to have a further opportunity to consider the implications of the First Secretary's proposals in relation both to the development of prices and incomes policy in the short term and to the promotion in the longer term of greater industrial efficiency and public accountability. They would also need to consider in more detail the asymmetry between the Powers proposed in respect of incomes and prices, including rents. In terms of institutional arrangements there was general support for the proposal to merge the Monopolies Commission and the NBPI, subject to two important reservations—first, that there should be no derogation from the existing powers and responsibilities of sponsoring Ministers to stimulate efficiency and regard for the public interest in industries for which they were responsible in the public and private sectors of the economy; second that the existing arrangements for determining pay in sensitive areas of the public sector might well need to continue until new ones had been worked out in consultation with those affected. The Cabinet would need to give further thought to all these matters at their next meeting, and to consider at the same time the First Secretary's proposals in C (69) 123 on industrial relations. They would then be ready to take a decision on the manner in which the whole complex of interrelated issues in the field of industrial policy should be presented in terms of The Queen's Speech on the Opening of Parliament and the legislative programme for the next Session. Meanwhile, the concept outlined in C (69) 122 and 123 should be examined and elaborated in the light of the Cabinet's discussion, without prejudice to the final decision.

The Cabinet—

(1) Took note, with approval, of the summing up of their discussion by the Prime Minister.

(2) Agreed to resume their discussion at their next meeting.
Minute 3), she had consulted the Trades Union Congress (TUC) and the Confederation of British Industry (CBI) about the need for legislation and the form which it might take. Their reactions had been very much as predicted. The TUC had asked for implementation within two years and the CBI had asked that it should be delayed for about nine years. Accordingly, subject to the agreement of the Chancellor of the Exchequer on this timing she proposed to announce at next week’s Labour Party Conference that the Government intended to introduce legislation on equal pay in the next Session of Parliament, which would provide that by 1975 it would be illegal to discriminate in pay on grounds of sex. After the announcement she would embark at once on discussions with both sides of industry about the details of legislation.

In discussion, it was suggested that at their previous meeting no decision had been taken as to the precise date by which equal pay should be introduced; and that “discrimination in pay on grounds of sex” might go wider than the principle, suggested in the previous discussion, of “equal pay for the same work”. On the other hand, it was pointed out that the Cabinet had previously agreed to legislation on the broad lines indicated by the First Secretary which included a deadline of end-1975; that “discrimination in pay on grounds of sex” was a formula which satisfied the CBI and TUC as well as the International Labour Organisation; and that it did not in fact go wider than had been previously proposed.

The Prime Minister, summing up the discussion, said that the Cabinet had already agreed that legislation on equal pay should be introduced in the next Session on the broad lines proposed by the First Secretary of State, which envisaged implementation by the end of 1975. The timing and content of her announcement of the decision should be settled in consultation with the Chancellor of the Exchequer and himself. No indication should be given in advance that such a statement might be made.

The Cabinet—

(1) Took note with approval of the Prime Minister’s summing up of their discussion.

(2) Invited the First Secretary of State, in consultation with the Prime Minister and the Chancellor of the Exchequer, to determine the timing and content of her announcement of the Government’s decision to introduce legislation on equal pay.
tendering for Government contracts, and proposing action to increase
the benefits of the existing scheme and to monitor its operation.
They also considered a further memorandum by the Chief Secretary,
Treasury (SEP (69) 75) proposing a small working group of
representatives from the relevant Government Departments, the
nationalised industries and, in due course, the local authorities to
co-ordinate public sector purchasing.

The Cabinet—

(1) Approved the proposals in paragraph 7 of SEP (69) 69 on
preference for Development Areas in Government
contracts.

(2) Approved the proposals in paragraph 12 of SEP (69) 75 on
the co-ordination of public sector purchasing.

8. The Cabinet considered a memorandum by the Lord
Chancellor on the Parliament (No. 7) Bill (C (69) 121).

The Lord Chancellor said that on 10th July the Cabinet had
invited him to arrange for the Ministerial Committee on the House
of Lords to consider the desirability of introducing a Bill to limit the
House of Lords' powers and to report to the Cabinet in September.
Subsequently, at the invitation of the group of Ministers considering
the House of Commons (Redistribution of Seats) Bill, he had
arranged for the preparation of a draft Bill to curtail the powers of
the House of Lords in case the Cabinet decided to introduce such a
Bill. The draft followed closely the provisions of the Parliament
(No. 2) Bill. A decision to introduce such legislation would not affect
the date on which the House of Commons (Redistribution of Seats)
Bill could become law; and even if it were introduced as soon as
Parliament reassembled a new Parliament Bill could not become
law before 15th November, 1970, at the earliest. The legislative
consequences of introducing such a Bill would be serious. The spirit
of co-operation in the House of Lords on which the Government had
to rely to get its business through would disappear and they would
be faced with prolonged and determined obstruction. In the light of
these considerations the Ministerial Committee on the House of

* Previously recorded in a Confidential Annex.
Lords had concluded unanimously that no Bill to limit the House of Lords' powers should be introduced either this Session or next, and that no reference to such Bill should be included in The Queen's Speech.

The Cabinet—
Agreed that no Bill to limit the House of Lords' powers should be introduced either this Session or next.

*Cabinet Office, S.W.1,
26th September, 1969.*
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 7 October, 1969, at 3 p.m.

Present:

The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. ANTHONY CROSLAND, M.P., Secretary of State for Local Government and Regional Planning
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. GEORGE THOMSON, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services (Items 1-6)
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology (Items 1-5)
The Right Hon. PETER SHORE, M.P., Minister without Portfolio
The Right Hon. ROY MASON, M.P., President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. HAROLD LEVER, M.P., Paymaster General (Items 1-3)

The following were also present:
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government (Items 2, 5, 6 and 7)
The Right Hon. SIR ELWYN JONES, Q.C., M.P., Attorney-General
SIR ARTHUR IRVINE, Q.C., M.P., Solicitor-General (Items 1 and 3)
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1. The Prime Minister welcomed to the Cabinet those Ministers who, as a result of the reconstruction of the Government, were joining it for the first time or assuming new responsibilities. He invited the attention of Ministers to his memorandum (C (69) 134) explaining the motives which had prompted him in making the recent Ministerial changes.

The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Home Secretary said that an application had been made for a writ of mandamus against him and was due to be heard on 20 October. It was therefore necessary to consider urgently whether he should lay the Orders implementing the Boundary Commission’s recommendations in the near future. He was advised that so long as Parliament was seized of the House of Commons (Redistribution of Seats) (No. 2) Bill there was a reasonable prospect that the application would be rejected. Allowing for the need to provide time for the House of Commons to consider any amendments by the House of Lords, the Bill might well be before Parliament until the end of the Session. In that event the interval between Prorogation and any further Parliamentary proceedings on the Bill could be critical.

The Cabinet—

Invited the Lord President of the Council, in consultation with the Lord Chancellor, the Home Secretary, the Secretary of State for Scotland, the Lord Privy Seal, the Attorney-General and the Chief Whip, to prepare a report on the courses open to the Government in relation to the House of Commons (Redistribution of Seats) (No. 2) Bill for consideration by the Cabinet in the following week.

2. The Cabinet considered the situation which had been created by the strike of London dustmen and was being aggravated by corresponding action on the part of other public service employees such as road sweepers, lavatory attendants, etc. They were informed that the Leader of the Opposition had that day written to the Prime Minister asking, among other things, for an assurance that the Government had satisfied themselves that the local authorities concerned were able and ready to take measures to deal with the resultant dangers to health.

In discussion it was agreed that the dustmen’s strike represented action which so far was unofficial and unconstitutional. But there were some indications that more powerful unions than those directly involved were seeking to turn the situation to account and to widen the dispute. The Government could not intervene for the time being; but, if the forthcoming meeting on 9 October between the employers and the unions concerned failed to resolve the dispute over pay, it might be necessary to consider whether intervention by the Trades Union Congress or the Government would be desirable. In the meantime, although the Government’s medical advisers
confirmed that there was no immediate threat to public health and no local authority had sought advice or assistance, the Official Emergencies Committee should meet to consider what precautionary action should be taken against a further deterioration of the situation.

3. The Cabinet considered a memorandum by the Attorney-General and the Solicitor-General about the Continuance of the Murder (Abolition of Death Penalty) Act 1965 (C (69) 129).

The Attorney-General recalled that when the Cabinet had last considered the subject of capital punishment they had agreed that Resolutions to make permanent the Murder (Abolition of Death Penalty) Act 1965 should not be moved during the current Session of Parliament. Some members of the Cabinet had however expressed concern on the ground that if the Resolutions were defeated in either House, it would not be possible subsequently to introduce a Bill with the same effect during the same Session, whereas if the Resolutions were defeated in the spill-over period of the current Session, no such constraint would operate in relation to a Bill in the next Session. The Law Officers had therefore been invited to submit detailed advice on the question whether a defeat for the Resolutions would preclude legislation on the same subject later in the Session.

The conclusions which the Law Officers had come to were as follows:

(i) If a Resolution to make the 1965 Act permanent were rejected in either House, it would be possible to legislate during the same Session to extend the Act for a period of years, though it would not be possible to legislate to make the Act permanent.

(ii) If a Resolution to make the 1965 Act permanent were amended by either House in an attempt to extend the Act for a period of years, it would be possible to legislate in the same Session to extend the Act for a different period of years and such legislation would be necessary to put the state of the law beyond doubt.

(iii) A Bill to extend the life of the 1965 Act would be of limited scope; and amendments to it intended to restore the death penalty for categories of murder, or otherwise to amend the law, would be likely to be ruled out of order, though it was difficult to be definite about what might happen in the House of Lords.

The Prime Minister, summing up a brief discussion, said that the Cabinet accepted the advice of the Law Officers, and agreed that it gave no reason to depart from the decision taken at their previous discussion that the Resolutions on capital punishment should not be moved during the present Session. If during the forthcoming Session a Resolution to make the 1965 Act permanent were rejected or amended, the Government would be precluded from taking further action during that Session to give permanent effect to the 1965 Act and would have to fall back on extending the Act for a period of years. But this was a risk that could be faced; and the Cabinet took the view that Resolutions to make the Act permanent should be moved towards the end of the year.
The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.

(2) Agreed that Resolutions to make permanent the Murder (Abolition of Death Penalty) Act 1965 should be moved in Parliament towards the end of the year.

Northern Ireland
(Previous Reference: CC (69) 44th Conclusions, Minute 1)

4. The Cabinet considered a memorandum by the Home Secretary (C (69) 131) on Northern Ireland; the conclusions reached were separately recorded and circulated only to The Queen, the Prime Minister and those Ministers who had to take action.

The conclusions are recorded separately in the standard file held by the Secretary of the Cabinet.

Report of the Royal Commission on Local Government in Scotland

5. The Cabinet considered a memorandum by the Secretary of State for Scotland (C (69) 127) covering a draft of a preliminary statement of the Government’s attitude to the report of the Royal Commission on Local Government in Scotland (the Wheatley Commission).

The Secretary of State for Scotland said that when the Wheatley Commission report was published on 25 September a Press announcement had been made from the Prime Minister’s Office thanking the Commission for their work and promising that the report would be urgently studied, with early consultations. As soon as Parliament resumed it would be necessary to supplement this announcement with a preliminary statement of the Government’s attitude to the report. The basic findings of the Wheatley Commission were the same as those of the Royal Commission on Local Government in England (the Redcliffe-Maud Commission): i.e. that local government needed major rationalisation, that the number of executive authorities must be radically reduced, and that the division between town and country should be ended; and this statement could therefore suitably be on the same lines as the statement made by the Prime Minister when the Redcliffe-Maud Report was published. But it was important to recognise at the outset that there might be differences between the patterns finally adopted for Scotland, England and Wales; and the penultimate paragraph of the draft sought to make this clear. Such a statement would come more appropriately from the Prime Minister than himself. He hoped that it would be possible for the statement to be made when Parliament resumed on Monday, 13 October when he had, in any event, to answer a Question by Mr. Gordon Campbell seeking a statement.

In discussion it was agreed that the statement should be made as in the draft. But it was pointed out that the main reason for the Prime Minister making the statement on the Redcliffe-Maud Report—that it was necessary for him to speak for several Ministers—did not apply in this case. Furthermore, detailed questions were likely
SECRET

to be asked which would require special knowledge of the Scottish situation. For these reasons it seemed better that the statement be made by the Secretary of State for Scotland.

It was agreed that it would be inappropriate to make any statement on the implications for the Boundary Commission's proposals until the future of the House of Commons (Redistribution of Seats) (No. 2) Bill was clearer. If the Secretary of State for Scotland were asked about this after making his statement he would say that he was still considering the matter.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the statement should be made as in the draft before them, but that it would be more appropriate for the Secretary of State for Scotland to make it rather than himself. The Secretary of State for Scotland should consider further, in consultation with the Lord President, the most appropriate day on which to make the statement in light of other business when the House resumed.

The Cabinet—

Invited the Secretary of State for Scotland to make the statement annexed to C (69) 127 at the earliest appropriate moment on the resumption of Parliament.

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Local Government
Reorganisation
in Wales

6. The Cabinet considered memoranda by the Minister of Government Housing and Local Government (C (69) 125) and the Secretary of State for Wales (C (69) 128) on Local Government Reorganisation in Wales.

The Secretary of State for Wales said that the Cabinet had decided not to include Wales in the terms of reference of the Royal Commission on Local Government in England because they recognised that the need for reform in Wales was particularly urgent and that proposals for reorganisation were already in an advanced state of preparation. They had set out these proposals in the White Paper published in July, 1967; and since then, there had been widespread consultations with the local authorities concerned and their associations as well as with other interested bodies. As a result there was a general expectation that the Government would be moving to implement the proposals, coupled with an inevitable feeling of insecurity among local authority staff. In his view, the right course was for the Government to legislate during the coming Session and he considered that they would be discredited in Wales if they failed to do so; he recognised the pressure on drafting resources and was prepared to do what he could to shorten the Bill, but he felt bound to make the point that Wales was entitled to its share of legislative time. He did not consider that such a course need embarrass his colleagues. The Government's proposals for Wales and the recommendations of the two Royal Commissions were at one in sharply reducing the number of local authorities; the main points of difference were the retention of the county boroughs of Cardiff, Newport and Swansea and of the present two-tier structure.
of local government. He recognised that in principle it was right to combine town and country under a single authority, but this was only an issue in South Wales where special factors applied; he would be quite prepared to take powers in the Bill to extend the boundaries of the county boroughs for this purpose. It should be recognised that conditions in the rest of Wales bore little relation to those in England.

The Minister of Housing and Local Government said that he recognised the difficulties of the Secretary of State for Wales; but the course which he was proposing was bound to have a damaging effect on the consultations now proceeding with local authority interests on reorganisation in England. The differences between the proposals of the 1967 White Paper and the English Royal Commission were fundamental; and if it were known that the Government intended to implement the former during the coming Session, it would undoubtedly stiffen opposition in England both among local authorities and local Labour parties to the idea of unitary authorities with a minimum population of around 250,000. Moreover, he was not himself convinced that conditions in Wales were so different that it would not be appropriate to adapt the recommendations of the English Commission to the heavily populated area of South Wales. In his view the right course was to confine any reference in The Queen's Speech to a statement that the Government would put forward proposals for the reorganisation of local government in all three countries; and to postpone any statement of their intentions until the discussions about reorganisation in England were complete.

In discussion considerable support was expressed for both points of view; and there was general agreement that the Government were faced with a difficult situation. In favour of early legislation it was argued that the Government would be discredited in Wales if they failed to implement the 1967 White Paper and instead foisted on that country a set of proposals based on the deliberations of Royal Commissions which had taken no account of the special circumstances and aspirations of Wales. Conditions in England, Scotland and Wales differed substantially; and the Royal Commissions for England and Scotland, despite a common diagnosis, had made differing recommendations. There was no need to strive for identical solutions and in any case the current proposals for the three countries had much in common.

On the other hand it was pointed out that there was growing resistance to the radical proposals of the Redcliffe-Maud Commission and in particular to the concept of unitary authorities. Opponents of the proposals would be greatly encouraged if it were known that the Government proposed to retain the present county boroughs and two-tier structure in Wales; and the Association of Municipal Corporations (which alone among the local authority associations supported the proposals) would be alienated. The Government could not afford to prejudice in this way their chances of achieving radical reform; and it was argued that there should be no commitment to implement the 1967 White Paper on Wales until they had settled their policy for England and Scotland. Moreover
it was far from clear that the 1967 proposals were in the best interests of Wales; they were not the product of any radical rethinking and would merely streamline the existing system.

The implications for the rest of the legislative programme of a Bill of the length proposed had also to be considered. Its inclusion in the programme would make it necessary to drop other Bills, such as Civil Aviation, due for introduction later in the Session. This difficulty might, however, be eased if the Bill could be confined to essentials and presented as an interim solution, leaving minor matters to be dealt with later.

In further discussion it was suggested that the best course would be to insert a holding reference in The Queen’s Speech on which the Prime Minister could build in the course of his speech during the Debate on the Address. This would allow another three weeks for the Government to reach a conclusion on whether or not to implement the substance of the 1967 White Paper. If they decided to do so, it might be possible to have a Bill ready for introduction before the end of the Session, even though it could make no substantial progress; this possibility should be explored.

The Prime Minister, summing up the discussion, said that on balance the wisest course appeared to be to confine the reference in The Queen’s Speech to an indication that “proposals would be put forward” for the reorganisation of local government in England, Scotland and Wales. This would provide a basis on which, in his own speech in the subsequent Debate on the Address, he could say that the Government hoped that it would be possible to introduce, at an appropriate point in the Session, legislation relating to the reorganisation of local government in Wales; and that it would be possible to indicate in advance, by means of a White Paper, the form which such legislation might take. The feasibility of this approach, however, would depend on the Cabinet’s being able to reach agreement, before the Debate on the Address, on the content of such a White Paper and the subsequent Bill (which, even if it was not envisaged as reaching the Statute Book before the end of the Session, should be kept as short as possible). The Ministers primarily concerned should now give urgent consideration to these issues and should report their conclusions to the Cabinet as rapidly as possible.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.
(2) Invited the Secretary of State for Local Government and Regional Planning to arrange for the Ministers primarily concerned to consider urgently whether the proposals in the 1967 White Paper should be retained or replaced.
(3) Invited the Lord President to examine the practicability of drafting a Bill for introduction towards the end of the Session.
(4) Agreed to resume their discussion at an early date.
7. The Cabinet considered a note by the Lord President of the Council (C (69) 126) covering a draft of The Queen's Speech on the Prorogation of Parliament.

The Lord President said that the draft had been considered by the Ministerial Committee on The Queen's Speeches and that so far as he knew there were no points of substance outstanding. He wished, however, to draw his colleagues' attention to the reference to Northern Ireland in paragraph 12 which had been added to the draft since the Committee had considered it.

In discussion it was suggested that it might be better if the paragraph about the Government's application for membership of the European Communities made some reference to the improved prospects of making progress; but the general feeling of the Cabinet was that any such reference would be out of place. The paragraph about the situation in Northern Ireland was agreed, subject to a drafting amendment.

The Cabinet—

Approved the draft of the Prorogation Speech annexed to C (69) 126, subject to the amendment made to paragraph 12.

Cabinet Office,

8 October, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 9th October, 1969
at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign
and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor (Items 1–4)
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary
of State for Employment and Productivity
The Right Hon. ANTHONY CROSLAND, M.P., Secretary of State for Local
Government and Regional Planning
The Right Hon. PETER SHORE, M.P., Minister without Portfolio
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social
Services
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY WEEDWOOD BUNN, M.P., Minister of Technology
The Right Hon. GEORGE THOMSON, M.P., Chancellor of the Duchy of
Lancaster
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture,
Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. HAROLD LEVER, M.P., Paymaster General

The following were also present:
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local
Government (Items 3 and 4)
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
The Right Hon. ALICE BACON, M.P., Minister of State, Department of
Education and Science (Item 4)

The Right Hon. JOHN SILKIN, M.P., Minister of Public Building and
Works (Item 6)
Mr. JOHN MORRIS, M.P., Minister of Defence for Equipment (Items 1
and 2)
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General
SECRET

Secretariat:

Sir Burke Trend
Mr. R. R. D. McIntosh
Mr. P. E. Thornton
Mr. J. Crocker
Mr. P. J. Hudson

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The Foreign and Commonwealth Secretary said that six Spanish warships were now concentrated in the vicinity of disputed territorial waters near Gibraltar. Similar concentrations, though not on such a large scale, had occurred before. The Spanish action was probably intended as a response to the relatively large number of visits paid by British warships to Gibraltar recently.

The Foreign and Commonwealth Secretary said it now seemed likely that Herr Brandt would take office as Chancellor of the Federal Republic of Germany, with Herr Scheel as Foreign Minister. The change of Government would probably be reflected in greater German enthusiasm for our entry into the European Economic Community; and in a more determined search for a better relationship between the Federal Republic and the Soviet Union. The new Government might also try to persuade the Powers occupying West Berlin that the West Berlin representatives should be given voting rights in the Bundestag in Bonn. Such a request could raise difficult political issues.

The Foreign and Commonwealth Secretary said that the bilateral talks between the United States and the Soviet Union on the content of a possible Arab/Israeli settlement had made only limited progress. It was likely that the Four-Power talks, which had been in abeyance while the bilateral talks were proceeding, would be resumed at about the end of the month. The Defence and Oversea Policy Committee, at its meeting on 8th October, had agreed upon the guidelines to be given to Lord Caradon, our representative at the United Nations, in preparation for the resumption of the Four-Power talks. Before we put forward any suggestions in the Four-Power discussions, there would be consultation with the French and Americans.

The Foreign and Commonwealth Secretary said that Mr. Grey, who had now been released by the Chinese, was now on his way to Karachi from Peking. From that point arrangements for his movements would be in the hands of Reuters, his employers. There were still 12 British subjects detained in China, about whom we were making continuing representations to the Chinese authorities.

The Cabinet—

Took note of the statements made by the Foreign and Commonwealth Secretary.
2. The Cabinet had before them a memorandum by the President of the Board of Trade (C (69) 124) about the supply of Wasp helicopters to South Africa.

The Secretary of State for Local Government and Regional Planning said that, as President of the Board of Trade, he had been invited by the Defence and Oversea Policy Committee to submit the present paper to the Cabinet. The Committee had considered that the issues raised by the proposal put forward by the Official Committee on Strategic Exports stemmed directly from the Cabinet's decision, taken on 18th December, 1967 (CC (67) 72nd Conclusions), on policy governing the supply of arms to South Africa, and could be resolved only by the Cabinet. The South African Government had asked us to supply Wasp helicopters to replace three of the ten helicopters which had been supplied in 1964 and 1965 and to equip further British-supplied frigates in an anti-submarine role. The precedents were not clear. We had informed the South African Government in May 1965 that we would be willing to consider the replacement of Wasp helicopters lost in accidents or through mechanical defects; and some Wasp helicopters were in fact supplied in November of that year. On the other hand, Wasps had been included in the South African "shopping list" for maritime defence equipment which we had turned down in 1967.

In discussion, it was pointed out that to turn down the request might be regarded by the South African Government as inconsistent with our previous practice of allowing the replacements necessary to the maintenance of their maritime forces to be supplied. Moreover, the helicopters in question were designed and equipped for the anti-submarine role and could not, except at great expense, be adapted for purposes (e.g. riot control) which would be repugnant to public opinion in this country. If the South Africans required helicopters for such purposes they had large numbers of French machines available. On the other hand, it was argued that a decision to accept the order might be regarded as a partial reversal of the policy announced in December 1967, to which many Government supporters attached great importance. Such a decision would moreover be difficult to justify to the United Nations, where the question of South Africa was likely to attract fresh attention in the near future.

The Prime Minister, summing up the discussion, said that the Cabinet, while recognising the arguments on both sides, considered that on balance the proposal to supply Wasp helicopters to South Africa should be rejected. To accede to it might create difficulties for our foreign policy in the United Nations and possibly elsewhere; it could also cast doubts domestically on the firmness of our adherence to the policy on arms supply which we had announced in December 1967.
The Cabinet—

Took note, with approval, of the Prime Minister's summing up of their discussion.

3. The Cabinet were informed of the latest developments in the strike of London dustmen and other municipal workers. The local authorities appeared to be dealing with the situation without too much difficulty and had still not sought assistance from the Government. There continued to be no evidence of any serious risk to public health at this stage. On the other hand the forthcoming meeting between the employers and the local authority manual workers to discuss the latter's pay claim was unlikely to resolve the dispute; and in that case the Transport and General Workers' Union would probably seek to make the strike official. At that point it might be necessary for the Department of Employment and Productivity to intervene; and they were ready to offer their good offices.

In these circumstances the Official Committee on Emergencies had advised that there was no present need for the Government to take any overt action or to invoke emergency powers (the validity of which in relation to the clearance of rubbish was in any case open to question). But they had suggested that it should be discreetly ascertained whether the Armed Forces could, if necessary, provide assistance.

In discussion there was general agreement with these recommendations, on the understanding that enquiries about the extent to which Service personnel and vehicles could be made available would be conducted with great circumspection in order to prevent any premature disclosure that troops might have to be used. In particular, individual units should not be alerted or given any reason to suppose that they might be deployed. It might also be advisable for an official statement to be made to reassure public opinion that there was no current danger to health, provided that this could be done on the basis of adequate professional authority. At the same time the Government must avoid any appearance of complacency in the face of a potentially serious challenge to the life of the community.

The Cabinet—

(1) Invited the Secretary of State for Local Government and Regional Planning to arrange for the Official Committee on Emergencies to keep the situation under close review and to take such further precautionary measures as were required in the light of the Cabinet's discussion.
(2) Invited the Secretary of State for Social Services to arrange for an official statement to be made in order to reassure public opinion about the alleged risk to health.

4. The Cabinet resumed their consideration of a memorandum (C (69) 123) by the First Secretary of State concerning (a) industrial policy and (b) an Industrial Relations Bill. They also had before them a further memorandum by the First Secretary of State about an Industrial Relations Bill (C (69) 135); and a note by the Secretary of the Cabinet (C (69) 133), to which was attached a memorandum by officials dealing with certain issues arising from the Cabinet's previous consideration of industrial policy.

The First Secretary of State recalled that at their previous discussion there had been general support for the proposal to merge the Monopolies Commission and the National Board for Prices and Incomes (NBPI), subject to two important reservations: first, that there should be no derogation from the existing powers and responsibilities of sponsoring Ministers in relation to their industries; and second, that the existing arrangements for determining pay in sensitive areas of the public sector would need to continue until new ones had been worked out in consultation with those affected. On the first point, she hoped that the note by officials attached to C (69) 133 made clear that the proposed merger would not in any way derogate from, or indeed change, the existing powers and responsibilities of sponsoring Ministers. References to the proposed new Commission would be made jointly by the Minister responsible for it and the production Minister concerned; and responsibility for follow-up action on reports of the new Commission would be shared with the production Department in the private sector and would rest solely with the sponsor Department in the public sector. As regards the arrangements for determining pay in the sensitive areas of the public sector, the proposed merger did not affect the situation. The Ministerial Sub-Committee on Future Prices and Incomes Policy was considering how greater co-ordination might be achieved here, but a decision to merge the Monopolies Commission and NBPI would not prejudge in any way future arrangements for determining pay. The new Commission resulting from the merger of the Monopolies Commission and the NBPI would not merely take over the existing activities of each of these organisations but would expand them. There would be short-term enquiries—lasting, say, three to four months—into proposed mergers; specific price increases resulting from an apparent abuse of market power; and specific pay settlements which were in apparent defiance of the guidelines for incomes policy laid down by the Government. There would also be enquiries lasting.
say, six to nine months into, for example, specific pay structures and price-fixing arrangements. More lengthy enquiries would be undertaken on the lines of those now carried out by the Monopolies Commission into monopoly situations, possibly including follow-up enquiries into previous major mergers; and there would also be efficiency studies of the nationalised industries on the lines of those for which the NBPI was at present responsible.

In discussion, there was general agreement that some rationalisation of the present functions of the Monopolies Commission and of the NBPI was desirable. It was, however, suggested that the present proposals were deficient in some respects and in any event had not been adequately considered by Ministers. It would make no sense to divide responsibility for company law, for industry and the Industrial Reorganisation Corporation and for a new Commission dealing with mergers and the public accountability of industry between three different Departments. There were other possible methods of rationalisation: the prices side of the NBPI might, for example, be transferred to the Monopolies Commission and the incomes side to an enlarged Commission for Industrial Relations. Inadequate collective consideration had been given to the proposed functions and powers of the new Commission. The case for hastening a decision to proceed with the proposed merger appeared to be founded on the view that it would greatly ease the transition from existing prices and incomes legislation to a new prices and incomes policy on the lines indicated by the First Secretary of State in her memorandum. It was clearly essential to reactivate Part II of the Prices and Incomes Act 1966 at the end of this year, not only because of the Government’s commitment to the International Monetary Fund, but also because the Government could not retreat further from their declared policies in face of trade union pressures. It was, however, unnecessary to pay a high price in order to secure the reactivation of Part II of the Act; and it was suggested that too high a price would have been paid if a hastily devised arrangement were now pressed through without full and detailed consideration being given by Ministers to the proposed functions and powers of the new Commission and to the allocation of responsibilities between the Departments concerned. As to future prices and incomes policy, Part II of the 1966 Act should in any event remain in force throughout 1970; and the asymmetrical proposals by the First Secretary of State for the period thereafter required further careful consideration. As to presentation of any new Commission, it would be important to make clear that the public accountability of industry was not in future to be the special preserve of a new Commission rather than of production and sponsor Departments. If a reasonable degree of price stability—particularly of food—were to be secured over the next
12 months, it would be important to avoid any suggestion that during 1970 prices but not incomes would be subject to continuing effective control. It must also be made clear that the existing arrangements for determining pay in sensitive areas of the public sector—for example of doctors—would continue unchanged unless and until new ones had been worked out in consultation with those affected.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that legislation should be introduced in the next Session to merge the Monopolies Commission and the NBPI and that there should be a reference to this in fairly general terms in The Queen's Speech. The merger would not affect the existing arrangements for determining pay in sensitive areas of the public sector; these would continue unless and until new arrangements had been worked out, in consultation with those affected, in accordance with the Government's announcement on 11th July, 1969. In presenting the merger, the difference between the existing roles of the two bodies should be emphasised; and it should be made clear that there would be no derogation from the existing powers and responsibilities of sponsoring Ministers. The Ministerial Sub-Committee on Future Prices and Incomes Policy should consider, in the light of their decision, the future development of prices and incomes policy, including the relationship between the powers proposed for incomes and prices, and the treatment of rents. The Official Working Party on Industrial Policy and the Monopolies Commission should prepare a report on the scope and content of the proposed legislation for consideration by the Ministers concerned.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Agreed that legislation should be introduced in the next Session to merge the Monopolies Commission and the National Board for Prices and Incomes.

(3) Invited the Lord President of the Council, in consultation with the Chancellor of the Exchequer, the First Secretary of State and the President of the Board of Trade, to prepare for the consideration of the Cabinet a draft passage on (2) above for inclusion in The Queen's Speech.

(4) Invited the Chancellor of the Exchequer to arrange for the Ministerial Sub-Committee on Future Prices and Incomes Policy to consider the future development of prices and incomes policy and the treatment of rents on the lines indicated by the Prime Minister in his summing up.
(5) Took note that the Prime Minister would arrange for the Official Working Party on Industrial Policy and the Monopolies Commission to prepare a report for consideration by the Ministers concerned on the scope and content of the proposed legislation at (2) above.

The First Secretary of State said that in C (69) 123 she had set out four alternative courses which were open to the Government in the forthcoming Session—

(i) To introduce a Bill giving effect broadly to all those proposals in the White Paper “In Place of Strife” (Cmnd. 3888) which were not clearly ruled out by the 18th June agreement with the Trades Union Congress (TUC) (including the proposals for compulsory registration and an independent review body).

(ii) To introduce a Bill as in (i) but excluding the latter two proposals to which the TUC were strongly opposed.

(iii) To introduce a more selective Bill which would be limited to extending the protection afforded the individual employee in his relationship with his employer and his trade union, but which would omit proposals designed to strengthen trade union rights and bargaining powers (e.g. on trade union recognition and on the disclosure of information to trade unions by management).

(iv) To have no Bill at all.

Course (i) had certain advantages. But while the Government understood the agreement reached between the Prime Minister and the TUC on 18th June as excluding the introduction during the life of the present Parliament of any legislation to impose penal sanctions in the sort of circumstances which had been under discussion—unofficial strikes and inter-union disputes—the TUC maintained that it ruled out any legislation providing new statutory sanctions against trade unions or their members. In particular they claimed that the undertaking precluded the introduction of compulsory registration of trade unions and of the independent review body to hear appeals by members against unfair or arbitrary action by their trade unions. To proceed with these two proposals, therefore, would lead to charges of breach of faith and another direct confrontation with the TUC. While she had at first been attracted to course (iii), she had been advised that a limited Bill would be open to amendments at large from both sides of the House and so place the Government in a difficult and embarrassing situation. Failure to introduce a Bill would be damaging politically and to the prospects of improving the machinery for collective bargaining.
She had therefore concluded that course (ii) was the right one in the circumstances. This might be represented as providing a charter for the trade unions without imposing any obligations on them and would be attacked on these grounds by the Opposition and by the Confederation of British Industry. But it would include a number of valuable measures, notably the placing of the Commission on Industrial Relations on a statutory basis, to which the trade unions were indifferent or opposed. Moreover, such a Bill would include all the proposals in the White Paper except those for which responsibility had been devolved upon the trade unions themselves under the June agreement on their “Programme for Action”.

In discussion it was suggested that course (i) was preferable. The arguments for an increase in the accountability of the managers of industry which had been deployed in discussion of the proposed new Industrial Commission applied equally to trade unions, who also wielded considerable power in the economy and over individuals. Moreover, the genuine doubts which had earlier been expressed about the enforceability of legal sanctions in the case of unofficial strikes and inter-union disputes did not apply to registration of unions or to the independent review body. Moreover, it would be embarrassing if a Bill were introduced on the lines recommended by the First Secretary of State and it then became clear that the TUC could not or would not carry out their undertaking to deal effectively with unofficial and inter-union disputes. If the difficulties of introducing a comprehensive Bill were considered insuperable, it might be preferable to have no Bill at all in the coming Session. Of the Donovan recommendations which had attracted most public attention, the long-term improvement of machinery for collective bargaining was being pursued through the Commission on Industrial Relations; and immediate measures to deal with unofficial strikes and inter-union disputes were now the responsibility of the TUC. Moreover, amendments might well be carried in the House of Lords to impose penal sanctions in certain cases; as the Bill could not be ready for introduction for some months, there might be difficulties in finding the necessary Parliamentary time to re-amend the Bill in the Commons.

On the other hand, it was argued that the Government had announced their intention to introduce a Bill, and that it would be difficult to defend not doing so, and so delay reforms which were already overdue. Courses (i) and (iii) were unacceptable for the reasons indicated by the First Secretary of State. If the trade unions were able in practice to implement the June agreement, course (ii) would be clearly defensible. If, however, it became clear in the course of the next few months that they could not do so, or if cases of unfair or high-handed treatment of members by their unions...
National Superannuation Arrangements for Contracting Out of the Earnings-Related Pension Scheme

(Previous Reference: CC(69) 44th Conclusions, Minute 2)

attracted public attention, it might be appropriate to add provisions to the Bill placing obligations on or regulating the conduct of trade unions, for example by the establishment of an independent review body.

The Prime Minister, summing up this part of the discussion, said that the Cabinet agreed that an Industrial Relations Bill should be introduced in the coming Session. There was general agreement that this should be a reasonably comprehensive Bill on the lines of course (ii), as described by the First Secretary of State, though they would have a further opportunity to consider whether it should be further extended on the lines of course (i). They should, in any event, be prepared for the possibility that the TUC might demonstrably have failed to carry out their undertaking to deal with unofficial and inter-union disputes. It would be desirable, therefore, to have in reserve clauses placing obligations on or regulating the conduct of trade unions. These reserve clauses could be introduced during the passage of the Bill if the industrial and trade union situation at the time made it seem desirable.

The Cabinet—

(6) Took note, with approval, of the Prime Minister's summing up of this part of their discussion.

(7) Invited the First Secretary of State to arrange for the Committee on Industrial Relations to consider the contents of an Industrial Relations Bill, together with reserve clauses, on the lines indicated by the Prime Minister in his summing up; and to report their conclusions to the Cabinet.

5. The Secretary of State for Social Services, reporting on the progress of his negotiations with the pension interests on the terms of abatement to be included in the National Superannuation Bill, said that he had seen representatives of the pension funds, the Life Offices' Association, the nationalised industries and the local authorities, as well as the Trades Union Congress (TUC) and the Confederation of British Industry (CBI). The Bill would have to specify in respect of those contracted out of the State scheme both the amount by which pensions should be abated and the amount by which contributions should be abated. There was agreement by all concerned, except the nationalised industries, that the measure of abatement of pensions should be 1 per cent. On the measure of abatement of contributions, the general view of the pension interests was that the figure should be at least 1.5 per cent, compared with the 1.25 per cent which he had offered; but nothing that had been said invalidated the arguments...
of the Government Actuary, which would be set out in the proposed White Paper, that abatement by 1.25 per cent would be enough to make contracting out possible, taking the field as a whole, though it would provide no margin for profit. There were, however, two valid arguments for adopting a higher figure. The first was that the profitability of a scheme was much affected by the age structure of its members; and a higher figure than 1.25 per cent would be necessary to prevent loss in the case of schemes, such as that of the mineworkers, which had an above average proportion of older members. The second reason for adopting a higher figure was that the expenses of medium and small schemes were inevitably higher than those of large schemes, so that a figure above 1.25 per cent would make it possible for some of the smaller schemes to contract out their members. The Cabinet at their meeting on 11th September had authorised him to increase the measure of abatement of contributions to 1.3 per cent if necessary. He was convinced, after talking to the Chancellor of the Exchequer, that this was the right figure to adopt; it should be high enough to attract a significant number of the smaller schemes. He felt bound, however, to warn his colleagues that there would be widespread opposition to the decision not to adopt a higher measure of abatement and that the interests concerned would do their best to mobilise their members against the Government; the CBI would very likely oppose the proposals as a whole. But he thought that it would be wrong to adopt a higher figure, even though this would reduce the opposition, because, as the TUC had pointed out, the effect of this would be to tax those subscribing to the State scheme in order to induce others to contract out of it. It would be necessary to set out in detail in the proposed White Paper the exact terms of abatement. He hoped to submit the White Paper to the Cabinet during the following week; there would be no previous intimation of the Government’s decision to those concerned.

The Prime Minister, summing up a brief discussion, said that the Cabinet took note of what the Social Services Secretary had said. They were agreed that the pensions of persons contracted out should be reduced by 1 per cent and their contributions by 1.3 per cent. The Secretary of State should submit the proposed White Paper to the Cabinet as soon as possible.

The Cabinet—

(1) Took note with approval, of the Prime Minister’s summing up of this part of their discussion.

(2) Invited the Social Services Secretary to bring the draft of the White Paper on terms of abatement before the Cabinet as soon as possible.
6. The Cabinet considered a memorandum by the Lord President of the Council (C (69) 132) on the legislative programme for the Session 1969–70.

The Lord President said that the Ministerial Committee on Future Legislation had reviewed the legislative programme for 1969–70 provisionally approved by the Cabinet in April. The Committee had recognised that drafting capacity rather than Parliamentary time was likely to be the limiting factor next Session; and subsequent developments had aggravated the position. The Committee had recommended the dropping of some Bills from the programme and the addition of others urgently required, including Equal Pay and Investment Grants for Ships. But if room was to be found for major Bills such as Industrial Commission in the programme, it would be impossible to proceed with others (e.g. Local Government Reorganisation (Wales)). There were a number of Bills in the programme on which substantial work remained to be done; and others on which no instructions had been submitted. He did not expect difficulty in keeping both Houses occupied until Christmas, but pressure on the draftsmen during the winter months would be extremely heavy; he was confirmed in that view by a talk the previous day with First Parliamentary Counsel. He hoped, however, that at a later stage it might be possible to accommodate some shorter Bills, such as Civil Aviation and perhaps Registration of Employers and Self-Employed in the Construction Industry, the drafting of which presented less of a problem.

In discussion, the following main points were made—

(a) As it was impossible to say when the Election would be held, it would be reasonable for The Queen’s Speech on the Opening of Parliament to promise rather more legislation than could be passed in a Session of normal length.

(b) There was a strong political case for Civil Aviation and for Registration of Employers and Self-Employed in the Construction Industry.

(c) A Bill would be necessary to implement the Cabinet’s decision to recover the full cost of hospital treatment in road traffic accident cases from the insurance companies, though it would probably be better not to mention this in The Queen’s Speech.

(d) The limit on guarantees under the Shipbuilding Industry Act 1967 would have to be raised if this facility was to continue.

(e) Public Service Superannuation would have to be the subject of a separate Bill.
The Prime Minister, summing up the discussion, said that the Cabinet approved the proposals of the Lord President subject to the decisions which had already been taken about Industrial Relations and Industrial Commission and to Public Sector Superannuation and Road Traffic Act 1960 (Amendment) being included in the main programme; a decision on Local Government Reorganisation (Wales) would be taken when the urgent review of policy now under way was complete. The Cabinet took note that the Lord President hoped to find time at a later stage for some shorter Bills such as Civil Aviation and Registration of Employers and Self-Employed in the Construction Industry; and the Ministers concerned should ensure that outstanding policy issues were settled as soon as possible and instructions prepared. The Lord President should review the progress of Bills in the main programme at frequent intervals to ensure that full use was made of any drafting resources and Parliamentary time which might become available. He should also arrange to revise the draft of The Queen’s Speech on the Opening of Parliament in the light of their discussion and submit it to the Cabinet.

The Cabinet—

(1) Approved the proposals in C (69) 132, subject to the points mentioned in the Prime Minister’s summing up of their discussion.

(2) Invited the Lord President to keep the progress of the programme under review in the light of their discussion.

Cabinet Office, S.W.1,
9th October, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 14 October, 1969, at 10.30 a.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. ANTHONY CROSLAND, M P, Secretary of State for Local Government and Regional Planning
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. ROY MASON, M P, President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

The following were also present:
The Right Hon. ALICE BACON, M P, Minister of State, Department of Education and Science (Item 4)

Secretariat:
SIR BURKE TREND
Mr. R. R. D. McINTOSH
Mr. J. CROCKER
Mr. G. P. PRATT
Mr. B. D. PONSFORD

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1. The Lord President said that the Group of Ministers under his chairmanship had met earlier that morning and had unanimously agreed to the Home Secretary's proposals for dealing with the Parliamentary situation which now confronted the Government in connection with the House of Commons (Redistribution of Seats) (No. 2) Bill.

The Home Secretary said that, in the Debate on the Motions tabled by the Government on the consideration of the Lords' amendments to the Bill, he proposed to argue on the following lines. The proposed amendments would reactivate the Boundary Commissions in 1972, which was the appropriate time given the probable timetable for legislation on local government reorganisation. The Bill, amended as proposed by the Government, would also enable the next General Election to be fought in London on the basis of the constituencies proposed by the Boundary Commission and would provide more adequate representation for electors in the very largest constituencies elsewhere in the country. These were sensible proposals which it was to be hoped the House of Lords would accept. But, if the House of Lords rejected the Bill in the form which the Government proposed, as had been threatened, he intended to lay draft Orders in Council implementing the recommendations of the Boundary Commissions, though he would not feel able to advise the House to approve them. The resulting position would be that the Lords would have rejected the Redistribution of Seats Bill and the Commons would have rejected the Orders redistributing the seats, and the next General Election would therefore have to be conducted on the basis of the present Parliamentary seats.

In effect the House of Lords would have to choose between a General Election fought on the basis of the present seats or on the basis of the partial reform embodied in the Redistribution of Seats Bill.

The Greater London Council's (GLC) request for single member constituencies in London still stood and he therefore proposed at a later stage to discuss with the Opposition whether they would support him in introducing a new Order to implement the Boundary Commissions' recommendations for London and to deal with the constituencies which straddled the GLC boundary. But he would not mention this possibility in his statement. The question of legislation could be left for subsequent decision; provision would be necessary to provide for a fresh review by the Boundary Commission.

The Attorney-General said that he considered that the course proposed by the Home Secretary was the best that could be devised to meet the threat arising from the application in the High Court for an order of mandamus, which was due to be heard on 20 October; if such a statement were made he might even be able to secure the withdrawal of the application. As to the Home Secretary's proposal that the Orders implementing the Boundary Commissions' recommendations should be voted down, his duty was to lay them
and did not extend to ensuring that they were approved. He interpreted the House of Commons (Redistribution of Seats) Act, 1949 to mean that four Orders would be required, one for the recommendations of each Boundary Commission.

In discussion there was general approval of the course the Home Secretary proposed, which would put the Government in a strong position. Careful thought should, however, be given to the wisdom of proceeding, after the Orders had been voted down, with a new Order to deal with London and the straddling constituencies. There was now little time for the party organisations to prepare for the GLC election in April, 1970 and if the proposal were mooted it would cause great uncertainty. However it seemed that the GLC would prefer to have the election on the new basis if this were possible. The best course might be not to mention the proposal now but to consider it again at the start of the new Session and to bear in mind that, if it were to be proceeded with, this should be done at the earliest practicable moment. On the timetable for the local government reorganisation, which was relevant to the Government’s proposed amendment to the Redistribution of Seats Bill, the Home Secretary should evade any reference to the timing of the initial White Paper and say only that the Government was working towards legislation in 1972.

The Cabinet then considered the implications of the report of the Wheatley Commission on Local Government in Scotland for the recommendations of the Scottish Boundary Commission.

The Secretary of State for Scotland said that he had concluded that the pattern of Parliamentary constituencies recommended by the Boundary Commission could not be reconciled with any pattern of local government likely to emerge from consideration of the Wheatley Report. He was likely to be questioned on this after he had made his statement on the Wheatley Report that afternoon but before the Debate on the Redistribution of Seats Bill. His difficulty was that the Government amendments proposed to retain in the Bill the option enabling him to implement the Scottish Boundary Commission’s proposals and he would have preferred therefore to delay any announcement of his conclusion that he would not now exercise this option.

In discussion of this point, it was suggested that the Scottish Secretary should answer any questions about the implications of his statement for Parliamentary boundaries by saying that this aspect would be covered in the ensuing Debate on the Redistribution of Seats Bill.

The Prime Minister, summing up the discussion, said that the Cabinet approved the course of action proposed by the Home Secretary, namely, that he should stress the reasonableness of the Redistribution of Seats Bill, amended as the Government proposed but should also give clear warning that, if the House of Lords rejected it, he would lay draft Orders implementing the Boundary
Commissions’ recommendations and advise the House not to approve them. The possibility of introducing a Second Order to deal with London and the straddling constituencies should be kept open but should preferably not be raised at present. The Scottish Secretary should agree with the Home Secretary a form of words for use in answering any questions about the implications of the Wheatley Report for the Scottish Boundary Commission’s recommendations. The Lord President’s Group of Ministers should meet again after the House of Lords had considered the Redistribution of Seats Bill on Thursday, 16 October, and should make a further report to the Cabinet.

The Cabinet—

(1) Approved the course of action proposed by the Home Secretary, subject to the points made in discussion.

(2) Invited the Scottish Secretary to consult with the Home Secretary on the form of words to be used in answering any questions arising on his statement on the report of the Wheatley Commission which touched on the implications for Parliamentary boundaries.

(3) Invited the Lord President to arrange for his Group of Ministers to meet again and to report further to the Cabinet in the light of the reaction by the House of Lords on Thursday, 16 October, to the Home Secretary’s statement on the House of Commons (Redistribution of Seats) (No. 2) Bill.

2. The Cabinet heard an oral report from the Home Secretary on his recent visit to Northern Ireland; the conclusions reached were separately recorded and circulated only to The Queen, the Prime Minister and those Ministers who had to take action.

The conclusions are recorded separately in the standard file held by the Secretary of the Cabinet.

3. The Cabinet were given the latest information about the strike of dustmen and other municipal workers in London and some other towns. The position was confused; there had been a return to work in some boroughs and elsewhere meetings were being held to discuss a return. So far there was no sign of any serious health hazard; and it seemed unlikely that there would be any need for the Government to take emergency action. The strikes remained unofficial and would, it was hoped, peter out; intervention by the Government would be likely only to exacerbate the situation.
The Cabinet—
(1) Took note of the situation.
(2) Invited the Secretary of State for Local Government and Regional Planning to arrange for the Official Committee on Emergencies to keep the situation under close review.

The Queen's Speech on the Opening of Parliament

4. The Cabinet had before them a note by the Lord President (C 69 138) to which was attached a draft of The Queen's Speech on the Opening of Parliament.

The Lord President said that the draft had been considered by the Ministerial Committee on The Queen's Speeches; he had subsequently revised it to take account of the decisions reached in Cabinet on 7 and 9 October. The revised draft ran to about 990 words compared with the normal 1,000 words, so that any further additions would need to be matched by deletions.

In discussion a number of amendments were made to the draft, and the following main points were made—

(a) The reference to a possible international agreement on tariff preferences for the developing countries, at present in paragraph 21, should be incorporated in paragraph 2.

(b) The possibility should be examined of including a reference in paragraph 5 to chemical as well as biological methods of warfare.

(c) Paragraph 6 should refer to "Nigeria and Vietnam".

(d) The paragraph on Northern Ireland should include a reference to the proposed legislation; a final decision on the wording of the paragraph should be taken at the last possible moment.

(e) Paragraphs 17 and 19, which referred to proposals for controlling the development of labour-only sub-contracting in the construction industry and for giving effect to recommendations of the Committee of Enquiry into Civil Transport, should stand, even though it might not in the end prove possible to introduce the legislation during the Session.

(f) Policy on the Atomic Energy Authority had yet to be finalised and paragraph 24 should refer to "proposals".

(g) The proposals referred to in paragraph 27 for requiring local education authorities to prepare plans for reorganising secondary education on comprehensive lines should be brought before Cabinet as soon as possible. Meanwhile the paragraph should stand; but it should not be expanded to refer to the projected White Paper on the reform of the law on education.

(h) A final decision on the proposed reference to legislation for continuing certain powers of rent control (paragraph 32) could not be taken until the policy was settled, probably later in the week.

SECRET
Paragraph 37, which referred to the Report of the Royal Commission on Assizes and Quarter Sessions, should be deleted. The policy issues should be considered by the appropriate Ministers and a suitable statement made during the Debate on the Address.

Subject to a decision yet to be taken by the Cabinet, it would be appropriate to add a reference to the proposed Coal Bill.

The Cabinet—

(1) Invited the Foreign and Commonwealth Secretary to consider further the point raised at (b), and if appropriate to submit a revised passage to the Lord President.

(2) Invited the Home Secretary, in consultation with the Defence Secretary, to submit a revised passage on Northern Ireland to the Lord President.

(3) Subject to (1) and (2) and to the points agreed in discussion, approved the draft Speech annexed to C (69) 138.

Cabinet Office,
14 October, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 16th October, 1969,
at 10.30 a.m.

Present:

The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. ANTHONY CROSLAND, M.P., Secretary of State for Local Government and Regional Planning
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. ROY MASON, M.P., President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer (Items 1-4)
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. PETER SHORE, M.P., Minister without Portfolio
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. HAROLD LEVER, M.P., Paymaster General

The following were also present:

The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local Government (Item 3)
The Right Hon. FREDERICK MULLEY, M.P., Minister of Transport (Item 3)
The Right Hon. ROBERT MELLIISH, M.P., Parliamentary Secretary, Treasury

The Right Hon. JUDITH HART, M.P., Minister of Overseas Development (Item 3)
The Right Hon. JOHN STONEHOUSE, M.P., Minister of Posts and Telecommunications (Item 3)
The Right Hon. ALICE BACON, M.P., Minister of State, Department of Education and Science (Item 3)
SECRET

Secretariat:
Sir Burke Trend
Mr. R. R. D. McIntosh
Mr. P. E. Thornton
Mr. J. Crocker
Mr. P. J. Hudson

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1. The Cabinet were informed of the business to be taken in the House of Commons during the following week.

On consideration of the codes of Recommendations for the Welfare of Livestock the Government would have against them a well-organised and powerful lobby. The Government had a strong case, for we were the first country in the world to produce such codes, and it was important that it should be presented to maximum effect. The Minister of Agriculture would be explaining the Government's case to the Party that evening and he would be in charge of the debate. The course of the debate on the codes in the House of Lords showed that if the Government's case were properly deployed it would make a powerful impression which, at a later stage, might be turned to our advantage in the international field.

The debate on Procedure would take place on Motions to amend Standing Order 18 and to take note of the Reports of the Select Committee on Procedure. This would allow of a preliminary discussion of the Committee's proposals for the scrutiny of public expenditure, in the course of which the Lord President would announce the Government's acceptance of the Committee's main recommendations for reorganising the business of Supply, while reserving their position on the recommendations for a Select Committee on Expenditure working through a series of Sub-Committees.

It was pointed out that the legislative programme for 1969-70 would be a heavy one and that it was important that all Ministers sitting in the Lords should take their full share of the work involved.

2. The Foreign and Commonwealth Secretary said that following the release of Mr. Anthony Grey a number of British subjects detained by the Chinese had also been released. The number still in custody had thus been reduced from 13 to 7 and we were continuing to press for the release of the remainder. Except in the case of Mr. Grey, over which they had from the outset adopted a rigid posture, the Chinese had not sought to bargain over the releases so far effected. It seemed possible, now that the case of Mr. Grey was disposed of, that the Chinese might be seeking to improve their relations with us.

The Foreign and Commonwealth Secretary said that the elections in Turkey had confirmed the position in power of the ruling party. Although the main opposition party had made considerable
gains, they had done so largely at the expense of the smaller parties. There was unlikely to be any major change in Turkish foreign policy, but the new Government might be in a better position to adopt a helpful attitude over the Cyprus problem. It was, however, faced with considerable economic difficulties.

The Foreign and Commonwealth Secretary said that there had recently been an attempt to enforce the use by Allied traffic on the autobahn between West Berlin and the Federal Republic of Germany of a travel document purporting to emanate from the German Democratic Republic. In concert with the United States and French authorities we had resisted this attempt, since we held that the agreements governing access to Berlin were with the Russians, and that the German Democratic Republic had no standing in the matter. The Soviet authorities had quickly backed down. It seemed likely that the measure had been introduced under pressure from the German Democratic Republic and that the Russians, for their part, had no wish to make difficulties for the German Federal Government or for the Allies. It was noteworthy that the French attitude during the Allied discussions on the subject had been much more co-operative than in the days of General de Gaulle's presidency.

The Cabinet—

Took note of the statements made by the Foreign and Commonwealth Secretary.

3. The Cabinet considered a memorandum by the Chancellor of the Exchequer about public expenditure in 1971–72 (C (69) 141); memoranda about overseas aid by the Minister of Overseas Development (C (69) 130 and 142); and a memorandum about fuel policy by the Minister of Technology (C (69) 137).

The Chancellor of the Exchequer said that he had been asked to arrange for officials to make detailed proposals to trim the public expenditure programme for 1971–72 so as to reduce demand by £300 million. The proposals in C (69) 141 were designed to secure this reduction in demand by a cut of £355 million in the level of public expenditure. This reduction in demand continued to be essential in order to keep the economy on its present reasonably satisfactory course and to ensure that the burden of taxation did not become intolerable. The proposals for reductions in public expenditure were summarised in paragraph 3 of C (69) 141. £154 million would be saved as a result of decisions taken in respect of previous years. Further savings of £19 million had accrued since the original Public Expenditure Survey Report (PESC) for 1969.
This left £182 million still to be found. Of this, he proposed that £60 million should come from the defence budget and £10 million each from the investment programmes of the gas industry and British Railways. He further proposed that the growth of local authorities' current expenditure in 1971–72 should be limited to 4 per cent, instead of 5 per cent, above 1970–71. Such an increase would be larger than the expected growth of national income and than the growth of public expenditure as a whole. This restriction of local authorities' current expenditure, to be achieved in the next Rate Support Grant negotiations, would save approximately £34 million in 1971–72. He understood the anxiety of the Secretary of State for Education and Science that any reduction in the Rate Support Grant below the level hitherto assumed in PESC might lead local authorities to economise by employing fewer teachers. But this problem would not be solved by over-generous provision of Exchequer funds. The Government should make clear their views on how current expenditure by local authorities should appropriately be distributed, and if for any reason the local authorities acted unreasonably, the Government should exert the necessary pressures on them. He was also proposing that the 1971 uprating in social security benefits should be postponed by one month to save £19 million in 1971–72. In this connection, it should be borne in mind that no savings had been required of the social security budget for 1970–71.

The Chancellor added that they had before them two claims for additional expenditure in 1971–72—for overseas aid and to assist redundant miners. If the proposals which he had just outlined proved acceptable to his colleagues, some modest additional expenditure on overseas aid and assistance to mining could in normal circumstances have been accommodated without too much difficulty from the contingency allowance for 1971–72, which stood at £250 million. However, he had just learned that estimates of the level of expenditure on investment grants had been very substantially increased. Expenditure under this head was now expected to be £115 million more in 1969–70; £60 million more in 1970–71; and £65 million more in 1971–72. The consequence of this higher estimate—which apparently arose from faster rates of claim rather than from unexpectedly higher investment—was to absorb substantially more than the present contingency reserve for 1969–70 and approximately to halve the reserve for 1970–71. Urgent examination was required of the possibilities of bringing this expenditure under better control and of reducing it as much and as soon as possible.

In discussion, the following points were made—

(a) Defence. The proposed reduction of £60 million in the defence budget for 1971–72 could be reluctantly accepted. Because
the defence budget would also be absorbing the cost of introducing the new military salary, the actual savings to be found in 1971–72 would total £85 million. This would be done by postponements and reductions across the board. There would be substantial cancellations and postponements of previously planned orders for ships, aircraft and other equipment.

(b) Gas Industry Investment. The proposed reduction of £10 million was acceptable on the understanding that it would be subject to review in 1970 in the light of further experience and estimates of the future rate of expansion.

(c) British Railways Investment. The proposed reduction of £10 million was acceptable on the understanding that it related to the basic investment programme only and did not necessarily rule out additional expenditure on the proposed electrification of the line from Weaver Junction to Glasgow.

(d) Local Authorities' Current Expenditure. As a result of the decision taken in January 1968 to postpone the raising of the school leaving age (RSLA), there would in any event have been some problem over the next few years in matching with demand the supply of teachers, which had been expanded to meet RSLA. The proposed reduction in the rate of growth of local authority expenditure in 1971–72 would make the problem considerably worse. More than a quarter of local authorities’ current expenditure was on teachers’ salaries. If the local authorities became aware by next summer that the level of their current expenditure was to be restricted in 1971–72, as now proposed, this would reduce the number of teachers employed in September, 1970. On the other hand, it was pointed out that under the present Rate Support Grant (RSG) system, it was very difficult to ensure that adequate numbers of teachers would be employed irrespective of the level of RSG. The latter was too blunt an instrument to enable the Government to ensure that national priorities were observed by the local authorities. The present arrangements for financing local authority expenditure should accordingly be reviewed in the light of the views expressed on this subject by the Royal Commission on Local Government in England.

It was further argued that an increase of 4 per cent in current expenditure by local authorities might well involve no improvement in services provided because the changing age structure of the population was increasing the numbers dependent on those services.

(e) Other Civil Expenditure. The proposals in paragraph 6 of C (69) 141 were agreed. Some saving was possible on housing and local environmental services because local authorities were building fewer houses than expected. The Government was not restricting the level of approvals for public housing starts. But the high rate of interest paid by local authorities on money borrowed between the start and completion of public housing was a serious deterrent.
It was urged that more should be spent in 1971–72 on legal aid and the courts; but on the other hand it was pointed out that the whole of the proposed reduction of £2.5 million in expenditure on law and order would fall on the Home Office Vote, and no additional finance was available for legal aid and the courts.

The Prime Minister, summing up this part of their discussion, said that the Cabinet approved the Chancellor's proposals, in paragraphs 4, 5 and 6 of C (69) 141, for reducing public expenditure in 1971–72. The Chief Secretary, Treasury, should examine the causes of the very substantial increase in the estimates of expenditure on investment grants which had just been disclosed; and seek better methods of future control, and possible ways of reducing this expenditure. The reduction of £10 million by the Gas Council in 1971–72 would be subject to review in 1970. The Minister of Transport would consult the Secretary of State for Scotland about the means by which a reduction of £10 million would be secured in the basic investment programme of British Railways. The Secretary of State for Local Government and Regional Planning, in consultation with the Chancellor of the Exchequer, the Secretary of State for Education and Science, the Secretaries of State for Scotland and Wales and other Ministers concerned should review the methods of providing finance for local authority expenditure and report to the Cabinet by the end of the year.

The Cabinet—

(1) Took note with approval of the summing up of this part of their discussion by the Prime Minister.

(2) Approved the proposals in C (69) 141 for the reduction of public expenditure in 1971–72.

(3) Invited the Chief Secretary, Treasury, in consultation with the Minister of Technology, to carry out an examination, on the lines indicated by the Prime Minister, into investment grants, and to report to the Cabinet.

(4) Invited the Secretary of State for Local Government and Regional Planning, in consultation with the Chancellor of the Exchequer, the Secretary of State for Scotland, the Secretary of State for Education and Science, the Secretary of State for Wales and other Ministers concerned as necessary, to review the financing of local authority expenditure on the lines indicated by the Prime Minister, and to report to the Cabinet.
The Minister of Overseas Development said that the Government were committed to move towards the target for net financial flows to developing countries of 1 per cent of gross national product (g.n.p.) which had been set by the second United Nations Conference on Trade and Development in 1968. There would be growing pressure on us and other donors to be more specific about reaching this target. The 1970s had been designated by the United Nations as the Second Development Decade; and the developing countries were pressing for 1972 as the date for reaching the 1 per cent target. An International Commission under Mr. Lester Pearson’s chairmanship had recommended in a recent report (the Pearson report), which had been welcomed by the Prime Minister on behalf of the Government, that all industrialised countries should provide resource transfers of at least 1 per cent of g.n.p. by 1975 at latest. As our balance of payments improved we should no longer be able to argue with the same force as hitherto that our aid programme must be kept down because of our economic difficulties. This programme was the only one, for purposes of the PESC review, was expressed in cash terms. A static or very slowly growing cash figure implied a steady fall in the value of the programme in real terms. As a percentage of g.n.p. our official aid had gone down from 0.53 per cent in 1964 to 0.42 per cent in 1968; and on the Chancellor of the Exchequer’s proposals it would fall to 0.37 in 1971–72. In her view, the figure for gross official aid flows in 1971–72 should be increased by £33 million over the figure of £227 million proposed by the Chancellor of the Exchequer. This was the minimum necessary to maintain the value of the present programme in real terms and to allow for some very modest growth.

In discussion it was emphasised that the improvement which had so far taken place in the balance of payments provided no basis for any general relaxation in the control of public expenditure; and our creditors would not take kindly to any substantial increase in our aid programme while our standing debts were so large. Moreover, despite our economic difficulties, our record did not compare unfavourably with that of other countries; and the quality of our aid, measured by such tests as the proportion of grants to loans, was not matched by any other donor country. However, the need at least to maintain the value of the aid programme in real terms and as a percentage of g.n.p. was generally accepted.

In further discussion there was wide support for the view that we should couple an announcement about the aid programme for 1971–72 with a declaration of our intent to meet the 1 per cent target recommended in the Pearson report by, say, the later 1970s; and that this would carry more conviction if it could be shown that the aid programme for 1971–72 represented some increase, however modest, over the previous year in terms of percentage of g.n.p. The
possibility of offsetting an increase in the flow of aid by some reduction in its quality was suggested; but the general view was that this would harm the developing countries and would be badly received by those concerned with aid matters at home and abroad.

In further discussion it was pointed out that developing countries derived substantial benefit from our purchases of sugar and other commodities at prices above normal world levels and also, in certain cases, from our military aid; but both these forms of assistance were excluded by the formula adopted by the Organisation for European Co-operation and Development for International aid comparisons. These points should be borne in mind in the domestic presentation of aid policy.

The Prime Minister, summing up the discussion, said that the Cabinet recognised that there could be no question of a general relaxation in the control of public expenditure. They agreed, however, that the aid programme for 1971–72 should be increased by an amount which would maintain its value, compared with the programme already agreed for 1970–71, in real terms and as a percentage of g.n.p. and would provide for some modest growth over and above this. On the basis of the Chancellor of the Exchequer’s provisional estimate that to maintain the value of the programme would cost an additional £11 million, the Cabinet agreed that the figure for gross official aid flows should be increased from the £227 million (excluding military aid to Singapore and Malaysia) originally proposed by the Chancellor of the Exchequer to £245 million; but this was subject to review if the basis on which it was calculated proved on further examination to need revision. The Cabinet would wish to consider further the implications of making a declaration of intent in relation to the 1 per cent target recommended in the Pearson report. For this purpose the Chancellor of the Exchequer, in consultation with the Minister of Overseas Development, should arrange for a memorandum to be prepared showing the estimated increase in total and official aid respectively which would be involved year by year if the Government decided to meet the target by the late 1970s.

The Cabinet—

(5) Agreed that the figure for Government expenditure on overseas aid (excluding military aid) in 1971–72 should be increased to £245 million, on the basis indicated in the Prime Minister’s summing up.

(6) Invited the Chancellor of the Exchequer, in consultation with the Minister of Overseas Development, to circulate a memorandum to Cabinet showing the consequences
for public expenditure of making a declaration of intent on the lines indicated in the Prime Minister’s summing up.

The Minister of Technology said that the Ministerial Committee on Industrial Policy had reviewed fuel policy as set out in the White Paper on Fuel Policy published in November 1967 (Cmnd. 3438) and in the light of this review had considered proposals for the continuation of financial assistance to the coal industry. At present this assistance took the form of a scheme providing redundant mine workers aged 55 or over with about 90 per cent of their take-home pay for three years or until they reach age 65 if this were earlier; and thereafter they were paid their normal mineworker’s pension. In addition the Exchequer reimbursed two-thirds of other special social costs incurred by the National Coal Board as a result of the rapid rundown of the industry. He proposed that statutory powers should be taken in the coming Parliamentary Session to enable the Government to continue these schemes. There had been general agreement in principle in the Ministerial Committee on Industrial Policy to such continuance, but agreement had not been reached on whether or not the scale of compensation and of the Exchequer contribution should be tapered after March 1971.

In discussion it was argued that there should be some tapering of the existing scale of compensation to redundant miners, not primarily because of the Exchequer costs involved, but because it encouraged miners aged 55 to draw their weekly compensation instead of finding alternative work. Of some 20,000 former miners in receipt of compensation only 1,200 had so far obtained alternative employment. As an alternative to the methods of tapering suggested in C (69) 137 it was suggested that special compensation might only be made available to ex-miners aged 60 or more, instead of 55.

The Prime Minister, summing up this part of their discussion, said that the Cabinet agreed that a Bill should be introduced in the 1969–70 Session to enable the Government to continue after March 1971 the special arrangements set out in paragraph 15 (a) of C (69) 137. The reference to this legislation in The Queen’s Speech should be, however, to a Bill to “continue”, not to “extend”, the Government’s powers under the Coal Industry Act, 1967 to help the coal industry. Meanwhile the Chief Secretary, Treasury, and the Paymaster General should consider with the Social Services Secretary and other Ministers concerned how the cost to the Government of the special schemes for redundant miners might best be tapered after March 1971.

The Cabinet—

(7) Took note, with approval, of the Prime Minister’s summing up of this part of their discussion.
(8) Agreed that a Bill should be introduced in the 1969–70 Parliamentary Session for the purposes described in paragraph 15 (a) of C (69) 137.

(9) Invited the Lord President of the Council to amend the draft of The Queen’s Speech on the Opening of Parliament (attached to C (69) 143) on the lines indicated by the Prime Minister.

(10) Invited the Chief Secretary, Treasury, in consultation with the Paymaster General and other Ministers concerned, to consider further the tapering after March 1971 of the Government’s contribution to the social costs of the coal industry’s contraction and of the compensation for redundant miners.

(11) Agreed that the ban on the conversion of power stations from coal to oil or natural gas should be maintained for the present but that the position should be kept under regular review; and also approved the recommendations in paragraph 15 (c) of C (69) 137.

CONFIDENTIAL

4. The Chancellor of the Exchequer said that at their meeting on 30th July the Cabinet had agreed that the Local Authority Associations and the Greater London Council (GLC) should be consulted about the possibility of a voluntary system of control on local authority rent increases after the end of 1969. These consultations had now taken place; and the Future Policy Sub-Committee of the Ministerial Committee on Prices and Incomes had considered the outcome earlier in the week. All the associations, though not the GLC, had been persuaded to recommend to their members guidelines which would operate for a period of not more than 18 months. These provided that authorities would increase standard rents under existing tenancies only to the extent necessary to meet unavoidable increases; and would in any 12-month period limit the average increase to 7s. 6d. a week and the increase for any one dwelling to 10s. 0d. a week. The Sub-Committee had endorsed a proposal by the Secretaries of State for Scotland and Wales and the Minister of Housing and Local Government that statutory powers should be taken to require authorities to obtain the Minister’s prior consent to any rent increase above the ceilings laid down in the voluntary agreement. These powers would operate for a period of 18 months from 1st January, 1970. The Sub-Committee had also endorsed a proposal by the Housing Ministers that phasing of private
rent increases should continue when the present powers under the Prices and Incomes Act, 1968, expired at the end of 1969 and that legislation should be introduced for this purpose.

The Cabinet—

(1) Agreed that legislation should be introduced as soon as possible giving the Government power to control increases in local authority rents and to phase increases in private rents, as indicated in the Chancellor of the Exchequer's statement.

(2) Invited the Lord President of the Council to include in the draft of The Queen's Speech on the Opening of Parliament a reference to the fact that legislation would be introduced to continue in modified form powers to limit increases in house rents.

5. The Cabinet considered a note by the Secretary of State for Social Services (C (69) 140) to which was annexed a draft of a White Paper on the Terms for Contracting Out of the National Superannuation Scheme.

The Secretary of State for Social Services said that the White Paper set out the terms on which partial contracting out would be allowed and had appended to it a memorandum by the Government Actuary, which was in some ways the most important part of the document. The White Paper of January 1969 had laid down the principle that for employees who were partially contracted out of the State scheme the deduction from contributions should be linked to the deduction from pensions on the basis of "commercial cost". The Government Actuary was the Government's independent professional adviser, as he was the adviser to a number of professional schemes; in his memorandum he had set out his view (on the assumptions stated) that the abatement of contributions for men corresponding to an abatement of pensions of 1 per cent was 1.25 per cent each for employer and employee. He had also recognised that this relationship, though fair on average, would present difficulties for small schemes and schemes whose membership was above average in age; and he had expressed the view that increasing the contribution assessment to 1.3 per cent a side, as proposed by the Government, should be sufficient to make the terms financially acceptable to a further number of schemes covering an appreciable number of employees.

The memorandum would be a powerful weapon against the pension interests who, while generally accepting 1 per cent as the
measure of abatement of pensions, contended that the corresponding measure of abatement of contributions should be 1.5 per cent a side. In terms of the weekly contribution of the individual the difference was insignificant (1s. 5d. a week on an income of £36), but it was critical for the finances of the scheme and the Government could not afford to give way. Moreover, any concession given to those contracting out would be at the expense of those remaining fully in the State scheme; and the Trades Union Congress were opposed to any further improvement of the terms of abatement. Nevertheless the Government had to face the fact that there would be widespread opposition to the proposals and to plan accordingly. He intended to issue with the White Paper a Press release setting out the arguments in simpler terms; in the meantime it was most important that there should be no intimation of the conclusions to which the Government had come. He hoped that the Lord Privy Seal would be able to issue at the same time as the White Paper was published statements designed to reassure members of public sector pension schemes, among whom there was widespread misunderstanding.

The Prime Minister, summing up a brief discussion, said that the Cabinet approved the draft White Paper, subject to any drafting amendments, which should be sent to the Social Services Secretary. They were agreed on the need for a careful and thorough presentation of the Government’s case. The Social Services Secretary and the Lord Privy Seal should circulate drafts of their proposed statements to the Ministers concerned; and arrangements should be made for the issues to be explained to the Government’s supporters in the House. The timing of the White Paper and the various statements should be considered by the Ministerial Committee on Home Publicity; in the meantime there must be no disclosure of the contents of the White Paper.

The Cabinet—

(1) Approved the draft White Paper annexed to C (69) 140, subject to drafting amendments.

(2) Invited the Social Services Secretary and the Lord Privy Seal to circulate drafts of the proposed Press release and proposed statement on public sector pension schemes to the Ministers concerned.

(3) Invited the Minister without Portfolio to arrange for the Ministerial Committee on Home Publicity to consider the timing of publication of the White Paper and statements.

Cabinet Office, S.W.1,
16th October, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 21st October, 1969, at 9.30 a.m.

Present:

The Right Hon. HAROLD WILSON, M.P. Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. ANTHONY CROSLAND, M.P., Secretary of State for Local Government and Regional Planning
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science
The Right Hon. ROY MASON, M.P., President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEARTE, M.P., Lord President of the Council
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. PETER SHORE, M.P., Minister without Portfolio
The Right Hon. GEORGE THOMSON, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. HAROLD LEVER, M.P., Paymaster General

The following were also present:

The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
The Right Hon. SIR ELWYN JONES, Q.C., M.P., Attorney-General

Secretariat:

SIR BURKE TREND
Mr. R. R. D. McINTOSH

SECRET
SECRET

Subject
COMMERCIAL POLICY

SECRET
The Chancellor of the Exchequer said that he had been considering the future of the import deposits scheme and the travel allowance for the period beginning 1st November, 1969. He estimated that if the import deposits scheme were allowed to lapse on 4th December, 1969, imports in 1970 would be £100 million higher than if it were extended on the present basis for another 12 months; and that half this increase would occur in the first quarter of the year. There would in addition be a loss of about £25 million per month to the reserves. This would in his view involve an unacceptable risk to the balance of payments and he had concluded that the scheme should be extended for another year. He recognised that this would provoke strong criticism from the European Free Trade Association (EFTA) and accordingly proposed that the rate should be reduced to 40 per cent. This would have only a very small effect on imports and would represent a useful first step towards the eventual phasing out of the scheme at the end of 1970.

Although he would like to remove the present restrictions on foreign travel as soon as possible it would not be consistent to announce this and the continuation of the import deposits scheme simultaneously. He proposed that there should be no change in the travel allowance for the time being; but that he should make it clear that he would keep the matter under continuous review with a view to relaxing the restrictions as soon as there were firm indications of a securely-based improvement in the balance of payments. He was satisfied that when the time came to relax the restrictions the right course would be to return to the earlier arrangement under which travellers could take out £250 on every visit. It would be pointless simply to increase the annual allowance to £75 or £100 as this would lead to the loss of virtually all the present saving in foreign exchange, which was estimated to be between £15 million and £25 million a year. He recognised that a decision to leave the allowance unchanged, which he wished to announce together with the decision on the future of the import deposits scheme later in the day, would cause disappointment: but the over-riding consideration at the present time was the need to avoid giving any impression of premature relaxation until the improvement in the balance of payments was demonstrably secure.

In discussion there was general agreement with the proposal to leave the travel allowance unchanged for the time being. While restrictions on foreign travel were open to objection in principle

*Previously circulated in a Confidential Annex.*
and their impact on different sections of the community was uneven. They produced worthwhile savings in foreign exchange and stimulated the development of cheap package tours.

There was also general agreement that the import deposits scheme should continue, though different views were expressed about the rate. On the one hand it was pointed out that the continuation of the scheme would be strongly criticised at the forthcoming EFTA conference where we should, in any case, be in difficulty over other matters. Although there was no firm commitment on our part, EFTA Governments had been led to believe that the scheme would end this year and this was reflected in the resolution which the EFTA Council had passed when it was introduced. There was a good case therefore for reducing the rate to 33\(\frac{1}{3}\) per cent as an earnest of our intention to dismantle the scheme as soon as possible.

On the other hand it was argued that to reduce the rate at all would be psychologically damaging. The Government’s supporters would not understand why priority should be given to easing control over imports at a time when they were being asked to support continued control over wages and the development of policy in many fields was hampered by the balance of payments constraint. It was essential that on this occasion there should be no premature relaxation; and the right course was to maintain the scheme, with the rate unchanged, until it was clear beyond doubt that our balance of payments problem was solved. Our trading partners who were in any case not slow to pursue their own national advantage would recognise, even if they did not admit it publicly, that this was in their interest as well as ours.

The Prime Minister, summing up the discussion, said that there was general agreement on the need to leave the travel allowance unchanged for the time being and to continue the import deposits scheme for another year. While arguments had been advanced in support of both a higher and a lower rate of deposit than the Chancellor of the Exchequer had proposed, the general view of the Cabinet was that, taking considerations of domestic and international policy together, 40 per cent was the most appropriate figure. The Chancellor of the Exchequer would announce the Government’s decisions accordingly later in the day. Beyond this, it was important that strict security should be maintained about the points raised in their discussion.

The Cabinet—
Took note, with approval, of the Prime Minister’s summing up of their discussion.

Cabinet Office, S.W.1,
21st October, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 23rd October, 1969, at 10.15 a.m.

Present:

The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. ANTHONY CROSLAND, M.P., Secretary of State for Local Government and Regional Planning
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science
The Right Hon. ROY MASON, M.P., President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEAR, M.P., Lord President of the Council
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. PETER SHORE, M.P., Minister without Portfolio
The Right Hon. GEORGE THOMSON, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. HAROLD LEVER, M.P., Paymaster General

The following were also present:

The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury (Items 1–3)
The Right Hon. SIR ELWYN JONES, Q.C., M.P., Attorney-General (Items 1–3)
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Reorganisation of Secondary Schools
1. The Cabinet were informed that the printing of Bills and Order Papers had been delayed by an unofficial strike at Her Majesty's Stationery Office. The men had returned to work that morning but as the problems underlying the strike had not yet been resolved difficulties could recur.

The Debate on the Address would occupy the House of Commons until Tuesday, 4th November. The debate on the first two days would be general. The Opposition had made it clear that they wished to debate foreign affairs on Thursday, 30th October. The subjects of debates on the other days would not be known before 27th October.

The Lord President reported that the group of Ministers under his chairmanship had considered the situation arising from the House of Lords' decision on 16th October to insist on their amendments to the House of Commons (Redistribution of Seats) (No. 2) Bill. They recommended that draft Orders in Council for the four countries be laid on Thursday, 30th October, and debated in the week beginning 10th November. The form of the Motion required further consideration, in consultation with the House of Commons authorities.

In discussion the general view of the Cabinet was that it would be preferable to lay the Orders on the day Parliament reassembled; this would accord better with the undertakings which the Home Secretary had given and would also be likely to attract less publicity, since the Press would be preoccupied with The Queen's Speech. The Secretary of State for Scotland should make a statement on the Scottish Order on 31st October and should provide the Prime Minister with a form of words which he could use if the matter were raised by the Leader of the Opposition during the Debate on the Address.

The Cabinet—

(1) Agreed that the draft Orders in Council to give effect to the reports of the Boundary Commission should be laid on Tuesday, 28th October.

(2) Invited the Secretary of State for Scotland to make a statement in the House of Commons on Friday, 31st October, about the Scottish Order.
The Cabinet were informed that the Home Office Statistical Unit had prepared and were about to publish an evaluation of the statistical evidence relevant to the abolition of the death penalty. As the Leader of the Opposition had recently proposed that a committee of three impartial experts, under the chairmanship of a judge, should be appointed to evaluate the evidence, there might be advantage in informing him of the impending publication and suggesting that this might meet the need which he had in mind. On balance however it seemed that the better course was to publish first and await reactions.

The Cabinet agreed that the terms of abatement applicable to persons contracting out of the earnings-related pensions scheme should be announced on Tuesday, 4th November. A statement should be issued at the same time explaining the effect of the proposals on members of public sector pension schemes.

The Minister of Agriculture said that he had received the views of the Pharmacology Sub-Committee of the Committee on the Medical Aspects of Food Policy about the evidence on which the United States Government’s recent decision to ban the use of cyclamates was based. The Sub-Committee were not convinced that the new information from the United States provided conclusive evidence against the use of cyclamates. They accepted that it would be prudent to ban their use in food; but if the doubts about them could be resolved by the results of further work, they would see no reason why the use of cyclamates should not be allowed again. They saw no grounds for requiring stocks of food containing cyclamates to be destroyed or withdrawn. After consultation with the Secretary of State for Social Services he proposed to introduce regulations prohibiting the further use of cyclamates in food and drink and providing that no food or drink containing cyclamates could be sold after 1st January, 1970.

In discussion there was general agreement that, despite the limited nature of the experiment on which the United States Government’s decision was based, there was no alternative to introducing a ban as proposed by the Minister of Agriculture. To encourage the early withdrawal from the market of existing stocks it might be helpful to discuss with the manufacturers the possibility of publishing a list of branded products containing cyclamates.

The Cabinet—

(3) Took note, with approval, of the Minister of Agriculture’s statement.
Rabies

The Minister of Agriculture said that rabies had been diagnosed in a dog which had recently been released after undergoing six months’ quarantine in this country. He was considering what further action could be taken to minimise the risk of further outbreaks of rabies; this might involve stringent measures and he would inform the Cabinet of his conclusions.

The Cabinet—

(4) Took note that the Minister of Agriculture would inform the Cabinet in due course of any further action to be taken to minimise the risk of rabies.

SECRET

2. The Foreign and Commonwealth Secretary said that Herr Willy Brandt had been elected Chancellor of the Federal Republic of Germany by two votes more than the requisite 50 per cent plus one of the membership of the Bundestag. Prospects for the stability of the Government appeared to be reasonably good, since the Free Democratic Party, who had done badly in the recent general elections, were unlikely to wish to provoke new ones. The new Foreign Minister, Herr Scheel, had spoken of continuity in foreign policy, though this had been somewhat qualified by Herr Brandt’s statements on relations with Poland and German signature of the Non-Proliferation Treaty. In general, the new Government might be expected to make a more vigorous effort than its predecessors to come to terms with the East, and to be somewhat firmer in its support of the British application for membership of the European Economic Community: but it was more a matter of differences in emphasis than of any fundamental change in basic policy. The members of the new Government were on the whole well disposed towards the United Kingdom, and the outlook for Anglo-German relations appeared to be good.

The Foreign and Commonwealth Secretary said that the President of Somalia had recently been assassinated. The assassin had been a policeman and his act did not appear to have been politically motivated. Subsequently—and not necessarily as a result of the assassination—there had been a coup d’état. This had followed a familiar pattern in that the coup had been carried out by junior officers, some of whom had received training in the Soviet Union, with the head of the Army as a figurehead. Not much was known as yet about the probable orientation of the new Administration: but the previous Somali Government had made a genuine attempt to improve relations with Kenya and Ethiopia, and it was to be
hoped that this would continue. A decision would have to be taken shortly on recognition of the new régime; it was unlikely that recognition would be long delayed.

The Foreign and Commonwealth Secretary said that the Lebanese Government had been having difficulty in suppressing the activities of Arab guerillas (the Fedayyin). Their attempts to do so had brought hostile reactions from Libya, Syria and Iraq. The United States Government had approached us, expressing their concern and enquiring our views on what could be done to prevent a further deterioration in the situation. The Americans had however made no specific proposals.

The Foreign and Commonwealth Secretary said that Chilean Foreign Minister, Senor Valdes, had recently paid a successful visit to London during which agreements had been signed on Anglo-Chilean trade and the peaceful uses of atomic energy. During the visit there had been a revolt by two regiments of the Chilean Army: but this had been concerned mainly with pay and conditions, and did not appear to have a political background. The ease with which it had been suppressed might well have strengthened the position of the Chilean Government. Advantage had been taken of the visit to explain our position on Gibraltar, on which the Chilean Government had consistently sided with Spain at the United Nations. The Chileans had not attempted to dispute the logic of our case, but it was evident that their sympathies, like those of the rest of Latin America, lay with Spain, despite the fact that they had themselves rebelled against Spanish rule and had, indeed, obtained their independence with British help.

The Foreign and Commonwealth Secretary said that there had been no major change in the situation, but that there were reports of further attempts to bring about a dialogue between the two sides through the Organisation of African Unity. The Liberian President of the United Nations General Assembly had been contemplating visiting Nigeria, but had been dissuaded from doing so by the Africans themselves.

The Cabinet—

Took note of the statements by the Foreign and Commonwealth Secretary.

*3. The Cabinet heard a report from the First Secretary of State on industrial affairs.

* Previously recorded in a Confidential Annex.
The First Secretary of State said that the unofficial strike at Standard-Triumph’s Liverpool factory gave cause for serious concern. The strike did not arise from any failure on the management’s part to operate procedures speedily; and it was not due primarily to the militancy of shop stewards. The indications were that it simply reflected a mood of near-anarchy on the shop floor. The Chairman of British Leyland Motors, Lord Stokes, with whom she had discussed the matter earlier in the day, was disposed to stand firm until the men went back to work in order to demonstrate that unofficial action did not always pay. She had not tried to discourage him in this; but she had emphasised that it might involve a prolonged stoppage and had suggested that before deciding to adopt this policy the company should be quite clear how long they could afford to go on with it. If they were not prepared to stand a long strike it might be better to make concessions now, in which case a Court of Inquiry might have a helpful part to play. In the face of opposition from the Transport and General Workers’ Union and the Amalgamated Engineering and Foundry Workers’ Union, whose officials had made no real effort to get the men back to work, the Trades Union Congress (TUC) could do little to help: though if the strike were prolonged the mood of the other unions represented on the General Council might change. Moreover, experience showed that the TUC, if they did intervene, would almost certainly try to conciliate instead of simply fulfilling their undertaking to get the men back to work so that negotiations could be resumed under the agreed procedures.

In discussion general concern was expressed at the deteriorating condition of industrial relations, which amounted in some industries to a total abdication of responsibility on the part of individual workers. This was not confined to manufacturing industry or to the private sector. The success achieved by the dustmen in their recent unofficial action had been noted by many other sections of the community which had no history of militancy, including nurses, firemen, teachers and industrial workers in the Civil Service. Pay was not the only issue involved; in some cases considerations of status, morale and conditions of work were equally important. The causes of unrest among these and other groups were complex. They included dissatisfaction with the operation of incomes policy which many people in the public services considered inequitable; and a widespread feeling that in many occupations family men who did a conscientious job of work were only marginally better off than those who preferred to remain unemployed. These considerations might seem to point to some relaxation in incomes policy, especially as it affected the relevant groups in the public service; but the serious
budgetary and other problems posed by even the present rate of growth of incomes must not be overlooked.

In further discussion attention was drawn to the risk of periodic lightning strikes on the London underground system during the winter months. These could lead to serious dislocation of surface traffic and contingency plans for dealing with it should be put in hand.

The Prime Minister, summing up, said that the discussion reflected the Cabinet's deep concern at the deteriorating condition of industrial relations. The General Council of the TUC had been told during the previous day's discussions on the recent changes in the machinery of government that the Government would want to meet them again to consider the problem of unofficial strikes. As a first step he would arrange to see the Chairman of the General Council and the General Secretary of the TUC with the First Secretary to obtain their assessment of the extent and reasons for the deterioration in industrial relations, including the growth of militancy on the shop floor, and to examine with them the reasons for their inability to live up to the undertakings which they had given in the summer.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Invited the Home Secretary, in consultation with the Minister of Transport, to arrange for contingency plans to be prepared for dealing with traffic dislocation arising from strikes on the London underground system.

The Secretary of State for Education and Science said that the provisions to be included in the Bill now being drafted had been approved in detail by the Ministerial Committee on Social Services on 12th May, 1969; and he was bringing them before the Cabinet in response to the request made during the discussion on The Queen's Speech on 14th October (CC (69) 48th Conclusions, Minute 4). In his view the movement towards comprehensive secondary education would be seen as one of the biggest reforms introduced by the present Government. Considerable progress had been made since local education authorities were asked in July 1965 to submit plans for reorganising secondary education on comprehensive lines; but the drive was losing momentum and there
were 25 educational authorities which either had submitted no plans or had had their plans rejected as unsatisfactory and had not submitted revised proposals. Progress towards a fully comprehensive system would in any case have been slow because sufficient building resources were not available to replace the many unsuitable school buildings; but it was being further held up by lack of co-operation from authorities under Conservative control and by his own lack of powers. The Education Act 1944 required local authorities to ensure that sufficient schools were available and laid down certain criteria which they must observe; but it said nothing about education being on comprehensive lines. He therefore proposed to add to these criteria the need for ensuring that secondary education is provided in schools whose admission arrangements do not refer to ability or aptitude; and to give the Secretary of State power to require the submission of plans for secondary reorganisation and to reject or modify unsatisfactory proposals. In addition the Bill would lay down strict requirements for consultation by education authorities with parents and teachers. The Bill would not compel local authorities to reorganise on comprehensive lines, because that would be impracticable within the framework of the present Education Acts, to say nothing of the economic limitations; but it would mark a useful step forward and in his opinion would be popular.

The Prime Minister, summing up a brief discussion, said that the Cabinet were agreed that the proposed Bill was a valuable measure, both educationally and politically; and that reference to it should be made in The Queen's Speech on the Opening of Parliament.

The Cabinet—

(1) Approved the proposals in C (69) 145.

(2) Agreed that The Queen's Speech on the Opening of Parliament should contain a reference to the Government's intention to introduce a Bill requiring local education authorities to prepare plans for reorganising secondary education on comprehensive lines.

5. The Secretary of State for Wales said that he had been giving further consideration to his proposals for the reorganisation of local government in Wales in the light of the points made in the discussion in Cabinet on 7th October. Conditions in the 11 rural counties were so different from those in most of England that it was unlikely that his proposals for them could cause any embarrassment to his colleagues; but he recognised that his proposal to retain the
existing county boroughs of Cardiff, Newport and Swansea was in sharp conflict with the recommendations of the Royal Commission on Local Government in England and would perpetuate the division between town and country. He was therefore prepared to put in hand a fresh review of Glamorgan and Monmouthshire with a view to formulating proposals which would remove the divisions between counties and county boroughs and so resolve the conflict between town and country; but if he was to face the criticism which such a change of policy would inevitably incur, he must be in a position to make clear that he was adhering to the pattern of authorities and boundaries proposed by the White Paper for mid- and North Wales. He proposed to make a statement to this effect during the following week. This compromise solution had found favour with the Ministerial Committee on Local Government Reorganisation.

_The Prime Minister_, summing up a short discussion, said that the Cabinet approved the compromise proposals put forward by the Secretary of State for Wales. He would consider further, in consultation with him, whether it would be better that he should make the announcement in the course of his speech in the Debate on the Address or that it should be the subject of a separate statement by the Secretary of State for Wales.

The Cabinet—

Took note, with approval, of the Prime Minister's summing up of their discussion.

_Cabinet Office, S.W.1,
23rd October, 1969._
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 30th October, 1969, at 11 a.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. ANTHONY CROSLAND, M P, Secretary of State for Local Government and Regional Planning
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. ROY MASON, M P, President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

The following were also present:
The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury

Secretariat:
Sir Burke Trend
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. E. Thornton

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1. The Cabinet—
Invited the Prime Minister to send on their behalf a message of congratulations to His Royal Highness The Prince of Wales on the occasion of his 21st Birthday.

2. The Cabinet were informed of the business to be taken in the House of Commons during the following week. The printing and distribution of Parliamentary papers would be subject to delay on account of an unofficial "go slow" in Her Majesty's Stationery Office. Emergency arrangements had been made to prepare an Order Paper for the day and the presentation of Bills would not be delayed.

It was hoped that it would be possible to make a statement in both Houses of Parliament on 5th November about the date of publication of the White Paper on the terms of abatement applicable to people who contracted out of the earnings-related pensions scheme and on the effect of the proposals on members of public sector schemes. This should help to reassure the firemen and other groups in the public services who were concerned about the arrangements for contracting out. It would be helpful if in addition the General Council of the Trades Union Congress were to come out in favour of the Government's proposals. Although the National Association of Local Government Officers and other interests had succeeded in arousing strong opposition to the scheme, the arguments in favour of the Government's proposals were very strong. It was important that they should be put across effectively as soon as possible; and it would be helpful if a debate on the White Paper could be arranged shortly after its publication.

3. The Foreign and Commonwealth Secretary said that it was clear that the Lebanese President, Mr. Helou, would have to make further concessions to the Arab guerilla movement (the Fedayyin). This would lead to further difficulties with Israel, who for her part was continuing her raids across the Suez Canal. The real centre of gravity had now shifted to Cairo; and the Government of the United Arab Republic could be expected to bring pressure to bear on the Lebanon for concessions to the Fedayyin. The French Government had made a statement expressing sympathy for the Lebanese President and calling for the resumption of the four power talks. The Foreign and Commonwealth Secretary did not think that any useful purpose would be served by a statement by the
British Government, though we shared the French Government's view that the four power talks should be resumed; and he also considered that these should give effective guidance to the special representative of the United Nations Secretary-General, Dr. Jarring.

**Israeli Elections**

The Foreign and Commonwealth Secretary said that the Israeli Elections had resulted in some increase in right-wing representation in the Knesset, but that no major change in policy was to be expected. It was of interest that despite hostile propaganda from the Arab states a quarter of the Arab electors in East Jerusalem had voted. This spoke well for the Israeli Administration’s treatment of the Arabs.

**Libya**

(Previous Reference: CC (69) 43rd Conclusions, Minute 2)

The Foreign and Commonwealth Secretary said that Her Majesty’s Ambassador in Libya had recently visited London for consultations. Shortly after his return to his post, the Libyan régime had handed him a note verbale requesting Her Majesty’s Government to enter into negotiations with a view to the early evacuation of British forces from Libyan territory. This step was a natural and not unexpected consequence of the Libyan revolution itself. It was clear that our future relationship with Libya would have to be placed on an entirely different footing from that which had prevailed in the days of the monarchy and the Anglo-Libyan Treaty of 1953. It should be possible to achieve this: the Libyans had a number of requests to put to us, e.g. in the field of armaments, which might form a basis for negotiation. He intended to put his proposals to the Defence and Oversea Policy Committee in the course of the following week.

**Australian Elections**

(Previous Reference: CC (69) 49th Conclusions, Minute 2)

The Foreign and Commonwealth Secretary said that the Australian Government had been returned to power but with a reduced majority. The Minister of External Affairs, Mr. Freeth, had been defeated at the polls, possibly as a result of a somewhat ill-judged speech in which he had expressed the view that Australia had no reason to be concerned about a Soviet naval presence in Australian waters. It seemed likely that he would now be replaced by Mr. Fairbairn. The Government’s relative lack of success in the first general election fought under Mr. Gorton’s leadership was likely to weaken Mr. Gorton’s position as a Party leader.

**British Subjects in China**

(Previous Reference: CC (69) 49th Conclusions, Minute 2)

The Foreign and Commonwealth Secretary said that after releasing Mr. Anthony Grey and other prisoners, the Chinese Government now appeared to be taking a harder line, and had arrested two elderly British residents in Shanghai, a man and a woman. This might, however, be a local initiative on the part of the Shanghai authorities, since officials in Peking had professed ignorance of the arrests. Representations would continue in these and other cases.
The Foreign and Commonwealth Secretary said that the International Red Cross were still trying to obtain the agreement of the Biafran leader, Colonel Ojukwu, to the plan for relief supplies already agreed with the Federal Military Government (FMG). The United States Government had agreed to make a statement of confidence in the good faith of the FMG; and Colonel Ojukwu’s reaction to this was being awaited.

The Foreign and Commonwealth Secretary said that the South African Minister of Foreign Affairs, Dr. Muller, had recently visited London. During the visit the Foreign and Commonwealth Secretary had raised with him the question of Mr. Philip Golding, a British subject detained by the South African authorities. Dr. Muller had indicated that Mr. Golding was likely to be released shortly, and had undertaken to consider our proposal that Mr. Golding should be placed in the care of the British Embassy pending his being called as a witness in further prosecutions to be undertaken by the South African authorities. During the talks the question of South West Africa had been discussed. The South African Government had produced an impressive volume of documentation on their case for the United Nations; but the Foreign and Commonwealth Secretary had made clear to him our distaste for a number of features of the legal system under which South West Africa was administered. Dr. Muller had referred to the recent speech by the Minister of State, Ministry of Housing and Local Government, about Anglo-South African relations in the field of sport. The Foreign and Commonwealth Secretary had said that the question of a visit by a South African cricket team next summer was one for decision by the Marylebone Cricket Club and not by the Government. Mr. Howell had been speaking for himself and not as a Minister, but Dr. Muller must recognise that the views he had expressed were shared by a great many people in Britain.

The Foreign and Commonwealth Secretary said that he had also had a private conversation, of which highly coloured and inaccurate accounts had appeared in the London Press, with Dr. Muller (who had himself raised the matter) about the latter’s speeches in London. He had told Dr. Muller that there was likely to be sharp criticism in this country of his reported preference for dealing with a Conservative Government in Britain. Dr. Muller had replied that this had been an unjustified interpretation of his remarks by one British newspaper and that he had not in fact said anything of the kind.

The Cabinet—
Took note of the statements by the Foreign and Commonwealth Secretary.
4. The Cabinet considered a memorandum by the first Secretary of State and Secretary of State for Employment and Productivity (C (69) 148) about the contents of a comprehensive Industrial Relations Bill.

The First Secretary of State said that the Ministerial Committee on Industrial Relations had considered the proposals set out in Annex 1 to her paper for inclusion in the Industrial Relations Bill on the understanding that there would need to be further detailed consideration of these proposals. The Committee had agreed that the Bill should generally cover the items in Annex 1, subject to two reservations. First, there was the relatively minor question of whether the Bill should include provisions requiring the larger trade unions to appoint qualified auditors and make available to their members information about their superannuation funds. These provisions seemed desirable in themselves; but they might well provoke strong opposition from the Trades Union Congress (TUC). At present, some of the largest unions did not employ qualified auditors to audit their accounts; and it was desirable that this should be changed. However, it would be difficult to impose a statutory requirement to employ qualified auditors without making new statutory requirements about the superannuation funds, since these two matters had been linked by the Royal Commission on Trade Unions and Employers Associations (the Donovan Commission) in their report and by the Government in their White Paper ("In Place of Strife", Cmnd. 3888). Some of the superannuation schemes were at present in bad shape and the trade unions might raise strong objections to any requirement to publish information. She accordingly proposed that she should discuss both of these proposals first with the TUC and, if she met with strong opposition, she should not press for their inclusion in the Bill.

The second, and more serious, problem was whether the present law relating to inducement of a breach of a commercial contract should be amended. The Donovan Commission had recommended that the protection at present given to strike leaders should be extended in order to protect from any legal action for inducing a breach of any commercial contract (not just a contract of employment). The majority of the Donovan Commission had, however, further recommended that protection from legal action should only be given to registered trade unions and not, for example, to unconstitutional strikers. The White Paper had placed on record the Government’s intention to accept the recommendation to extend protection as the Donovan Commission had recommended; but it had also made clear that this extension would be accompanied by statutory powers enabling the Secretary of State to require a ballot
before an official—and to require a conciliation pause before an unconstitutional—"sympathetic" strike. Although the Government, following the undertaking given by the TUC in June, had dropped their proposals for the statutory ballots and conciliation pause, they had done so because they were satisfied that the TUC would be able to develop satisfactory alternative means of checking unconstitutional and inter-union disputes. In these circumstances, the Government would be in some difficulty in excluding from the Bill this extension for protection for "sympathetic" strikes to which the TUC attached great importance. On the other hand, if the change were made and the present uncertainty about the law were consequently removed, there would almost certainly be some increase in "sympathetic" strikes as a result. Public opinion might, in any event, react unfavourably to such an extension of protection if present conditions in industry persisted. Nearly all the cases which had reached the courts were concerned with situations where trade unions were seeking recognition. It could be argued that other provisions in the Bill to provide the right of union membership and for settling problems of union recognition would avoid the need in the future for widespread resort to "sympathetic" strikes in such cases. This, however, would leave the problem raised by a fairly recent case—Emerald Construction Company v. Lowthian, 1966—which showed that as the law stood a trade union official could be sued if he tried to induce a contractor to break his contract with a labour-only sub-contractor. If the present law were amended so that protection were afforded against liability for inducing a breach of a labour-only sub-contract, this would remove an existing anomaly and would be consistent with the Government's policy to discourage labour-only sub-contracting in the construction industry. The Industrial Relations Committee accordingly recommended that this should be done.

In discussion, there was general agreement with the proposal by the First Secretary of State for amendment of the law on inducement of a breach of contract of employment. It was also generally agreed that in one way or another the larger unions ought to be required to appoint qualified auditors. If the TUC objected to legislation on the point, perhaps they themselves could be induced to introduce regulations to this effect. It was desirable that information about union superannuation funds should be made regularly available to members. The application of the Industrial Relations Bill to the Crown would require careful consideration, which had been put in hand.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the Industrial Relations Bill should contain
provisions on the lines proposed in the numbered paragraphs 1 to 11 of Annex 1 of C (69) 148. The proposals in paragraphs 13 to 15 would require further consideration. The existing law in relation to inducement of a breach of a contract of employment should be amended as recommended by the Industrial Relations Committee, and not on the lines proposed by the Donovan Commission. The Cabinet agreed that, having taken this latter decision, the Government must uphold it irrespective of pressures which might be brought to bear upon them by the TUC or others. The First Secretary of State should aim to secure the inclusion in the Bill of statutory provisions requiring the appointment of qualified auditors by the larger unions and the provision of information about superannuation funds. If the TUC strongly opposed a statutory requirement on auditors, she might offer them instead the alternative of TUC regulations to the same effect. The Cabinet agreed generally with the remaining proposals in Annex 1, subject to further detailed consideration of some of the items—in particular the disclosure of information to unions, enabling a union to be sued in tort, registration of collective agreements, friendly society rules, and the appointment of workers’ representatives to the boards of Companies. The Social Services Committee had agreed recently to two relevant changes in the law relating to trade dispute disqualification and supplementary benefits for strikers’ families. He would arrange for these proposed amendments in the law to be considered by the Cabinet in the context of the whole problem of the use of existing social security benefits of various kinds.

The Cabinet—

(1) Took note with approval of the summing up of their discussion by the Prime Minister.

(2) Agreed that:

(i) subject to further detailed consideration by the Committee on Industrial Relations the Industrial Relations Bill should contain provisions on the lines of the proposals in numbered paragraphs 1 to 11 inclusive of Annex 1 of C (69) 148;

(ii) the existing law in relation to protection of inducement of breach of a commercial contract should be amended only to the extent necessary to protect strike leaders from legal action for inducing a breach of a labour-only sub-contract;

(iii) the need for provisions on the lines of the proposals in numbered paragraphs 13 to 15 inclusive should be further examined by the Committee on Industrial Relations;

CONFIDENTIAL
iv) provision should be made, either in the Bill or by TUC regulations, for the appointment of professional auditors by the larger trade unions;

(v) new statutory provisions should be made regarding union superannuation funds unless in prior consultations the TUC expressed strong objection to these.

SECRET

5. The Home Secretary said that there was a risk that there would be a strike of firemen, especially in London, on 5th November. This could have serious consequences; and he had arranged for the Official Committee on Emergencies to consider urgently what action should be taken to deal with them. It would be necessary to consider such questions as whether the Armed Forces should be called in to deal with fires and whether the public should be advised to refrain from lighting the traditional Guy Fawkes bonfires on that night. Although the Home Office was generally regarded as the Department responsible for the Fire Service, he was not responsible for determining firemen’s wages, which were settled by the normal process of industrial negotiation. He understood that national negotiations were already under way; and it would be helpful if they could be speeded up. There was a special problem in London arising from the reluctance of the Greater London Council to accept the recommendation of an independent committee under Sir William Webber that firemen should receive a special housing allowance, on the grounds that such an allowance would be taken as a precedent by their other employees.

The Cabinet—

(1) Invited the First Secretary of State, in consultation with the Home Secretary, to consider what could be done to settle the firemen’s dispute with their employers.

(2) Invited the Home Secretary to arrange for the Ministerial and Official Committees on Emergencies to consider urgently what action the Government should take to deal with the consequences of a firemen’s strike if it took place.

Cabinet Office, S.W.1,
30th October, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 6th November, 1969, at 10 a.m.

Present:

The Right Hon. HAROLD WILSON, M P, Prime Minister

The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs

The Right Hon. LORD GARDINER, Lord Chancellor

The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department

The Right Hon. FRED PEART, M P, Lord President of the Council

The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology

The Right Hon. PETER SHORE, M P, Minister without Portfolio

The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food

The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales

The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury

The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales

The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury

The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer

The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services

The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence

The Right Hon. ANTHONY CROSLAND, M P, Secretary of State for Local Government and Regional Planning

The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland

The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science

The Right Hon. LORD SHACKLETON, Lord Privy Seal

The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

The Right Hon. HAROLD LEVER, M P, Paymaster General

The following were also present:

The Right Hon. ROY HATTERSLEY, M P, Minister of Defence for Administration (Item 3)

The Right Hon. Sir ELWYN JONES, Q C, M P, Attorney-General
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The Lord Privy Seal said that Her Majesty’s Stationery Office (HMSO) were unable to print the London Gazette because of labour difficulties; and that he had been asked to approve an approach to the Civil Service Unions for their agreement to reproducing it on the Board of Trade's photocopying press. Although failure to publish the Gazette would cause considerable inconvenience, he had been unwilling to agree to the proposed approach which might well lead to serious trouble with the printing unions.

In discussion it was suggested that the situation at HMSO, though still far from satisfactory, seemed to be improving slowly. Delays in both the printing and distribution of papers were likely to continue; but it would be better to put up with the inconvenience than to risk prejudicing the outcome of the national wage negotiations which were now going on in the printing industry.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that it would be undesirable to approach the Civil Service Unions about the reproduction of the London Gazette in the manner proposed if this could be avoided. If, however, further examination showed that the Government had a statutory obligation to ensure its publication or that failure to publish it would involve an unacceptable degree of inconvenience, for example in relation to legal processes, the Lord Privy Seal, in consultation with the Chief Secretary, Treasury, and the Attorney-General, should make the necessary arrangements, keeping the Lord President informed.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.

(2) Invited the Lord Privy Seal, in consultation with the Chief Secretary, Treasury, and the Attorney-General, to take the steps necessary to maintain publication of the London Gazette if on further examination this proved essential.

The Prime Minister said that after a full examination of the proposals by the President of the Board of Trade, the Ministerial Steering Committee on Economic Policy had approved the terms of the draft White Paper on Civil Aviation Policy attached to C (69) 149.
The Home Affairs Committee had similarly considered and approved the terms of the draft White Paper by the Home Secretary entitled "People in Prison" attached to C (69) 151.

The Cabinet—

(3) Invited the Home Secretary to arrange, in consultation with the Lord President and the Minister without Portfolio, for the publication of the draft White Paper on the work of the prison service attached to C (69) 151.

(4) Invited the President of the Board of Trade to arrange, in consultation with the Lord President and Minister without Portfolio, for the publication of the draft White Paper on Civil Aviation Policy attached to C (69) 149.

The Cabinet had a general discussion of the most appropriate means of fortifying the relations between the Government and their supporters in Parliament and in the country. The following main points were made:

(a) Ministers should take pains to keep in touch with the policy Groups of the Parliamentary Labour Party in connection with the formulation and announcement of Departmental policies. In appropriate cases the Chairmen of the Groups should be allowed to see the text of Parliamentary statements before they were made, provided that this was arranged on a confidential basis, preferably by a junior Minister of the Department concerned, not more than an hour or so before the statement was made.

(b) Ministers should enlist the co-operation of the Government's supporters in Parliament when it was decided that a statement of policy or some other important announcement should be made by means of an arranged Parliamentary Question. If such an announcement affected the interests of a particular constituency or groups of constituencies, special consideration should be given, as appropriate, to the Members concerned.

(c) Ministers should also seek to secure, by advice and explanation, the support of backbenchers in dealing with the Government's Bills in Committee upstairs, particularly as regards the tabling and management of amendments, etc.

(d) When Ministers paid visits to constituencies they should try to make time to establish contact with the local Labour Party organisation and its supporters—provided that, if the visit in question was an official occasion and the cost was met from public funds, party business was seen to be only incidental to the main purpose of the Minister's presence and that such facilities as transport, entertainment, etc., were provided by the party organisation.

(e) Labour Party Councillors who constituted minority groups on local authority bodies could not claim the same right of hearing by a Minister as the majority groups. Nevertheless, their interests
should not be overlooked; and further consideration should be given to the best means of ensuring that, if they wished to make representations on specific issues, they could be received in circumstances to which no objection could be taken on grounds of propriety—e.g. in a Minister's room at the House of Commons, where the Minister could be supported, if necessary, by his Parliamentary Private Secretary.

The Cabinet—

(5) Took note that the Prime Minister would give further consideration to the best means of ensuring that relations between the Government and their supporters in Parliament and in the country were fortified on the lines which had emerged during their discussion.

(6) Invited the Chief Whip, in consultation with the Departmental Ministers most likely to be concerned, to give further consideration to the most appropriate means of ensuring adequate liaison between the Government and minority groups of Labour Party Councillors in local authority bodies.

2. The Foreign and Commonwealth Secretary said that in his speech on 3rd November, the President of the United States, Mr. Nixon, had suggested either a progressive withdrawal from South Vietnam of both United States and North Vietnamese troops or, as an alternative if, as seemed likely, this could not be achieved, a progressive withdrawal of United States troops as and when it became possible for the South Vietnamese Army to take their place. The President had firmly rejected the idea of a precipitate and unilateral United States withdrawal from South Vietnam, which would have very grave consequences; and it now appeared to be common ground that the objective in Vietnam should be not military victory for either side, but a negotiated political settlement. The President's speech had been a genuine and serious contribution towards the achievement of this aim; but there would have to be some response from the other side.

In discussion there was general agreement with the Foreign and Commonwealth Secretary's assessment of President Nixon's speech. The talks in Paris between representatives of the United States and South Vietnamese Governments on the one hand and representatives of the North Vietnamese and the National Liberation Front on the other, together with President Johnson's decision not to stand for re-election, had to some extent reduced the temperature.
Nevertheless, Vietnam remained an issue on which feelings in this country ran high, especially among the younger voters. It was clearly not possible for a responsible Government to avoid all comment or to refuse to respond to requests from the Press and other information media for expressions of official views. In the very difficult situation with which the United States was confronted, it would be important to avoid saying anything which might be offensive to United States national pride. However, it would be politically inadvisable for Ministers or official spokesmen to go much beyond expressions of sympathy for the United States’ present predicament.

The Cabinet—

(1) Took note of the statement by the Foreign and Commonwealth Secretary and of the points made in discussion.

The Foreign and Commonwealth Secretary said that high hopes had been raised by the Biafran announcement through the Markpress Agency that the rebel leadership would no longer insist on the complete secession of Biafra as a condition of a peace settlement; but the rebel leader, Colonel Ojukwu, had subsequently repudiated the statement and had reverted to his previous position. The fact that the statement had been made, however, perhaps indicated a division of opinion in the Biafran leadership: and this would have to be investigated further. The rebel air forces had carried out attacks on the Shell/British Petroleum oil installations at Forcados which were likely to affect oil supplies. We had supplied the Federal Military Government (FMG) with anti-aircraft weapons, but the FMG were having difficulty in finding personnel to operate them effectively. There had been no overall increase in arms supplies to the FMG, which were being kept within the limits laid down. The International Committee of the Red Cross were keeping up pressure on Colonel Ojukwu to allow daylight relief flights, but so far without success.

The Cabinet—

(2) Took note of the statement by the Foreign and Commonwealth Secretary.

The Foreign and Commonwealth Secretary said that the meeting of the Warsaw Pact Powers recently held at Prague had ended with a declaration advocating the calling of a conference on European security to be held at Helsinki. The declaration had been unhelpful from a Western point of view, since it had not mentioned the question of participation by the United States nor had it taken up the offer by the North Atlantic Treaty Organisation (NATO) for force reductions. The declaration had instead reaffirmed the Brezhnev doctrine of intervention to preserve “Socialism”; and it had been
couched in terms which implied the recognition by the Western Powers of the German Democratic Republic. Nevertheless, it would be desirable to discuss in the forthcoming Ministerial Meeting of the North Atlantic Council and in the preliminary meeting which was about to be attended by the Chancellor of the Duchy of Lancaster how far we could go to meet the Warsaw Pact Powers, not necessarily on their request for a European security conference, but on measures to reduce tension in general. It was useful that he would shortly be meeting the new German Foreign Minister, Herr Scheel.

In discussion it was suggested that in the light of the known views on the subject of the German Chancellor, Herr Brandt, the inclusion of the German Democratic Republic in any security conference was not likely to prove a major stumbling-block. The inclusion of the United States, on which we should have to insist, might cause more difficulty. In general it seemed likely that it would be easier to make progress on force reductions than to secure agreement between East and West on the future of Germany. It would be important to achieve an agreed posture in NATO on force reductions.

The Cabinet—

(3) Took note of the statement by the Foreign and Commonwealth Secretary and of the points made in discussion.

The Foreign and Commonwealth Secretary said that it was difficult to predict the future course of events with any certainty. The six member States of the European Economic Community (EEC) would have to decide on what basis negotiations should be opened; and it was unlikely that they would be able to do so until they had made a good deal more progress on their internal problems: and in particular on the Common Agricultural Policy. It was possible that a date might be fixed for the opening of negotiations with the United Kingdom at their forthcoming summit meeting: but it seemed unlikely.

In discussion the following points were made:

(a) Our own preparations for negotiations were far from complete; and the assumptions on which our calculations were based would be affected by decisions yet to be taken by the Six, particularly in the field of agriculture. These were unlikely to be forthcoming for weeks, or even months.

(b) The Six were clearly in considerable difficulty over their agricultural policy: but for us to attempt to offer them advice or
assistance from outside the Community might be counter-productive. A time might come when we could usefully intervene; but it had not come yet.

(c) At the Labour Party Conference at Brighton in October, it had been made clear that Party and Government policy was to enter the EEC on reasonable conditions, and that we were trying in good faith to do so. Our conditions could not be laid down in advance; and there would have to be full discussion in Cabinet and in Parliament when the point was reached at which negotiations might begin.

(d) It would be useful if Ministers—not only those with Departmental responsibilities for overseas affairs—could make a point of defending and explaining Government policy in regard to the EEC when making public pronouncements.

The Cabinet—

(4) Took note of the statement by the Foreign and Commonwealth Secretary and of the points made in discussion.

3. The Cabinet considered a memorandum by the Secretary of State for Defence (C (69) 150) embodying proposals for setting up a new Defence Force in Northern Ireland to undertake the military tasks at present performed by the Ulster Special Constabulary (USC).

The Secretary of State for Defence said that the creation of the new force presented an extremely delicate problem. The Hunt Report (Cmnd. 535) had recommended that the USC should be superseded; this step was necessary to retain the confidence of the Roman Catholic community in Northern Ireland. The new force was needed to counter the threat from the Irish Republican Army, for which purpose an unacceptably large garrison would otherwise be needed. The constitution of the new force must also be acceptable to the Protestants, in order to encourage existing members of the USC to transfer to it and to minimise the danger that others might, when the USC was disbanded, form a clandestine organisation, taking their arms with them. His proposals were designed to satisfy genuine Protestant needs and aspirations while assuring the Catholics, through the provisions which ensured that the force was firmly under the control of the General Officer Commanding Northern Ireland, that the break with the USC tradition was complete. The Defence and Overseas Policy Committee had discussed the proposed White Paper on 31st October and had given directions on the line to be taken in
discussing the text of the White Paper with the Northern Ireland Government. The agreed draft had accordingly been released to the Northern Ireland Government and discussed with them on 3rd and 5th November. Because of the urgency of proceeding with the legislation, it had been necessary to adopt a timetable which did not permit the circulation to the Cabinet of a draft setting out all the points still at issue; he would therefore report orally on further proposals which had emerged from discussions in London with Mr. Porter, the Northern Ireland Minister of Home Affairs, on 5th November. It would be necessary to submit a draft Bill to the Legislation Committee on 11th November and to publish the White Paper on 12th November if the Parliamentary timetable provisionally accepted by the Lord President was to be met.

The Cabinet then discussed, paragraph by paragraph, the draft White Paper forming Annex B of the Defence Secretary's paper. The following points were made and amendments agreed:

**Paragraph 4**

It was explained that the Northern Ireland Government wished the word “Ulster” to appear in the force's title. On the other hand, in favour of adhering to the title which was used in the draft White Paper, it was argued that the word “Ulster” was geographically incorrect in that Northern Ireland comprised only six of the nine counties of the traditional Province of Ulster; and that it carried associations which might arouse Roman Catholic hostility to the new force. Against this it was pointed out that the Police Force was known as the Royal Ulster Constabulary and that the Northern Ireland Government would attach importance to the concession, which was one of form and not of substance. After further discussion, it was agreed that the force should be entitled “The Ulster Defence Regiment” and the White Paper amended accordingly.

**Paragraph 5**

The Northern Ireland Government wished to delete the word “armed” from the first sentence. The Cabinet however rejected the implication that the force might be used against unarmed threats to security, which were the business of the police; and decided to make no change in this paragraph.

**Paragraph 6**

The Northern Ireland Government had asked for the removal of two of the phrases qualifying the statement that the force's ceiling would be 6,000 officers and men, i.e., “as the build-up proceeds” and “in any case”.

SECRET
The Home Secretary said that he had considerable misgivings about mentioning a figure of 6,000, which compared with the figure of 4,000 mentioned in the Hunt Report. The higher figure was unlikely to be achieved unless large numbers of the USC joined the new force and the Catholics might therefore regard it as authorising the perpetuation of the USC. If a figure of 6,000 was to be quoted, the qualifications included in the existing draft, which had been authorised by the Defence and Oversea Policy Committee, were essential.

The Cabinet agreed that this paragraph should remain unchanged.

Paragraph 7

This paragraph was agreed subject to a clarification of the beginning of the third sentence, which should read: “The immediate Commander of the force will be . . .”.

Paragraph 8

The Cabinet accepted the revised form of words proposed in paragraph 5 (d) of C (69) 150, subject to the following changes to the sub-paragraphs:

(i) Delete the first word and substitute: “So long as is necessary and expedient in . . .”.

(ii) and (iii) Insert at the beginning of each sub-paragraph: “For whole-time service . . .”.

These changes aligned the wording of the White Paper with that of the draft Bill.

Paragraph 10

It was agreed that, from the second sentence onwards, the paragraph should be amended to read:

“To this end enlistment will be open to all male citizens of the United Kingdom of good character normally resident in Northern Ireland, whatever their denomination. All applications will be considered centrally by Headquarters, Northern Ireland, which will be the final authority for acceptance of recruits after strict security vetting. Like all entrants to the Armed Forces, recruits will be required to take the oath of allegiance to Her Majesty The Queen.”

Paragraph 14

The Northern Ireland Government wanted the words “in certain circumstances” to be deleted; but it was agreed that the wording of the paper should remain unchanged.
Paragraph 15

The Northern Ireland Government favoured a much less rigorous training liability than the Ministry of Defence regarded as necessary. Their desire sprang in part from genuine anxiety about the difficulties this would create for farmers in country districts; but they also wished to preserve a force which would resemble the USC as nearly as possible. The proposed Bill, however, provided that the training liability could be relaxed by regulation: and the difficulties foreseen by the Northern Ireland Government could thus be met, if they proved to be real.

In discussion, it was agreed that the first sentence of paragraph 15 of Annex B should stand; the second sentence should be amended as proposed in paragraph 5 (e) of C (69) 150, but should continue:

"... man concerned; and in exceptional circumstances the requirement for a substantial consecutive period may be varied";

the third sentence should be deleted; and the fourth sentence should stand.

Paragraph 18

The dates of 1st January and 1st April, 1970, were accepted; but it was noted that a firm date for the disbandment of the USC could not at this stage be decided.

The remaining paragraphs in the draft White Paper were agreed.

The Prime Minister, summing up the discussion, said that the White Paper should be printed in the form in which the Cabinet had now approved it. Suitable arrangements should be made for a Press briefing both here and in Northern Ireland and possibly for an explanatory statement in Parliament on the day of publication of the White Paper. The possibility of bringing forward the date of disbandment of the USC should be further considered by the Home Secretary and the Defence Secretary. The Cabinet would wish to note that the financial point raised in paragraph 17 of Annex A to the paper had been dealt with during the Defence and Oversea Policy Committee’s discussions.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.

(2) Invited the Defence Secretary, in consultation as necessary with the Home Secretary and the Lord President of the Council, to proceed accordingly.

Cabinet Office, S.W.1.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 13th November, 1969, at 12 noon

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs (Item 1)
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. FRED PEART, M P, Lord President of the Council
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. ROY MASON, M P, President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department
The Right Hon. ANTHONY CROSLAND, M P, Secretary of State for Local Government and Regional Planning
The Right Hon. PETER SHORE, M P, Minister without Portfolio
The Right Hon. GEORGE THOMSON, M P, Chancellor of the Duchy of Lancaster
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. HAROLD LEVER, M P, Paymaster General
The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury
The Right Hon. Sir ELWYN JONES, Q C, M P, Attorney-General (Item 1)

The following were also present:
The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury

Secretariat:
Sir BURKE TREND
Mr. R. R. D. MCINTOSH
Sir ROBIN HOOPER
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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The debate on Mr. Robert Sheldon’s motion on 21st November would provide a useful guide to backbenchers’ views on the desirability of televising the proceedings of the House and to the extent of their interest in the subject. Strong arguments could be advanced both for and against the introduction of television cameras into the Chamber. On the one hand it would help to offset tendentious Press reporting of debates; on the other hand experience in the House of Lords indicated the difficulty of producing a balanced programme at reasonable expense. There was no possibility of taking action in the present Parliament, but it would be useful to review the arguments in the light of the debate and of developments since the Cabinet last considered the matter.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that, when he spoke in the debate, the Lord President should give a brief account of the arguments for and against televising the proceedings of the House; he should undertake to consider sympathetically the views expressed in the debate but should not seek to give a lead on the matter. The Cabinet would want to consider the matter further, and members of the Cabinet should accordingly not take part in any vote at the end of the debate. The Ministerial Committee on Parliamentary Procedure should review the arguments in the light of the views expressed in the debate, of experience in the House of Lords and of other relevant factors and should report their conclusions to the Cabinet in due course.

The Cabinet—

(1) Took note with approval of the Prime Minister’s summing up of their discussion.

(2) Invited the Lord President to arrange for the Ministerial Committee on Parliamentary Procedure to review the arguments for and against televising the proceedings of the House on the lines indicated in the Prime Minister’s summing up.

The Cabinet were informed that, following discussions between the First Secretary of State and the General Secretary of the Trades Union Congress, the members of the Society of Graphical and Allied Trades who had been involved in unofficial action at Her Majesty’s Stationery Office (HMSO) had now decided to resume normal working. It should be possible to publish the London Gazette in its normal form on the following day and to begin to catch up with
the backlog of Parliamentary and other work. The possibility of further trouble could not, however, be ruled out; and the emergency arrangements which had been made to maintain essential services to Parliament might well have to be brought into operation again at short notice. There were clear indications that if a similar situation arose in the future, the attitude of the Civil Service unions would make it impracticable to use the Ministry of Technology's Drury Lane press or other facilities operated by non-industrial civil servants.

The Prime Minister, summing up this part of the discussion, said that the group of Ministers under the Lord Privy Seal's chairmanship, which had handled a difficult situation with great skill, should stand ready to deal with any recurrence of industrial action at HMSO and should consider whether any further steps should be taken in readiness to deal with such a contingency.

The Cabinet—

(3) Invited the Lord Privy Seal, in consultation with the Chief Secretary, Treasury, and other Ministers concerned, to consider whether any further steps should be taken in readiness to deal with a possible recurrence of industrial action at HMSO.

2. The Lord President said that on 22nd July the Cabinet had accepted the recommendation of the Sixth Report of the Select Committee on House of Commons Services (the Services Committee) that provision should be made at public expense for secretarial assistance or an allowance to meet the cost up to a maximum of one full-time secretary per Member of Parliament. He had announced this in the House of Commons on 24th July and had subsequently canvassed the views of Members of Parliament outside the Government, most of whom favoured a cash payment rather than the provision of secretarial services as such. The Ministerial Committee on Secretarial Assistance had agreed that the best means of providing secretarial assistance for MPs would be to pay a cash allowance against a declaration by the individual Member that he had spent on secretarial assistance at least the amount claimed. The chief Opposition member of the Services Committee, Mr. Selwyn Lloyd, with whom he and the Chief Secretary, Treasury, had discussed the matter, took the same view. As to the amount, on which the Ministerial Committee had been unable to agree, Mr. Selwyn Lloyd considered that while the House might accept an allowance of no more than £500 as a useful measure of relief, the terms of the Services Committee's recommendation and the
expectations of many Members would only be met by a substantially higher sum. He himself shared Mr. Selwyn Lloyd's view and recommended a tax-free allowance of up to £750 a year.

*The Chief Secretary, Treasury,* said that in any public statement about the proposed allowance it would be important not to describe it as tax-free. MPs who incurred expenses could deduct the net cost of the relevant services from their assessable remuneration. A cash allowance in respect of such services reduced their net cost and hence the amount of deductible expenses. This was a long-established principle of tax law and it would be wrong in principle and damaging to the Government to make an exception for MPs. In his view £500, which represented half the salary of a full-time secretary, was the highest figure which could be justified as a cash allowance for secretarial services. An allowance of anything over £500 would be widely regarded, not as a contribution to Members' expenses, but as a straight increase in their salaries. His understanding was that Mr. Selwyn Lloyd accepted this and would support an allowance of £500 a year.

In discussion it was pointed out that while MPs generally accepted that there could be no increase in their salaries as such during the present Parliament, there was wide support on both sides of the House for an improvement in facilities. A cash allowance for secretarial assistance on the lines proposed would not benefit those MPs who had no secretary, but it would be of considerable help to hard-working MPs with large constituencies. There was a strong case therefore for providing an allowance which would meet the greater part if not the whole of the cost of a full-time secretary, which, in London at least, now exceeded £1,000.

On the other hand it was argued that the needs of most constituencies could be appropriately met by providing Members with a half-time secretary at a cost of about £500. A cash allowance of this amount could therefore be justified as being directly related to Members' needs. To provide an allowance of £750, which exceeded the amount which the average Member now spent on secretarial assistance, would open up the possibility of abuse and would be correspondingly difficult to defend to public opinion.

In further discussion it was argued that the proposal to provide the allowance against a simple declaration by the individual Member that he had spent at least the sum claimed on secretarial assistance was open to objection. Expenditure on secretarial services should be treated in exactly the same way as other expenses incurred by Members in connection with their Parliamentary duties. Against
this, it was suggested that the proposal to seek a declaration from Members would result in a greatly simplified procedure and reduce the need for detailed checking of individual claims.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that the best way of providing secretarial assistance to MPs was to make a cash allowance, up to a stated maximum, as a contribution towards the expenses incurred by an individual Member on secretarial services. On the question whether the maximum should be £500 or £750 a year opinion within the Cabinet was very evenly divided, though the preponderant view was marginally in favour of the lower figure. At their next meeting they would consider further the procedure for claiming the allowance and the question of parallel adjustment in Peers' expense allowances and a new figure for the MPs' car allowance, with a view to making a comprehensive announcement on the Services Committee's outstanding recommendations as soon as possible thereafter.

The Cabinet—

Took note, with approval, of the Prime Minister's summing up of their discussion.

Cabinet Office, S.W.1,
14th November, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 20th November, 1969, at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs (Items 1-4)
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. ANTHONY CROSLAND, M.P., Secretary of State for Local Government and Regional Planning
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and Science (Items 1-6)
The Right Hon. ROY MASON, M.P., President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. PETER SHORE, M.P., Minister without Portfolio
The Right Hon. GEORGE THOMSON, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food (Items 4-7)
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. HAROLD LEVER, M.P., Paymaster General

The following were also present:
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General
SECRET

Secretariat:
Sir Burke Trend
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. E. Thornton
Mr. J. Crocker
Mr. P. J. Hudson

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The line to be taken in the debate on a Private Member’s Motion on overseas aid on Friday, 28th November, would be considered in the light of the discussion in the Ministerial Steering Committee on Economic Policy on the aid programme on Monday, 24th November.

There might be advantage in tabling a Government amendment to the Police Bill to make it clear that police officers from forces in Great Britain serving with the Royal Ulster Constabulary would not be required to enforce the powers provided by the Northern Ireland Special Powers Act. The implications for the position of the Army, which already carried out operations under the Act, would, however, need to be carefully considered.

The Cabinet—

(1) Invited the Home Secretary to consider with the Defence Secretary the desirability of tabling an amendment to the Police Bill on the lines indicated in discussion and to report to the Cabinet at their next meeting if they were unable to agree.

It was proposed to table a Motion in the House of Commons on the abolition of the death penalty on 8th December and to debate it on the 17th. It was important that the subject should also be debated in the House of Lords before the Christmas Recess. There was no reason why the debates should not take place in both Houses on the same day; but in accordance with accepted practice it would be necessary to give the Upper House at least two weeks’ notice of the debate.

The Cabinet—

(2) Invited the Lord Privy Seal to give notice in the House of Lords on 4th December that the House would debate the abolition of the death penalty on or about 17th December.
2. The Foreign and Commonwealth Secretary said that the Argentine Government had agreed that the annual letters which the two Governments address to the Secretary-General of the United Nations, reporting progress in their discussions on the problem of the Falkland Islands, should this year contain a reference to separate talks on the improvement of communications between the Islands and the Argentine. This was an advance, from our point of view, since the Argentines had hitherto refused to discuss this issue in isolation from that of sovereignty. The Governor of the Falkland Islands had informed his Executive Council, whose reaction had been favourable. Since it was not possible for local reasons to delay publication in the Islands any further, a public statement would be made there about midnight London time on Friday, 21st November; and it had also been intended that the Argentine Government should make a statement on 21st November and that the Foreign and Commonwealth Secretary should make one in the House of Commons on Monday, 24th November. But in the meantime a premature disclosure had occurred in Buenos Aires; and in view of the Parliamentary and Press concern, he had agreed with the Lord President that he should make an interim statement in the House of Commons that afternoon, in which he would promise a full statement on 24th November, but would also make it clear that British policy remained based on the principle that there would be no transfer of sovereignty without the consent of the inhabitants of the Islands.

The Foreign and Commonwealth Secretary said that the British and Spanish Governments had now secured the deletion of the Gibraltar item from the agenda of the United Nations Fourth Committee. The Foreign and Commonwealth Secretary had held useful discussions last week with our Ambassador in Madrid and with the Governor of Gibraltar, who had been called home for consultations; and the Ambassador and the Spanish Foreign Minister were now engaged in general discussions on Anglo-Spanish relations. In the discussions, it would be made clear that our pledges to Gibraltar remained unaltered; and a main objective would be to secure a relaxation of the harassments to which Gibraltar was being subjected. Unless the Spaniards were prepared to make a substantial gesture in this direction, it was unlikely that progress would be made.

The Foreign and Commonwealth Secretary said that following his discussions with the State Department on his last visit to the United States, the British Petroleum Company (BP) had reached an agreement with the United States Department of Justice which would enable BP to set up an effective marketing organisation in the United States for the sale of the products of its concession in Alaska.
The Foreign and Commonwealth Secretary said that talks between the United States and Soviet Governments on the limitation of strategic armaments had begun in Helsinki on 17th November. These talks, if successful, might bring major benefits to the economies not only of the two countries principally concerned, but of the world as a whole. The United States would keep in touch with their allies in the North Atlantic Treaty Organisation about progress.

The Foreign and Commonwealth Secretary said that negotiations with the German and Dutch Governments on the tripartite project for the production of low-enriched uranium by the centrifuge process had made good progress; and all the major outstanding difficulties had been resolved. The Dutch had now accepted that there should be no restrictions on the use for our own defence purposes of the output of the enrichment plant to be established in the United Kingdom. They had also agreed that the headquarters of the Tripartite Enrichment Organisation should be located in this country and not, as they were earlier insisting, in Holland. The discussions with the United States Government on the release of information restricted under the Anglo-United States Agreement on the civil uses of Atomic Energy had also been brought to a successful conclusion. Officials of the three participating countries would meet on 24th November to prepare a final version, which would be ad referendum to Governments, of the tripartite agreement. After this the German and Dutch Governments would refer the agreement to the Council of EURATOM, as they were required to do under the EURATOM Treaty. The agreement would not only be useful to us in its own right; it would also provide a tangible example, at the time when the Six were holding their Summit meeting, of the benefits of technological collaboration with this country.

The Foreign and Commonwealth Secretary said that he had visited Bonn from 13th to 14th November and had had useful talks with the German Chancellor, Herr Brandt and the German Foreign Minister, Herr Scheel. To the latter he had made it clear that if we were to return 6 Brigade to Germany there must be 100 per cent offset; and that the offset must be of a nature fully acceptable to us. Herr Scheel's reaction had not been forthcoming; and there would have to be further discussions at official level. In discussing Britain's application for membership of the European Economic Community, the Foreign and Commonwealth Secretary had emphasised that in discussions between the six present members of the Community on agricultural policy, it was important that nothing should be said which might prejudice the success of eventual negotiations for British entry.
into the Community. In his talks with the German Chancellor, Herr Brandt had agreed that it was desirable that the Western European Powers should discuss the harmonisation of their foreign policies; that Britain should take part in such discussions; and that the appropriate forum for them was the Western European Union.

The Foreign and Commonwealth Secretary had also discussed with Herr Scheel Greece’s membership of the Council of Europe. He had pointed out that the Greek Government had so far given no signs that they intended to take any action in the sense desired by the Council. If it was their intention to persist in their present attitude towards human rights and civil liberties it might be better, in order to avoid acrimony in the Council, for them to withdraw of their own accord. The Foreign and Commonwealth Secretary suggested that the German Government should speak to the Greeks on these lines. The Germans had said that they would do so; but they observed that they had already made similar representations to the Greeks without effect. In general, the German attitude towards the Greek problem seemed to be one of indecision; and it was not even certain, if it came to a vote on the question of Greek membership, how their vote would be cast. Our own attitude was that if it came to the point, we should vote for the suspension of Greece. This, under Council of Europe procedure, would afford Greece a further period of grace during which she could mend her ways and avoid expulsion. We would not, however, take any initiative, but would leave the Scandinavian members of the Council to make the running.

In regard to East-West relations, the Foreign and Commonwealth Secretary said that the German Government were beginning talks with the Soviet Union next week with a view to a joint declaration by the two countries which would renounce the use of force in their mutual relations. There would also be discussions with Poland. Since the Foreign and Commonwealth Secretary’s return from Bonn, the Soviet Ambassador in London had indicated in relation to the Warsaw Pact countries’ proposal for a conference on European security, that the Soviet Union would have no objection to participation by the United States and Canada, provided that the “German Democratic Republic” were admitted to the conference on the same footing as the other participants. The Foreign and Commonwealth Secretary was currently seeking the views of the Federal Republic of Germany on this matter.

The Cabinet—

(1) Took note of the statements by the Foreign and Commonwealth Secretary.
The Cabinet, after a short discussion,
(2) agreed that it would be desirable to have a general discussion on British policy towards Nigeria.
(3) Invited the Foreign and Commonwealth Secretary to circulate a paper as a basis for their discussion.

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3. The First Secretary of State said that the London dockers had turned down the pay and productivity proposals made by the Port employers under Stage II of the modernisation programme recommended by the Devlin Committee on the Port Transport Industry. Her Department, acting in consultation with the Ministry of Transport, would be in touch with the employers about the possibility of making minor modifications to the proposals in order to make them more acceptable to the dockers.

The Cabinet—
(1) Took note of the statement by the First Secretary of State.

The Secretary of State for Education and Science said that earlier in the year a two-year agreement had been negotiated under which teachers in England and Wales would receive increases in salary of just over 7 per cent overall from 1st April, 1969. The Conference of the National Union of Teachers had subsequently decided to seek a further increase of £135 a year from 1st April, 1970; and they were later joined in this by all the other teachers’ associations. The Management Panel of the Burnham Committee had agreed to consider the claim and on 10th November they had offered a flat rate increase of £50 a year. The unions had rejected as derisory this offer, which represented an increase of 3 per cent; and there had since been a series of one-day and half-day strikes in different parts of the country. The local authority members of the Burnham Committee were considering whether they could increase their offer. He would be informed of their conclusions in the following week and would report the outcome to the Ministerial Committee on Prices and Incomes as soon as possible thereafter.

The Cabinet—
(2) Took note of the statement by the Secretary of State for Education and Science.
4. The Cabinet had before them a memorandum by the First Secretary of State and Secretary of State for Employment and Productivity covering a draft passage about low-paid workers in the forthcoming White Paper on Prices and Incomes (C (69) 154).

The Chancellor of the Exchequer said that at their meeting earlier this week the Sub-Committee on Future Policy of the Ministerial Committee on Prices and Incomes had considered a proposal by the First Secretary that the incomes norm after 1969 should be expressed as a range of 2½ to 5 per cent. Widely differing views about this had been expressed in the Committee. A few thought that there should be no norm at all. Some considered that the norm should remain at 1½ per cent. Others either agreed with the First Secretary’s proposal or suggested alternative ranges. In attempting, as Chairman, to find a compromise to meet these differing views, he had suggested to the Sub-Committee two alternatives—4 per cent, or a range of 3 to 4½ per cent. While neither of these was wholly satisfactory, they were both approved by the Sub-Committee as acceptable alternatives.

The First Secretary of State said that, before putting forward her proposal for a range of 2½ to 5 per cent, she had considered and rejected a number of alternatives including those which had been put forward in the Sub-Committee. Since the meeting of the latter, she had reconsidered the position; and she remained convinced that her original proposal was the best. She was strongly opposed to the suggestion that no norm should be set for the period after 1969. Discussions with both the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) had shown without any doubt that both these organisations—and public opinion as a whole—would regard the absence of any norm as signifying the abandonment by the Government of an incomes policy. It would, moreover, put the Government in the indefensible position of making Orders providing statutory powers relating to future income settlements without being able to indicate what level of settlement would be regarded as acceptable. She had also reached the conclusion that it would be unrealistic to seek to maintain the present 3½ per cent norm. Since the fourth quarter of 1968, the average pay settlement had been rather more than 5 per cent, and in the last two or three months much higher. Pay settlements reached in September and October 1969 had involved average increases of 7½ and 8½ per cent respectively. There was a real danger that the normal rate of settlement over the next few months would stay at 7 to 8 per cent; and there was no prospect whatever that any significant settlements would be negotiated at 3½ per cent in the coming months. Nor would
a norm of 4 per cent have any chance of general acceptance for future pay settlements. It had to be borne in mind that the Government's already inadequate statutory powers would be withdrawn altogether in the course of 1970. In any event, the adoption of a single figure norm had the disadvantage that it could only be made to work—at any level—if it was understood that exceptions would be made in particular circumstances, such as productivity agreements, the low paid, etc. Accordingly, she had reached the conclusion that the best chance of containing future pay settlements would be to set as the norm a range of 2½ to 5 per cent, within which the Government would expect future pay settlements to be made. She recognised that even with such a range it would be most unlikely that any significant settlements would be made below the figure of 5 per cent, which had in fact been the underlying trend of settlements over the last 18 months. But such a norm could be expected to exert an influence which would prevent too many settlements above 5 per cent. If a range of, say, 3 to 4½ per cent were adopted, as the Sub-Committee on Future Prices and Incomes had suggested, many more settlements would be likely to exceed the norm and such a norm would accordingly come to exert no practical restraining influence on wage settlements. In the light of practical experience she remained convinced that a norm of 2½ to 5 per cent, or 3 to 5 per cent, would prove less inflationary than either a range up to 4½ per cent or a single norm of 4 per cent.

In discussion, it was argued that the only norm which could be respectably defended was 3½ per cent, because this was the expected future rate of increase in productivity. If the Government endorsed a norm higher than 3½ per cent, they would be openly endorsing inflation. Pay settlements would in practice always be made at or above the norm: if the norm were presented as a range, then settlements would be at or above the upper limit of it. A norm of 2½ to 5 per cent would encourage claimants generally to insist on at least 5 per cent. The economic consequences of settlements far in excess of the increase in productivity would be a deterioration in the balance of payments and higher taxation in the next Budget. The renewed fears of inflation—illustrated by the recent behaviour of the equity and gilt-edged markets—would be strongly reinforced if the Government now endorsed a norm as high as 5 per cent, whether or not it was part of a range. Moreover, the Government's presentation of future incomes policy must take account of its weakened statutory powers. The White Paper should accordingly firmly set the norm at 3½ per cent; and should explain why it was necessary still to do so and the consequences for everyone if pay settlements were generally above this level. The role of the White Paper should be increasingly
to educate and influence public opinion, rather than seek to impose directions which would be increasingly unenforceable. If the problem of presentation were tackled in this way, an "indicative" norm of 3½ per cent would be both credible and realistic. The Government could not of course ignore such a norm in their negotiations with their own employees; but provided that it was made clearly subject to exceptions as at present—including an exception for the low paid—this would provide sufficient flexibility for satisfactory public service pay negotiations in 1970.

On the other hand, it was pointed out that from recent experience it was evident that the Government would be unable to negotiate settlements in the public service throughout 1970 within a 3½ per cent norm, even if the latter were made subject to liberal exceptions. If the Government first explained that pay settlements in excess of 3½ per cent would have serious economic consequences for the country and then proceeded to settle—as the largest employer in the country—their own negotiations on a significantly higher level, the Government's general policy and the norm itself would soon become completely discredited. In view of the level of pay settlements over many months past, a norm of 4½ or 5 per cent was the lowest which could be expected to have any influence on future pay settlements. If, however, such a figure were made the top of a range, some employers at least would be encouraged to start negotiations within the range and conclude them at the top of it: a single figure norm of 4½ per cent or 5 per cent, on the other hand, would inevitably be the starting point of negotiations, which could then be expected to end above this figure. Moreover, there would be presentational advantages in describing the new norm as a range centred round the existing norm of 3½ per cent rather than as a straight increase.

The Prime Minister, summing up the discussion, said that there was general agreement that in future the Government's influence on pay settlements would increasingly depend on persuasion and education. The forthcoming White Paper should therefore explain fully the economic consequences of unrestrained pay increases. The general view of the Cabinet was that the norm should be expressed as a symmetrical range round the present norm of 3½ per cent.

The Cabinet—

Agreed that the norm for the average rate of annual increase of pay rates should be expressed in the forthcoming White Paper on Prices and Incomes as a range of 2½ to 4½ per cent.
5. The Cabinet considered a memorandum by the Secretary of State for Social Services (C (69) 152) on contributions under the new pension scheme.

The Secretary of State for Social Services said that the proposals put forward in his memorandum were designed to find the additional money necessary to meet the increase in the estimated cost of social insurance benefits without increasing employees' total contributions; and to make it unnecessary to pursue the proposed saving of £10 million a year on the treatment of road casualties in hospitals. In the White Paper “National Superannuation and Social Insurance” published in January (Cmnd. 3883), the Government had proposed that both employers and employees should pay a contribution of 6½ per cent of earnings, of which 4½ per cent in the case of the employer and 4⅔ per cent in the case of the employee would be for national superannuation; 2 per cent in each case for social insurance benefits; and ¼ per cent in the case of employers for the Redundancy Fund. Later calculations by the Government Actuary showed that though the contributions then proposed for national superannuation were adequate, a contribution of 1·7 per cent from each side would be needed for social insurance; allowing for a reduction in the contribution required to the Redundancy Fund, the result was that employers would need to contribute 6·4 per cent of earnings and employees 6·45 per cent without taking account of any contribution to the Health Service. In the White Paper the Government had assumed a contribution for this purpose of 0·5 per cent from each side; and on this basis the total rate of contribution, if no changes were made, would be 6·9 per cent for employers and 6·95 per cent for employees. He was extremely reluctant to increase the total employees' contributions above the 6·75 per cent which had been forecast. He therefore proposed that the total Health Service element in the contribution should be reduced to 0·9 per cent (which would still produce more than present rates of contribution); and that, of this element, two-thirds should be paid by the employer and one-third by the employee, giving total contributions of 7 per cent for the former and 6·75 per cent for the latter. All countries in the European Economic Community placed more of the cost of social security and health insurance on the shoulders of employers than we did; if this proposal were accepted, it would represent a first step towards bringing our scheme more nearly into line with theirs. The cost to employers would not be very great: about £35 million more than if the liability had been split evenly, out of a total contribution
income of about £2,700 million. But no doubt the proposal would be strongly resisted by the Confederation of British Industry (CBI), whom he would feel bound to inform in advance of the proposed changes.

If this proposal were accepted for the new scheme, he would also propose that the Government should take a first step in the same direction by increasing the National Health Service contributions paid by employers under the existing scheme; at present the employers' contribution was only 8d. a week, compared with the employees' 3s. 2d. An increase of 6d. in the employers' contribution would yield rather more than £25 million in a full year, and an increase of 1s. more than £50 million; and an increase in this range could be imposed without increasing the yield of the present contributions above that of the 0·9 per cent of earnings proposed for the new scheme. Either increase in contributions would make it possible to dispense with the saving of £10 million in net expenditure on hospitals on which they had decided last July and which it was now clear could not sensibly be achieved by recovering the cost of treating road casualties.

The Chancellor of the Exchequer said that both the long-term and the interim proposals made by the Secretary of State for Social Services would have some adverse economic effect. The interim increase in employers' contributions might cost the balance of payments about £10 million a year; and in addition it would reduce the scope for further company taxation. Moreover, the reduction from 1 per cent to 0·9 per cent in the Health Service element in contributions under the new scheme would mean that an additional £22 million a year would have to be found from taxation. Nevertheless, weighing these disadvantages against the advantages of avoiding any increase in employees' contributions under the new scheme and of not having to pursue further proposals for a levy on road accident cases (which would be both inefficient and unpopular) he was disposed to accept the proposals put forward by the Social Services Secretary. Since any increase in employers' National Health Service contributions would be resisted, almost irrespective of the amount, he thought that the increase should be the full 1s. per week. Allowing for the loss of the £10 million expected from the road accident levy, this would produce a net revenue of about £40 million; but he must make it clear that this could not be taken as providing any sort of justification for increased expenditure on the National Health Service.

In discussion it was confirmed that there would be lower rates of contribution for members of the Armed Forces under the new scheme, as under the present one.
The Prime Minister, summing up the discussion, said that the Cabinet endorsed the recommendations in the Secretary of State’s memorandum. They agreed that legislation should be introduced to increase employer’s contributions by 1s. a week. This would obviate the need to reduce net expenditure on hospitals by £10 million a year from 1970–71; the fact that the increase in employers’ contributions would produce additional revenue of more than this amount would not, however, be relevant to the consideration of future public expenditure programmes.

The Cabinet—

(1) Took note with approval of the Prime Minister’s summing up of their discussion.
(2) Approved the proposals in paragraph 14 of C (69) 152.
(3) Agreed that a Bill be introduced to increase the National Health Service contributions of employers by 1s. a week.
(4) Agreed that, contrary to their decision of 29th July, 1969, no attempt should be made to recover the full costs of treating road casualties in hospital.
(5) Invited the Social Services Secretary to inform the CBI of the proposed increases in employers’ contributions.

The Secretary of State for Social Services said that there was growing public concern about abuses of the social security system, some of the more common forms of which were listed in paragraph 2 of the joint memorandum. Moreover the forthcoming National Superannuation Bill would include provisions, already approved by the Cabinet, abolishing the present disqualification from unemployment benefit and supplementary benefit of persons “financing” a strike or belonging to the same grade or class as persons directly involved. These provisions might be attacked as encouraging strikes and further increase public unease. He had therefore been considering with the First Secretary of State what could be done, over and above the considerable effort being made already, to check abuses and to reassure the public. Their proposals fell into four parts—(i) an approach to the Supplementary Benefits Commission
with a view to further tightening up of administrative procedures; (ii) increasing the deductions made from the supplementary benefit payable to persons discharged for industrial misconduct, who might at present find themselves better off than if they were eligible for unemployment benefit; (iii) calculating the supplementary benefit payable to strikers' families after a return to work on the same basis as during the strike, instead of allowing the striker himself to qualify; and (iv) imposing a requalification test on occupational pensioners over 60 with pensions of more than £25 a week who sought unemployment benefit and reducing the benefit payable to those with pensions of £15 or more. Of these, (ii) and (iii) would involve the addition of clauses to the National Superannuation Bill; and (iv) could be effected by regulations.

In framing their proposals the First Secretary of State and he had sought to reconcile the desirability of checking abuses and reassuring the public with the need to avoid a head-on collision with the trade union movement. But for this factor he would himself have preferred to go further. In particular he had found it very difficult to defend the practice, which they were now having to validate by way of legislation, of disregarding income tax refunds and strike pay up to the level of £4 a week received by persons disqualified for unemployment benefit as a result of a strike, when determining the amount of benefit payable for a striker's family; the effect was that a striker who paid sufficient tax was financially in as good a position as if he had not himself been disqualified from benefit. But the practice dated back to the Second World War; and it was clear that it would be extremely difficult to discontinue it now, especially since the Government had failed to do so when they first discovered that there was no statutory basis for it. He therefore sought the agreement of his colleagues to the proposals set out in the memorandum, which he suggested should be announced as a package when the National Superannuation Bill was published, together with any changes in procedure which the Supplementary Benefits Commission were prepared to introduce. It would be necessary to give the Trades Union Congress (TUC) and the Confederation of British Industry (CBI) advance notice of the proposals.

The First Secretary of State said that she concurred in the view that the proposals in the memorandum were as far as they could go in present circumstances. The practice of disregarding tax refunds and strike pay was bad in principle and meant that workers had less to lose financially by going on strike; but it was impossible to change it now. A second anomaly which encouraged strikes was that although a worker who lost his employment had to wait some weeks for a refund of income tax, strikers received refunds through their
employers very much more quickly; she hoped that it might be found possible to find means of slowing down the making of refunds in such cases.

In discussion there was general agreement on the need to allay the growing anxiety among both the public and the Government's supporters at the evidence of abuse; and there was agreement also on the specific measures proposed by the two Secretaries of State. Stronger measures might be desirable—the disregarding of tax refunds seemed wholly indefensible—but it was important not to provoke a collision with the TUC; further inquiry should however be made into Press allegations that strikes were being financed by drawing sick pay. The specific proposals in the memorandum did not cover all the abuses specified in paragraph 2 because the remainder could be countered by changes in the administrative procedures of the Supplementary Benefits Commission; these would be the subject of informal approaches to the Commission. Some anxiety was expressed lest the tightening up of procedures might result in too inquisitorial an approach on the part of the Commission's local officers; but the general feeling was that the members of the Commission could be relied on to see that a humane manner was adopted.

The presentation of the proposed changes was important if they were to make the maximum impact. They should be announced as a package at the same time as the National Superannuation Bill was published. It would be unwise to rely on an oral statement during a Press conference; there should be a prepared statement which could be handed to the Press and made generally available.

In further discussion it was pointed out that the proposals had implications in the fields of public expenditure and manpower. Relaxing the conditions which occupational pensioners must satisfy before drawing unemployment benefit would reduce the saving expected from this source and compensating savings would have to be found elsewhere. The manpower requirements of social security were already growing; and there could be no guarantee that additional staff necessary to check abuses could be found.

The Prime Minister, summing up the discussion, said that the Cabinet approved the proposals set out in the memorandum and agreed that the TUC and CBI should be informed of them before any announcement was made. The proposals should be announced when the National Superannuation Bill was published; and the Social Services Secretary should ensure that a comprehensive statement explaining them was made available to the Press.
The Cabinet—
(1) Approved the proposals in C (69) 153.
(2) Invited the Secretary of State for Social Services, in consultation with the Minister without Portfolio, to prepare a statement for release to the Press when the National Superannuation Bill was published.

*7. The Lord President said that in the light of the Cabinet's discussion on 13th November he had considered further the procedure under which Members of Parliament would claim the proposed secretarial allowance. He now suggested that the allowance should be payable against a declaration that the MP concerned was incurring expenses for secretarial assistance of the amount claimed, up to the approved limit. In addition each MP would then have to substantiate to the Inland Revenue, as at present, his claim for deducting this sum and his other expenses as an MP from his taxable remuneration. As regards the amount of the allowance, his enquiries indicated that the cost of a full-time secretary in central London varied from £1,000 to £1,500 a year; and in his view there was a powerful case for fixing the upper limit of the allowance at £750 a year.

The Ministerial Committee on Secretarial Assistance for Members of Parliament had agreed that in parallel with the creation of a secretarial allowance for MPs it would be appropriate to increase the expense allowance for Members of the House of Lords. At present Peers could claim up to 4½ guineas a day tax free against travel and other expenses for attendance at the House of Lords; he proposed that this should now be increased to £6 10s. 0d. a day. On the question of a car allowance for MPs and Peers the Cabinet had agreed on 22nd July that the allowance should be increased to the average cost of first-class travel by rail, which was estimated at 5·3 pence a mile. The majority of the Ministerial Committee considered that the allowance should be rounded up to 6d. a mile, though it had been strongly argued that this would be too generous, in contrast with the Government's attempts in other directions to restrain increases in remuneration, and that the figure should be 5½d. He accordingly proposed that, when announcing the decision on the secretarial allowance for MPs and the Peers' expense allowance, the Government should also announce an increase to 6d. a mile in the rate of car allowance for both MPs and Peers.

* Previously circulated as a Confidential Annex.
The Prime Minister, summing up a brief discussion, said that the Cabinet recognised that the arguments for fixing the upper limit of the secretarial allowance for MPs at £500 or £750 a year were finely balanced; and they recognised the force of the Lord President's contention that the lower figure might not be well received by Parliamentary opinion. They were not disposed, however, to reopen their earlier decision to adopt the £500 limit. The allowance should begin to be payable in respect of expenses incurred in the three months ending 31st December, 1969. In announcing the procedure for claiming the allowance care should be taken to avoid saying that it would be payable against a declaration. The announcement should state that MPs would be able to claim a secretarial allowance up to a limit of £500 a year on expenses actually incurred on secretarial assistance during the period in question. The Cabinet agreed that an increase in the expense allowance for Members of the House of Lords to £6 10s. 0d. a day should be announced at the same time. They recognised that the arrangement whereby the car allowance was linked to the cost of first-class rail travel could be argued to be anomalous; but they agreed that it would not be appropriate to alter the basis of the allowance until the proposed review of the remuneration of MPs by the National Board for Prices and Incomes had been completed. On balance they agreed that the new allowance should be fixed at 6d. a mile.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Reaffirmed their decision that a secretarial allowance for MPs up to a maximum of £500 a year should be provided on the lines indicated in the Prime Minister's summing up.

(3) Agreed that the expense allowance for Members of the House of Lords and the car allowance for Members of both Houses should be increased to £6 10s. 0d. a day and 6d. a mile respectively.

(4) Invited the Lord President, in consultation with the Minister without Portfolio and the Lord Privy Seal, to arrange for Parliament to be informed of their decisions.

Cabinet Office, S.W.1,
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Tuesday, 25th November, 1969,
at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign
and Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary
of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence
The Right Hon. ANTHONY CROSSLAND, M P, Secretary of State for Local
Government and Regional Planning
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and
Science
The Right Hon. ROY MASON, M P, President of the Board of Trade
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury
The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M P, Secretary of State for Social
Services
The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home
Department
The Right Hon. FRED PEARL, M P, Lord President of the Council
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. PETER SHORE, M P, Minister without Portfolio
The Right Hon. GEORGE THOMSON, M P, Chancellor of the Duchy of Lancaster
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries
and Food
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. HAROLD LEVER, M P, Paymaster General

The following were also present:
The Right Hon. JUDITH HART, M P, Minister of Overseas Development
(Item 2 and 3)
The Right Hon. JOHN SILKIN, M P, Minister of Public Building and
Works (Items 2 and 3)
The Right Hon. ROBERT MELLISS, M P, Parliamentary Secretary, Treasury
(Item 1 and 2)
The Right Hon. FREDERICK MULLEY, M P, Minister of Transport (Items 2
and 3)
The Right Hon. JOHN STONEHOUSE, M P, Minister of P o s i s and
Telecommunications (Items 2 and 3)
The Right Hon. Sir ELWYN JONES, Q C, M P, Attorney-General (Item 1)

SECRET
Secretariat:
Sir Burke Trend
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. E. Thornton
Mr. J. Crocker

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Police Bill
Mutual Aid
and the Special
Powers Act
(Previous
Reference:
CC (69) 55th
Conclusions,
Minute 1)

1. The Cabinet considered memoranda by the Secretary of State for the Home Department (C (69) 156) and the Secretary of State for Defence (C (69) 157) on the provisions for mutual aid in the Police Bill and their relationship to the Special Powers Act.

The Home Secretary said that the purpose of the mutual aid provisions in the Police Bill was to provide for short-term assistance in normal times by police forces in Great Britain to the Royal Ulster Constabulary (RUC) on special occasions, such as Royal Visits, processions, or sporting events. It was not the intention to provide assistance for the RUC in dealing with disorders such as had been experienced in August; under such conditions, reinforcements from Great Britain police forces would be of limited usefulness and might indeed be singled out for special attacks. In such circumstances, Chief Constables in Great Britain would probably be unwilling to send their men to Northern Ireland. The mutual aid provisions in the Bill had instead been seen primarily as a means of bringing the RUC and British police forces closer together, in accordance with the objectives of the Report of the Advisory Committee on Police in Northern Ireland (the Hunt Report). During the Second Reading of the Bill, a number of speakers had expressed concern about the prospect of police from Great Britain having to operate the Special Powers Act. These anxieties were known to be shared by the Police Federation. He had made it clear that it was not his intention that any policeman from Great Britain serving in Northern Ireland under the mutual aid provisions should operate the Act. The Northern Ireland Government accepted this. What he now wished to do was to underline the assurances he had given by adding a provision to the Bill which would make it impossible for the Northern Ireland Government to confer on policemen from Great Britain any powers, or require from them any duties, under the 1922 Northern Ireland Special Powers Act. He recognised that this might result in the Secretary of State for Defence being pressed to amend in a similar sense the Bill setting up the Ulster Defence Regiment (UDR); and he accepted that it would be essential to resist such pressure. But he thought that the arguments which had been advanced against his proposed addition to the Bill were based on a misunderstanding of the purpose which mutual aid between police forces was designed to serve. He agreed with the Defence Secretary that the British Government should press the Northern Ireland Government to replace the Special Powers Act by some more acceptable form of legislation. The Northern Ireland Government had in fact been on the point of repealing most of the regulations earlier this year;
but since the outbreak of sabotage this spring, and the disturbances which had taken place from August onwards, they had been taking the line that they could not dispense with the powers under present conditions.

The Defence Secretary said that he felt bound to resist the Home Secretary’s proposal. He took the point—which had not been made fully clear in the Second Reading Debate—that it was not the intention to invoke the mutual aid provisions in situations similar to that of last August. Nevertheless, if policemen from Great Britain were not able to operate under the Special Powers Act, their usefulness would be much reduced; and the result might be that earlier resort would have to be made to calling in troops. There would also be pressure on him in the House to place similar restrictions on the regular Army and on the UDR. It was impossible to draw a clear-cut distinction between times of disorder and normal conditions; in the circumstances now prevailing in Northern Ireland, even the most peaceful demonstration might degenerate into violence. Moreover, Northern Ireland was at present going through a twilight period when active disorders had ceased but the situation had not returned to normal. Under such conditions, the difference between the role of the Army and that of the police was very small; the two forces had been co-operating very closely in the recent drive against arms running, which could not have been effective without the use of powers deriving from the Special Powers Act. Our main objective should be to secure the repeal by the Northern Ireland Government of the Special Powers Act and its replacement by something more acceptable. If this could be done by the time conditions were established in which the mutual aid provisions of the Bill could safely be invoked, the need for the proposed amendment would disappear. In his judgment, therefore, it would be a mistake to amend the Bill as the Home Secretary proposed; to do so would make it easier for the Northern Ireland Government to delay action to repeal the Special Powers Act. The better course would be to confine ourselves to assurances in the House on the lines of those already given by the Home Secretary; and to increase the pressure on the Northern Ireland Government to replace the Special Powers Act. He did not accept the argument that the Government could not move in this direction until normal conditions returned; his view was that all the powers that were really necessary in present conditions could be made available under forms of legislation more acceptable to opinion in this country.

In discussion, it was pointed out that the Government were already committed to the view that the Special Powers Act must go, though no deadline had been fixed. The aim of the police reforms advocated in the Hunt Report was to put the RUC on a similar basis
to British forces; but an amendment on the lines proposed by the Home Secretary—under which police from Great Britain would be exempted from operating the Special Powers Act, while the RUC would still be subject to it—would only highlight the difference between them. And it would be very difficult to explain why, if the powers were such that policemen from Great Britain should not be asked to apply them, the Army and the UDR should be operating under them. Considerable support was expressed for the view that it would be better to intensify the pressure on the Northern Ireland Government to replace the Special Powers Act by more satisfactory legislation; and, in the meantime, to confine action in the House of Commons to confirming, if necessary, the assurances already given and emphasising the British Government’s desire to see the Special Powers Act repealed. At the same time, it was recognised that this course carried with it some risk of adverse reactions in Parliament and from police organisations in Great Britain. If it were the case that adequate powers could be made available under ordinary emergency powers legislation, there was no need to await the return of normal conditions and the withdrawal of the Army from its security role. It would still be possible, if need be, to amend the Bill in the House of Lords; but it would be unwise tactically to make any reference to this during the forthcoming debate in the House of Commons. So far as an approach to the Northern Ireland Government was concerned, their reliance on a British military presence was a strong card in our hand; but it would have to be borne in mind that overt threats of withdrawal might only harden their attitude and estrange Protestant opinion. To approach the Northern Ireland Prime Minister with a straightforward request to repeal the Special Powers Act might be counter-productive. A better line might be to ask him for his ideas on legislation to replace it.

The course outlined above would have the incidental advantage of rescuing the Government from the embarrassing position in which the Special Powers Act placed them in relation to the European Convention on Human Rights. There were at present proceedings before the Commission on Human Rights in which it was alleged that the Act was incompatible with the Convention, which we had signed, though we had made a reservation on this point.

The Prime Minister, summing up the discussion, said that there appeared to be general agreement that it would be better not to amend the Bill as proposed by the Home Secretary. In the debate in the House of Commons later that day, the Home Secretary should confirm as necessary the assurances he had already given that police from Great Britain would not operate the Special Powers
Act; and make it clear that the Government would continue to press the Northern Ireland Government to repeal the Act and replace it by more satisfactory legislation as soon as possible. On this, the Home Secretary should approach the Northern Ireland Government, drawing on the points made in discussion and also emphasising, if the occasion arose, the embarrassments caused to the British Government in the international sphere by the continued existence of the Northern Ireland Special Powers Act.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Invited the Home Secretary to be guided by it during the forthcoming debate in the House of Commons and in his discussions with the Northern Ireland Government.

2. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C (69) 155) on public expenditure, to which was attached a draft White Paper on public expenditure for 1968–69 to 1973–74.

The Chancellor of the Exchequer said that on the previous day the Ministerial Steering Committee on Economic Policy (SEP) had considered a number of presentational problems arising on the draft White Paper. There had been general agreement that the White Paper should show the development and pattern of public expenditure in the last decade; and he had been asked to consider the possibility of showing the rate of increase in public expenditure in each of the 10 years in question. The figures showed that between 1960–61 and 1964–65 the gross domestic product (GDP) had grown faster than public expenditure in every year save one; and that in the period from 1965–66 this position had been reversed. He had also been asked to consider the possibility of excluding transfer payments from the figures of public expenditure in order to show the demand made by the public sector on the country’s resources; but having examined the figures, he did not recommend this.

The White Paper would include figures for public expenditure on each main programme in 1972–73 and 1973–74. He proposed that paragraph 32 of the draft White Paper should be amended to make it clear that the Government had not yet taken decisions on the levels for individual programmes in 1972–73 and 1973–74, but that they were planning on the basis that the total of public expenditure would grow broadly in line with the forecast of the
growth of the economy as a whole. The Green Paper on The Task Ahead, published in February 1969, had indicated a likely growth of GDP of between 3 and 4 per cent a year. He proposed, therefore, that the projections shown in the White Paper for 1972–73 and 1973–74 should be based on a rate of growth of total public expenditure of 3½ per cent a year. To use a higher figure would be politically and economically damaging; and its implications for future tax levels and the balance of payments would be immediately apparent. Provision would be made within the projections of total expenditure for a contingency reserve of the order of £350 million for 1972–73 and £450 million to £500 million for 1973–74. Experience indicated that these figures would be barely adequate to meet possible calls on the contingency reserve, for example for the uprating of social security benefits. As no decisions had yet been taken for 1972–74, Ministers would not be committed by the figures shown for individual programmes. For the purpose of next year's review by the Public Expenditure Survey Committee (PESC), he proposed that the figures in the 1969 PESC survey and in the White Paper should have equal status as the starting point for considering individual programmes.

Following the discussion in SEP he had considered whether it was necessary to include figures for interest on debt in the White Paper. The rise in debt interest since 1964–65 was primarily due to an increase in the level of public borrowing rather than to higher interest rates. The projection in the White Paper for future years assumed no rise in interest rates and debt interest was shown as about level. As a consequence the total of public expenditure, including debt interest, was shown as increasing by 3½ per cent a year in 1972–73 and 1973–74; if debt interest were excluded the increase would be 4 per cent in 1972–73 and 3.9 per cent in 1973–74.

In discussion it was generally agreed that on balance it would be preferable not to include figures for public expenditure before 1964–65. It was also generally agreed that the annual rate of growth of total public expenditure projected in the White Paper for 1972–74 should be 3½ per cent. It was, however, suggested that, bearing in mind the low rate of growth projected for expenditure on education and health in particular, the wording of paragraph 32 was too restrictive even in the amended version proposed by the Chancellor in his opening statement. It should be stressed, both in this paragraph and in a note incorporated in table 1.6 of the White Paper, that it would be for the Government of the day to take the final decisions on expenditure for 1972–74 in the next Parliament. It should be borne in mind that it might be then be possible to reduce the heavy expenditure incurred in recent years on assistance
to industry, much of which was part of a “once for all” operation to improve industrial efficiency; and this might make it possible to increase expenditure on other programmes without altering the ratio on public expenditure to GDP.

In further discussion it was strongly argued that, leaving aside the special situation arising from the devaluation of the pound sterling, it was both desirable and inevitable that public expenditure should grow more quickly than GDP. The ratio of public expenditure to GDP was too low; and the social and economic pressures of a technologically advanced society were bound to push it higher. On the other hand, it was argued that unless public opinion was clearly instructed on the relationship between social expenditure and taxation, a sharp increase in the ratio of public expenditure to GDP would be seen to carry clear implications for the level of taxation.

The Prime Minister, summing up this part of the discussion, said that the Cabinet agreed that the White Paper should not include figures for public expenditure before 1964–65. Interest on debt should be included; but the White Paper should include a note explaining the basis on which the figures were calculated. The rate of growth projected for total public expenditure in 1972–73 and 1973–74 should be 3½ per cent a year; but paragraph 32 of the draft White Paper should be revised to make it clear that the final decisions on expenditure for those years would be taken in the next Parliament by the Government of the day, and a note to this effect should be incorporated in table 1.6. For the purposes of next year’s PESC review, the figures in the 1969 PESC survey and in the White Paper should have equal status as the starting point for considering individual programmes.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.

(2) Invited the Chancellor of the Exchequer to circulate for consideration at their next meeting revised drafts of paragraph 32 and table 1.6 of the White Paper together with a note on debt interest, as indicated in the Prime Minister’s summing up.

(3) Agreed that for the purposes of next year’s PESC review the figures in the 1969 PESC survey and in the White Paper should have equal status as the starting point for considering individual programmes.

The Secretary of State for Defence said that he was unable to accept that the defence budgets should be shown in the White Paper as £2,070 million in each of the years 1972–73 and 1973–74.
These figures could not in any sense be regarded as a projection of existing policy. The present estimates for these two years were £2,134 million and £2,177 million, including contingency allowances of £30 million and £50 million respectively. Very reluctantly, he was prepared to accept a reduction to £2,070 million in 1972-73; but he could not accept a reduction from £2,177 million to £2,070 million in 1973-74. When account was taken of the £25 million to be found for the military salary, he was being asked to reduce the defence budget by £132 million in 1973-74. Such a reduction could not be achieved without a further Defence Review, which would have to start early in 1970. Domestic and international considerations made such a review wholly unacceptable. By 1972-73, the United Kingdom defence programme (£2,070 million) would amount to 5 per cent of estimated gross national product (GNP). The United States, France, Portugal and Turkey were all forecasting expenditure at that time of a larger proportion of GNP. Moreover, our other allies would be increasing defence expenditure—in real terms—at 4 per cent a year over the next few years. The cause of this increase in expenditure was partly that the unit cost of defence equipment here and abroad was rising faster than prices generally, so that an increasing level of real expenditure was required in order to maintain a given level of defence capability. He could not accept that United Kingdom expenditure on defence should remain on a plateau after the withdrawal from East of Suez had been completed, since this would imply a reduction in our future defence capability. The estimated expenditure on defence equipment in 1972-73 was exceptionally low; and this accounted for the fairly substantial planned increase in expenditure in 1973-74. But in any event some increase in defence expenditure for 1973-74 would, in his view, be necessary if an early Defence Review were to be avoided.

The Chancellor of the Exchequer said that they were now discussing figures for years in respect of which no decisions had been taken; the level of expenditure shown for any particular programme did not therefore commit the spending Department concerned, but it nevertheless had some political significance. From the latter point of view—and even if it were possible to fit some increase in defence expenditure into the total programme for 1973-74—it would be wholly undesirable to show defence expenditure increasing again after the full effects on public expenditure of the withdrawal from East of Suez had spent themselves in 1972-73. Apart from the contingency reserve in the defence budget, the difference between the present estimates for the two years was only £23 million, which was well within the likely
margin of error so far ahead. At 5 per cent of GNP, our defence expenditure in 1972–73 would be a higher proportion than that of many of our allies, including, for example, the Federal German Republic, Canada and Belgium. There was some dispute about the precise level of French expenditure on defence, but that expenditure had recently been reported to the French National Assembly as amounting to 3.4 per cent of GNP. If other needs were to be met in the 1970s, ways would have to be found of—at the very least—keeping the level of defence expenditure constant in real terms.

The Prime Minister, summing up this part of the discussion, said that the Cabinet recognised the importance of the considerations which the Defence Secretary had advanced relating to our future defence capability and the need to avoid a further Defence Review. However, the figures which would be shown in the White Paper for 1972–73 and 1973–74 were no more than forward projections from the figures which had been decided for 1971–72 and earlier years; and the Cabinet had already agreed that this must be heavily emphasised, in relation to all the programmes, in the text and the relevant tables of the White Paper. On balance the Cabinet agreed that defence expenditure in 1972–73 and 1973–74 should be shown as £2,070 million; and that the Chancellor of the Exchequer should agree with the Defence Secretary a formula for use in the White Paper describing the status of this figure.

The Cabinet—

(4) Took note, with approval, of the Prime Minister's summing up of their discussion.

(5) Agreed that defence expenditure should be shown as £2,070 million in 1972–73 and 1973–74 in the forthcoming White Paper on Public Expenditure.

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3. The Prime Minister said that at their meeting on 24th November, the Ministerial Steering Committee on Economic Policy had provisionally agreed that the Minister of Overseas Development should make a statement about the future level of overseas aid in advance of the White Paper on Public Expenditure, which it was proposed to publish on 2nd December. The Minister might explain that it was impossible, owing to the difficulty of making any reliable estimate of the future level of private aid flows and export credits, to predict when the United Kingdom would attain the target set at the United Nations Conference on Trade and Development (UNCTAD) of one per cent of the Gross National
Product (GNP) for total aid. But taking optimistic estimates about private flows, the UNCTAD target could be reached not much after the target date of 1975 set by the International Commission under Mr. Lester Pearson’s chairmanship. The Minister of Overseas Development might also state that it was, in any event, the Government’s intention, provided that our balance of payments position permitted, to achieve the UNCTAD target by the end of the Second Development Decade. She should not however make any reference to the target of 0.7 per cent for official aid. There had been a division of opinion in the Committee about the level of aid expenditure which should be shown for 1972-73 and 1973-74 in the forthcoming White Paper on Public Expenditure; but it had been the general view that whatever total was finally agreed for the two years combined, it would be better to show a larger figure for 1973-74 than for 1972-73, so as to indicate a prospective acceleration. The Cabinet were now invited to confirm the decisions provisionally taken by the Committee about the line to be taken by the Minister of Overseas Development in her proposed public statement; and to decide on the level of expenditure on aid in 1972-73 and 1973-74 to be shown in the White Paper on Public Expenditure.

The Cabinet, after discussion—

(1) Approved the line to be taken in the proposed public statement by the Minister of Overseas Development, as agreed in the Ministerial Steering Committee on Economic Policy.

(2) Agreed that the level of total overseas aid expenditure (including special aid to Malaysia and Singapore) to be shown in the White Paper on Public Expenditure for 1972-73 and 1973-74 should be £270 million and £305 million, in cash terms, respectively.

Cabinet Office, S.W.1,
57th Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 27th November, 1969,
at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and Commonwealth Affairs (Items 1 and 2)
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. ANTHONY CROSLAND, M.P., Secretary of State for Local Government and Regional Planning
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. GEORGE THOMSON, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social Services
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home Department
The Right Hon. FRED PEART, M.P., Lord President of the Council
The Right Hon. ANTHONY WEDGWOOD BENN, M.P., Minister of Technology
The Right Hon. PETER SHORE, M.P., Minister without Portfolio
The Right Hon. ROY MASON, M.P., President of the Board of Trade (Items 1-3)
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury
The Right Hon. HAROLD LEVER, M.P., Paymaster General

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The following were also present:

- The Right Hon. John Silk, M.P., Minister of Public Building and Works (Item 3)
- The Right Hon. John Stonehouse, M.P., Minister of Posts and Telecommunications (Item 3)
- The Right Hon. Robert Mellish, M.P., Parliamentary Secretary, Treasury
- The Right Hon. Alice Bacon, M.P., Minister of State, Department of Education and Science (Item 3)
- The Right Hon. Sir Elwyn Jones, Q.C., M.P., Attorney-General (Items 1 and 2)

Secretariat:

- Sir Burke Trend
- Mr. R. R. D. McIntosh
- Sir Robin Hooper
- Mr. P. E. Thornton
- Mr. P. J. Hudson

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Parliamentary Affairs
Future Business

1. The Cabinet were informed of the business to be taken in the House of Commons in the following week. There would be a debate on foreign affairs on 8th and 9th December. It had been suggested that on the first day the debate should concentrate on Vietnam and on the second, which was a Supply Day, on Biafra. The general view, however, was that the opening speech on behalf of the Government on the first day should cover the whole field of foreign affairs and that the winding-up speech on the second day should be similarly wide-ranging. Discussions could take place through the usual channels to ascertain whether it would be convenient to the House to indicate that Members wishing to speak on Biafra should do so on the second day.

There would be wide concern in Parliament about the London dockers' decision to maintain their ban on the use of the new container terminal at Tilbury. The failure of the Trades Union Congress and the Transport and General Workers' Union to take effective action on this issue was much to be deplored, particularly in the light of the undertakings given to the Government during the discussions on the Industrial Relations Bill in June. It was important that the Government should make an early statement on the situation, which would include a reference to current and prospective discussions with the trade union leaders concerned.

The Cabinet—

(1) Invited the First Secretary of State to make a statement to the House of Commons later in the day on the situation at Tilbury.

The Home Secretary said that the Opposition spokesman on home affairs, Mr. Quintin Hogg, had asked to see him on 24th November to discuss capital punishment. Mr. Hogg had said that there would be great opposition within the Conservative Party to any proposal to make the Murder (Abolition of Death Penalty) Act, 1965 (the Act of 1965) permanent before the five-year period came to an end in July 1970. He thought that they would vote against any resolutions to make the Act permanent before Christmas and urged that the Government should introduce a short Bill to extend the five-year period by, say, a further 18 months, in order to bring the period to an end at a time well clear of the next General Election and so prevent capital punishment from becoming an election issue. Mr. Hogg had gone on to propose that there should be an early debate on a general motion at the end of which no decisions would be taken; and he said that in such a debate he would make clear
his own view that the only choice was between making the Act of 1965 permanent and enacting new legislation providing for a death penalty in a different form from that in the Homicide Act, 1957.

The Home Secretary said that he had told Mr. Hogg that his suggestion for a temporising Bill would not be attractive to the Parliamentary Labour Party; and he had challenged his statement that such a Bill would prevent capital punishment from becoming an election issue. He had put it to Mr. Hogg that in the last resort the issue must be one of personal conscience and that temporising measures were likely to lead to greater confusion and greater awkwardness for candidates in the General Election. To this Mr. Hogg had replied that in the absence of a temporising measure he would feel obliged to say openly that the Government had acted wrongly. The Home Secretary had told Mr. Hogg that he would report his arguments fully to the Cabinet. Since their conversation, the Opposition had tabled a motion calling on the Government to honour the principle in the Act of 1965 of a review after five years; and in the period before that review became due in July 1970 to provide Parliament with a detailed and impartial assessment of all the statistics, including the 1969 figures.

In discussion there was general agreement that the Cabinet would wish to consider the terms of the Opposition motion before taking a final decision about the introduction of resolutions to make the Act of 1965 permanent. This might most conveniently be done at a meeting on Monday, 8th December. This could, however, give rise to difficulties in the House of Lords since if, at their meeting on 8th December, the Cabinet were to reaffirm their previous decision to introduce the resolutions on that day and to debate them in both Houses on 17th December, it would no longer be possible to give the House of Lords the customary two weeks' notice of the debate.

The Cabinet—

(2) Agreed to resume their discussion of the continuance of the Murder (Abolition of Death Penalty) Act, 1965 on 8th December.

(3) Invited the Lord Privy Seal, in consultation with the Home Secretary and the Lord President of the Council, to consider further the arrangements for giving the House of Lords advance notice of any debate on capital punishment and to report on them at their next meeting.

The Chancellor of the Exchequer said that on 25th November the Ministerial Committee on Prices and Incomes had considered a report by the National Board for Prices and Incomes (NBPI) on beer prices. The Committee considered it important that when the report
was published on 28th November the Government should state their attitude to the Board's recommendation that there should be an overall increase of 2d. a pint in public bar prices. They agreed that the recommendation should be accepted; but the Minister of Agriculture should try to persuade the brewers to agree to a voluntary standstill on further increases for another year once the Board's recommendations had been implemented. It would also be helpful if the industry would agree to defer putting the price increase into effect until the New Year, though this was a less important objective. The Committee had accordingly agreed that the Minister of Agriculture should announce the Government's acceptance of the recommendations in the report; and that in his discussions with the industry, which would begin that day, he should have discretion to reach the best settlement he could on the timing of the increase and on a further standstill.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that when the report was published the Minister of Agriculture should announce the Government's acceptance of its conclusions; but that, unless he had by then negotiated a satisfactory agreement with the brewers, he should make it clear that discussions with them would continue about the timing of the increase and the question of a further standstill. He should press the brewers to agree to a standstill for a further year; and if he secured their agreement he need not press them to defer putting the price increases into effect until the New Year. Otherwise he should consult the Ministerial Committee on Prices and Incomes before concluding a settlement with them.

The Cabinet—
(4) Invited the Minister of Agriculture to announce the Government's acceptance of the conclusions of the NBPI's report on beer prices; and to be guided in his negotiations with the brewers by the Prime Minister's summing up of their discussion.

The Prime Minister said that, following the Cabinet's discussion on 24th July, Departments had been asked to provide material for a review of the Government's achievements since taking office. The response had not been satisfactory and he would shortly be writing to all Ministers in charge of Departments asking for their co-operation in the preparation of a comprehensive survey for which the Minister without Portfolio would be responsible. He would indicate the scope and nature of the material required—none of which would be confidential—and the form in which it would be most convenient to provide it. He would be grateful if senior

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Ministers concerned would take personal responsibility for their Departments contributions, though they would doubtless find it helpful to arrange for a junior Minister to supervise their preparation.

The Cabinet—

(5) Took note of the Prime Minister’s statement.

*2. The Cabinet had before them a memorandum by the Foreign and Commonwealth Secretary (C (69) 160) examining the possibilities of improving the flow of relief supplies to the civil population of Biafra.

* The Foreign and Commonwealth Secretary said that the relief problem had to be considered in the context of our whole policy towards the civil war in Nigeria. In summary, the principles which had determined the Government’s policy were that we ought not to support attempts to divide Nigeria; that we should do everything possible to bring about a settlement; and that we should do all we could to maintain a flow of relief supplies. This policy had exposed us to misrepresentation and attack; but so would any alternative policy. The Federal Military Government (FMG) was supported by most of the world’s Governments. Particularly noteworthy was a statement on 14th November by the Canadian Prime Minister in which he firmly fixed the blame for starvation in Biafra on Colonel Ojukwu. The main support for the Biafran cause came from France, South Africa, Portugal and Rhodesia, whose motives were in all cases suspect. Opponents here of the Government’s policy for the most part favoured an embargo on arms supplies to the FMG rather than outright support for Colonel Ojukwu. But an embargo would tend to prolong the war and strengthen secessionist pressures in Nigeria. It would endanger our interests in the greater part of Nigeria, which was under the control of the FMG; and would strengthen the Soviet Union’s influence in the country; and would destroy any chance that the FMG might accept us as a mediator in the dispute. The Swiss Government, which was considering a proposal for mediation, had expressed the hope that they would receive our support if they attempted the task. If a new attempt at mediation succeeded (and it should be recalled that past attempts, particularly that at Kampala which had been frustrated by a speech by General de Gaulle, had come near to doing so) it would be part of our task, once the Biafrans accepted the principle of a united Nigeria, to obtain satisfactory guarantees for the Ibos.

* Previously recorded in a Confidential Annex.
The Foreign and Commonwealth Secretary said that it was against this background that the Cabinet would wish to consider his paper describing the steps we had taken to maintain the flow of relief supplies to Biafra in face of an almost unremitting attitude of non-co-operation on the part of Colonel Ojukwu and his representatives. The most recent proposals to begin daylight relief flights to Uli under Red Cross auspices had been rejected by the Biafrans, evidently because daylight flights would deprive them of the cover for arms flights provided by the existing night airlift of relief supplies. The present Biafran policy was undoubtedly causing much distress in Biafra; and he proposed two measures to help relieve the situation. In the first place, we might make cash contributions to OXFAM and the relief fund operated by the British Council of Churches. These organisations operated both in Biafran and Federal territory, whereas the Red Cross, which had in the past been our principal channel for relief aid, would tend in face of the latest Biafran moves to be more and more restricted in its work in Biafra. Secondly, we might seek the agreement of the FMG to our sending a non-political emissary, possibly Lord Hunt, to discuss relief matters. The FMG had indicated that they would be happy to discuss the proposal with a British Minister in Lagos in the near future. They would not want him to come immediately for the understandable reason that they were considering making a further concession on the relief question; and they would not wish the announcement of such a concession to be linked in the public mind with a visit by a British Minister.

The ensuing discussion stressed the concern felt in Parliament and in the country at large at the continuance of civil war in a country of the Commonwealth. As suppliers of arms to the legal Government of Nigeria, we had a certain moral responsibility; and we should use the influence which our position gave us. Concern in Britain at the situation was not confined to pressure groups with a special interest in favour of one side or the other but was widespread and deeply felt. The issue of starvation and measures to relieve it had come to overshadow in the public mind the fundamental issue of a political settlement. It was suggested that the FMG having failed to secure a clear-cut military decision, had now settled down to try to starve their opponents out. This created a dilemma for us. We appeared to have based our policy on prognostications of an early military victory for the FMG which had proved to be erroneous. We wanted the slaughter and the starvation to cease: but the Federal victory which we still appeared to regard as the desirable solution could not now—or so it seemed—be achieved without their continuation. A position might therefore be reached in which we should have to choose between the attainment

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of the political objectives which we regarded as right and effective measures to end mass starvation. One of the main arguments which had been advanced in favour of our policy had been that a descent into tribalism threatened the very existence of Nigeria and other African States. But it was possible that—as in other cases in the past—we had mistaken the nature of the conflict and that what we were witnessing was not an attempt to disrupt a State but the birth of a nation. If it was right for the FMG to use starvation as a weapon of war, the rebel leader, Colonel Ojukwu, could hardly be blamed for refusing to co-operate in relief measures which, in his judgment, would put him at a military disadvantage. Moreover, while there was force in the arguments which had been deployed against an arms embargo, there might nevertheless be advantage in making a further approach to the arms-supplying countries, in particular the Soviet Union and France, which had so far refused to co-operate. If it succeeded, it would be a major factor in bringing hostilities to an end. If—as was admittedly more likely—it failed, it would at least be clear where the blame lay.

As against this, it was pointed out that the rebel case had been presented to public opinion much more skilfully and persuasively than the case for the FMG and indeed for our own policies. Though there was greater understanding in the country of the Government’s policy than there had been 18 months or a year ago, a vigorous public relations effort was still needed; and we should rebut energetically any accusations that our policy was inhumane. But, whatever the position might be in Britain, the fact remained that support for the FMG was almost unanimous in Africa itself, and very widespread elsewhere. The danger to African States of a disintegration into tribalism and the sort of conditions which had prevailed in Africa before the colonial era was a real one; and African States were keenly aware of it. The analogies which had been drawn between our policies in Nigeria and our efforts elsewhere to maintain the unity of a State long after it had ceased to be realistic to attempt to do so could not be sustained. The rebellion was essentially a tribal movement, based on Ibo domination. A Biafran State could not be viable without the inclusion in it of large numbers of non-Ibos who detested Ibo rule. The Ibos were conducting a skilful propaganda campaign about Federal oppression (though they had themselves been far from guiltless in the past) and had made great play with their fears for their safety under a Federal régime. But our own experience, which was borne out by that of international observers, suggested that there had been no victimisation of Ibos in the areas regained from rebel dominance; and large numbers of Ibos were living peacefully in other areas of Federal Nigeria. Both sides had been charged with using starvation as a weapon of war, although the FMG had repeatedly declared their willingness to co-operate in relief measures.
and had allowed the passage of large quantities of supplies to feed their enemies. But such charges and counter charges were unprofitable. It was more important to secure effective measures of relief which would not prejudice our general policy. When considering the question of a political settlement, due weight should be given to African fears of disintegration through tribalism. It should also be borne in mind that Federal attachment to the principle of one Nigeria was at least as strong as Biafran pressure for secession. The Swiss proposal for mediation should be supported, if it came to fruition; and there was considerable support for the Foreign and Commonwealth Secretary's proposals for the despatch of a non-political emissary to discuss relief matters and also for that of a visit to Lagos by a junior Minister. With regard to the latter, it was for consideration whether the proposed visit should be at a higher level.

The Prime Minister, summing up the discussion, said that he had returned from his own visit to Nigeria in March convinced that our policy was the lesser of two evils. The Foreign and Commonwealth Secretary would wish to give further thought to the points which had been made; and he would no doubt report again to the Cabinet at an early meeting.

The Cabinet—

Took note, with approval, of the Prime Minister’s summing up of their discussion.

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3. The Cabinet resumed their consideration of a note by the Chancellor of the Exchequer, to which was attached a draft White Paper on Public Expenditure (C(69) 159), and considered a further note by the Chancellor of the Exchequer (C(69) 161), to which were attached revised drafts of parts of the White Paper.

The Chancellor of the Exchequer said that Annex I to C(69) 161 was a redraft of paragraphs 32 and 33 of Part I of the draft White Paper, revised to take account of the points raised in their previous discussion. The passage in the revised paragraph 33 had been agreed with the Defence Secretary. The reference to expenditure on “other assistance to employment and industry” had been changed in order to give the Government greater freedom in relation to the future policy of investment grants. A footnote had now been provided to Table 1.6 explaining the status of the figures for 1972–73 and
1973–74. The level of expenditure on health and welfare shown in Table 1.6 had been increased by £10 million as a result of the Cabinet's decision at their meeting on 20th November not to proceed with the scheme for recovering the full costs of treating road casualties in hospital. Annex II to C (69) 161 was a footnote to Table 1.3 explaining the basis for the rate of interest assumed in projecting expenditure on debt interest.

In discussion, the following amendments were agreed:

(a) "Fully" should be deleted from the last line but two of paragraph 30 of Part I of the draft.

(b) The sentence in the revised text of paragraph 33 attached to C (69) 161, referring to the Technological Services programme, should be amended as follows:

"The Technological Services programme cannot be settled until much nearer the time..."

(c) Table 1.6 should have a footnote explaining the status of the defence budget for 1972–73 and 1973–74 by reference to the revised paragraph 33 of Part I of the text of the White Paper. The Chancellor of the Exchequer should consider whether it would be desirable also to add a footnote to Table 1.6 about the status of the figures of expenditure on education.

(d) At the beginning of paragraph 3 on page 44 of the draft White Paper, the following should be deleted:

"These estimates are on the basis that approvals of new house building in the public sector in Great Britain will continue at or about their present level but with"

and should be replaced by:

"There will be...

The Prime Minister, summing up the discussion, said that concern had been expressed at the relatively low level within which a number of important public expenditure programmes would have to be contained over the next few years if the increase in the total of public expenditure were limited, as the Chancellor of the Exchequer proposed, to 3\% per cent in 1972–73 and 1973–74 and taking account of the restrictions imposed on total expenditure in previous years. In this connection, however, it should be recalled that at their meeting on 22nd October, 1968, the Ministerial Steering Committee on Economic Policy had previously agreed that if, during the course of 1970–71, the economic situation developed more favourably than expected, there would be an opportunity to decide whether such an improvement should lead to a reduction in the level of taxation or an increase in the planned level of public expenditure. There would
be a similar opportunity in respect of the years after 1970–71. The Cabinet accordingly approved the White Paper on Public Expenditure attached to C (69) 159, subject to the amendments which had been agreed at their previous meeting and in the discussion at this meeting (including the revised texts circulated in the Annex attached to C (69) 161, as amended at this meeting). The Chancellor of the Exchequer should circulate a final revised version of the White Paper to the Cabinet as soon as possible and should arrange for its publication on Tuesday, 2nd December.

The Cabinet—

(1) Took note with approval of the summing up of their discussion by the Prime Minister.

(2) Invited the Chancellor of the Exchequer—
   
   (a) to revise the draft White Paper on Public Expenditure, 1968–69 to 1973–74, as indicated by the Prime Minister in his summing up;

   (b) to circulate the revised version to the Cabinet as soon as possible;

   (c) to arrange for publication of the White Paper, so revised, on Tuesday, 2nd December.

4. The Cabinet considered a note by the First Secretary of State and Secretary of State for Employment and Productivity (C (69) 158) covering a draft White Paper on Productivity, Prices and Incomes Policy.

The Prime Minister said that the First Secretary of State was not at this stage seeking the formal approval of the Cabinet for publication of the draft White Paper, but their agreement that it might be circulated to the Confederation of British Industry (CBI) and Trades Union Congress (TUC) as a basis for the informal consultations which she was about to hold with them. It would not accordingly be necessary at this stage to do more than settle any differences on important points of substance.

The Chancellor of the Exchequer said that the Ministerial Sub-Committee on Future Prices and Incomes Policy (PI (F)) had considered the draft White Paper on the previous day. In his opinion, the only issue which needed to be resolved before the draft was circulated informally to the CBI and TUC was the drafting of
the section on low-paid employees. Since that meeting, the First Secretary of State and the Lord Privy Seal had agreed upon a revised draft, which they had not been able in the time available to circulate to the Cabinet. He thought that the revised draft would broadly meet the doubts expressed in PI (F) about the text of Section E.4 of the draft attached to C (69) 158. He considered, however, that the revised draft remained unsatisfactory in one respect; and he would propose an amendment for consideration by the First Secretary.

In discussion, it was agreed that the following amendment should be made before the text was circulated to the CBI and the TUC:

Paragraph 1 of Section B. The last three sentences of this paragraph should be amended to avoid the suggestion that devaluation had been caused by the rate of increase in earnings. This section of the paper should confine itself to the consequences of devaluation and should not seek to explain its causes.

The Minister of Technology wished to consider further, before publication of the White Paper, the reference in paragraph 7 on page D/3 to efficiency studies of the nationalised industries. It was agreed that the following amendments should be made before the White Paper was published:

(a) The first sentence of the White Paper relating to the Declaration of Intent should be transferred to the end of paragraph 1; and the Declaration should not be described as “making history”.

(b) Page A.2, paragraph 5, line 3. Substitute “long-term” for “permanent”.

(c) E.7/1, paragraph 2, line 3. For the present phrase in brackets, substitute “(e.g. teachers, doctors and nurses)”.

(d) E.7/1, paragraph 3, line 4. Maintain the reference to the police.

The Prime Minister, summing up the discussion, said that the Cabinet approved the draft attached to C (69) 158 as a basis for the informal consultations which the First Secretary was about to hold with the CBI and TUC, subject to the amendment of paragraph 1 of Section B as agreed in discussion. The draft would be further considered in the course of the following week by PI (F); and a revised version, in the form intended for publication, should be circulated to the Cabinet by the First Secretary not later than Friday,
5th December. The Cabinet would aim to consider the White Paper on 8th December, with the intention of publishing it on Wednesday, 10th December. The Orders activating Part II of the Prices and Incomes Act, 1966 should be laid very shortly before publication of the White Paper; and the First Secretary of State should finalise the arrangements for doing so in consultation with the Lord President, the Lord Privy Seal and the Chief Whip.

The Cabinet—

(1) Took note with approval of the summing up of their discussion by the Prime Minister.

(2) Invited the First Secretary of State—

(a) to circulate the draft attached to C (69) 158 to the CBI and the TUC as a basis for her informal consultations with them, with paragraph 1 of Section B amended as agreed in discussion;

(b) to circulate a revised version of the White Paper in the form in which it was proposed to publish it to the Cabinet not later than Friday, 5th December;

(c) in consultation with the Lord President, the Lord Privy Seal and the Chief Whip, to make arrangements on the lines indicated by the Prime Minister in his summing up for the laying of Orders activating Part II of the Prices and Incomes Act, 1966.

Cabinet Office, S.W.1,
27th November, 1969.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 4th December, 1969,
at 10 a.m.

Present:
The Right Hon. HAROLD WILSON, M P, Prime Minister
The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer
The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity
The Right Hon. FRED PEAERT, M P, Lord President of the Council
The Right Hon. ANTHONY WEDGWOOD BENN, M P, Minister of Technology
The Right Hon. PETER SHORE, M P, Minister without Portfolio
The Right Hon. GEORGE THOMSON, M P, Chancellor of the Duchy of Lancaster
The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food (Items 1 and 3)
The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales
The Right Hon. ANTHONY CROSLAND, M P, Secretary of State for Local Government and Regional Planning
The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science
The Right Hon. ROY MASON, M P, President of the Board of Trade
The Right Hon. LORD SHACKLETON, M P, Lord Privy Seal
The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury
The Right Hon. GEORGE THOMAS, M P, Paymaster General

Also present:
The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury

Secretariat:
Sir BURKE TREND
Mr. R. R. D. McINTOSH
Sir ROBIN HOOPER

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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

In a discussion about the arrangements for the conduct of the two day debate on foreign affairs on 8th and 9th December it was suggested that, although the Government should seek to prevent attention from being focused exclusively on Vietnam and Biafra to the exclusion of other important questions such as the Middle East and Greece, it would be impossible to avoid a substantial debate on the issues raised by the war in Vietnam. Hitherto the Government had been able to rest on the fact that their efforts had been directed to promoting a negotiated settlement of the conflict by direct discussions between the United States Government and the Government of North Vietnam. This policy had been not unsuccessful, at least to the extent that discussions of this kind were now in progress in Paris. But the fact that the representatives of the Government of North Vietnam had shown not the slightest inclination to negotiate in any genuine sense suggested that the Government would no longer be able to rely, for the purposes of the forthcoming Parliamentary debate, wholly on their past record; and the rising feeling of indignation at the alleged atrocities committed by United States troops in Vietnam might compel them to consider whether they should dissociate themselves more actively from United States policy, even perhaps to the extent of openly recognising that there now appeared to be no means of ending the war save by United States withdrawal from Vietnam. On the other hand this would be tantamount to conceding that the conflict admitted of a purely military solution, which would be both untrue in itself and contrary to the view which we had hitherto consistently maintained. United Kingdom Ministers had been no less outspoken than liberal opinion in the United States in expressing revulsion at the alleged atrocities in Vietnam; but the strong emotional reaction which was inevitably provoked by incidents of this kind should not be allowed to deflect the Government from considering, dispassionately and on merits, the policy which they should pursue. The Cabinet should find an opportunity to consider these issues further, preferably before the Prime Minister’s forthcoming visit to Washington; and, in doing so, they would need to take account of the new direction which was being given to United States policy towards Vietnam by President Nixon’s recent public statements.
The Cabinet considered the Parliamentary tactics to be adopted in relation to the forthcoming debate, envisaged for 17th December, on the Resolutions to make permanent the Murder (Abolition of Death Penalty) Act, 1965. They agreed that their final decision on the issues involved would need to be taken at their meeting on Monday, 8th December, and that, despite the inconvenience which might result in the House of Lords, no indication should be given until after that meeting to the Opposition in either the House of Lords or the House of Commons about the Government’s intentions in relation to the tabling of the Resolutions and the timing of the subsequent debate.

The Minister of Agriculture said that the report of the enquiry into two recent cases of rabies would be published that day. The report reached no firm conclusion on the source of the infection which had caused the recent outbreak of rabies in Camberley. He accordingly proposed to extend the quarantine period from six to eight months and to review the situation at the end of 1970.

The Cabinet—

Took note with approval of the statement by the Minister of Agriculture.

The Chancellor of the Duchy of Lancaster said that the European Economic Community (EEC) “summit” meeting at The Hague on 1st and 2nd December had gone much as had been expected. The French had obtained a commitment (though not an unqualified one) on agricultural finance from the other five members. The five, for their part, had secured agreement from the French on a deadline of mid-1970 for opening negotiations for British entry into the Community. The timing accepted by the French was later than the five had hoped for; and since the meeting some Ministers from those countries had suggested that the date should be brought forward. The outstanding figure at The Hague meeting had been the German Chancellor, Herr Brandt, whose firmness and consistency in discussion had contrasted very favourably with the performance of previous German Governments. The agreement reached at The Hague that there should be a definitive financial agreement for agriculture by the end of the year would create problems for us. But the positions adopted by Herr Brandt had been consistently helpful; moreover, he had sent a senior official to London immediately after the meeting to inform us of its outcome and of his views.

In discussion there was general agreement that the results of the meeting, both politically and economically, were as good as could be expected. It was to be hoped that the five, and in particular Germany, would not be forced into making excessive concessions.
on agriculture to France as the price of holding her to the agreement. The attitudes adopted by the Germans on agricultural problems and (more specifically) their proposal that there should be a greater measure of national freedom in dealing with the surpluses were helpful to us; and we should give the Germans what support we could. The Cabinet should discuss the question of our entry into the EEC further, perhaps after the Christmas Recess when the results of The Hague meeting had been assessed. A suitable opportunity for this would be afforded by the submission of the proposed White Paper on the implications of British membership of the EEC.

The Cabinet—

(1) Took note of the statement by the Chancellor of the Duchy of Lancaster and of the points made in discussion.

The Chancellor of the Duchy of Lancaster drew the attention of his colleagues to the statement by the Foreign and Commonwealth Secretary that at the meeting of the Committee of Ministers of the Council of Europe Britain would vote for the suspension of Greece unless there had by then been a change in the policy of the Greek Government or unless Greece had herself voluntarily withdrawn from the Council.

The Cabinet—

(2) Took note of the statement by the Chancellor of the Duchy of Lancaster.

The Home Secretary said that he had informed the Foreign and Commonwealth Secretary that he could not agree to the extradition of Mr. Christos Kotronis, a Greek national who had been convicted by the Courts in Greece on a charge of fraud and sentenced to a term of imprisonment. He had instructed Home Office officials to consult with the Foreign and Commonwealth Office on what should now be said to the Greek Government.

The Cabinet—

(3) Took note of the statement by the Home Secretary.

3. The First Secretary of State said that, following the discussion in Cabinet on 27th November, she had urged the General Secretary of the Transport and General Workers’ Union (T & GWU) to use his influence to get the ban on the use of the container terminal at Tilbury lifted while negotiations proceeded. He was, however, clearly not prepared to do so; and at a meeting of the joint negotiating committee on the previous day the trade union side had made a series of new demands which went far beyond their previous
claims. The employers were divided; the stevedore companies wanted to stand firm, but the shipowners were ready to make concessions. While she accepted that the employers might need to make some marginal improvement on their previous offer, it would, in her view, be wrong for the Government to bring any pressure to bear on them to make major concessions. The T & GWU's approach in the docks was the same as that which they had adopted in the motor industry; it involved a systematic attack on the whole concept of modernising wage structures, which had been advocated by the Royal Commission on the Trade Unions and reflected in the Government's decision to establish the Commission on Industrial Relations. If the T & GWU's tactics were seen to have yielded favourable results in the docks, the repercussions on other groups of workers could be very serious. It had to be recognised, however, that if the employers stood firm, the opening of the Tilbury terminal might be indefinitely postponed; and a strike in the docks might well ensue.

In discussion it was pointed out that the ban on the use of the Tilbury terminal had already been in force for nine months; and that the reputation of London as an international port had suffered considerable damage as a result. The continuation of the ban for a further indefinite period would have serious repercussions on our export trade and on the development of container services in Britain. The consequences of a dock strike would be very damaging; and the advantages to be gained from the various alternative courses of action in the current negotiations would need to be carefully weighed. The basic problem in the docks was uncertainty about the future. Most dockers recognised that a substantial contraction in employment was inevitable. They were prepared to accept new methods; but they were determined to secure the best possible terms for those who would be made redundant in the process.

The Cabinet—

(1) Invited the Chancellor of the Exchequer to arrange for the Ministerial Committee on Prices and Incomes to consider the course of action which the Government should follow in relation to the current negotiations in the London docks and to report their conclusions to the Cabinet.

The Secretary of State for Education and Science said that on 1st December teachers in some 350 schools had begun a two weeks' strike; and one-day and half-day strikes in a number of other schools were continuing. He had discussed the situation with the local authority representatives on the Management Panel of the Burnham Committee. The local authorities were anxious to reach agreement, rather than resort to arbitration, although most of them were of the view that the teachers' associations would not now agree to any settlement which went below their claim of £135 per annum.
local authorities were seeking authority to make an improved open offer of £75 per annum with discretion to go up to £85 without prejudice if there were clear indications that such a figure would secure agreement.

The First Secretary of State said that at their meeting on 8th December, the Cabinet would be considering a draft of the White Paper on Prices and Incomes which would incorporate their earlier decision that the norm for increases in incomes in the next phase of the policy should be expressed as a range of 2½ to 4½ per cent. An increase of £85 for the teachers would be equivalent to 5·1 per cent. To authorise an increase of this magnitude for part of the public sector in the week in which the White Paper was published would have most damaging consequences for prices and incomes policy generally. It was therefore important that the Government's attitude to the teachers' pay and the terms of the draft White Paper should be decided upon at the same time. If there was to be any question of approving an offer of £85 for the teachers she would wish to reserve her right to ask the Cabinet to reconsider their earlier decision on the upper level of the range to be included in the White Paper as the norm for the average rate of annual pay increases.

The Cabinet

(2) Took note of the statements by the First Secretary of State and the Secretary of State for Education and Science.

(3) Invited the Chancellor of the Exchequer to arrange for the Ministerial Committee on Prices and Incomes to consider the course of action which the Government should follow in relation to the teachers' claim and to report their conclusions to the Cabinet at their next meeting.

Cabinet Office, S.W.1.
4th December, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Monday, 8th December, 1969, at 10 a.m.

Present:

The Right Hon. Harold Wilson, M P, Prime Minister
The Right Hon. Michael Stewart, M P, Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Barbara Castle, M P, First Secretary of State and Secretary of State for Employment and Productivity (Item 1)
The Right Hon. Denis Healey, M P, Secretary of State for Defence
The Right Hon. Anthony Crosland, M P, Secretary of State for Local Government and Regional Planning
The Right Hon. William Ross, M P, Secretary of State for Scotland
The Right Hon. Edward Short, M P, Secretary of State for Education and Science
The Right Hon. Cledwyn Hughes, M P, Minister of Agriculture, Fisheries and Food
The Right Hon. George Thomas, M P, Secretary of State for Wales
The Right Hon. Harold Lever, M P, Paymaster General

The following were also present:

The Right Hon. Robert Mellish, M P, Lady Serota, Minister of State, Parliamentary Secretary, Treasury, Department of Health and Social Security
The Right Hon. Sir Elwyn Jones, Q C, M P, Attorney-General

Secretariat:

Sir Burke Trend
Mr. R. R. D. McIntosh
Mr. G. F. Kear

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1. The Cabinet considered a note by the First Secretary of State and Secretary of State for Employment and Productivity (C (69) 165) attaching a proof copy of a White Paper on Productivity, Prices and Incomes after 1969, together with drafts of Sections F and G of the White Paper, dealing respectively with Guidance on Prices and Charges and Guidance in Relation to Dividends.

The First Secretary of State said that the proof text of the White Paper incorporated most of the amendments which had been agreed by the Sub-Committee on Future Prices and Incomes Policy (PI (F)). One or two further drafting amendments agreed by PI (F) would appear in the final printed version, together with some minor stylistic changes. The Sub-Committee had asked that Section F should be redrafted; it had been left blank in the printed proof and she now invited her colleagues to adopt the text of this section, attached to C (69) 165, which had been agreed among the Departments most directly concerned.

The Trades Union Congress (TUC) and the Confederation of British Industry (CBI) had been consulted about an earlier draft of the White Paper. The TUC opposed in principle the Government’s decision to base its policy in the next phase on the activation of the statutory powers provided under Part II of the Prices and Incomes Act, 1966; they had made no comments on the detailed text of the draft White Paper. However, in the course of a comparatively quiet meeting, they had, like the CBI, shown interest in the proposed new Commission for Industry and Manpower (CIM), although they realised that its powers would not be settled by the time the White Paper was published. While the TUC thought the draft White Paper concentrated to an excessive degree on restraint in incomes, the CBI had argued that it did the same in regard to price increases. The CBI had asked in particular for the exclusion from the “early warning” arrangements of products subject to competitive forces, and for the deletion from the text of the current list of products covered by these arrangements (in Appendix 2). She proposed to accept the latter request; and to go some way to meet the former by making a reference in the White Paper to the need for reviewing the early warning arrangements when the CIM was established.

The Sub-Committee had agreed that some changes should be made in the Section of the White Paper giving guidance on dividends. She accordingly proposed the adoption of the text of Section G attached to C (69) 165 in place of that incorporated in the printed proof of the White Paper.
In discussion of Section E of the draft White Paper on Guidance for Pay Negotiations, and in particular of paragraphs 92 to 96 on pay in the public services, it was pointed out that the Ministerial Committee on Prices and Incomes had agreed on 4th December that, to avoid a conflict with the proposed norm of $2\frac{1}{2}$ to $4\frac{1}{2}$ per cent, school teachers in England and Wales should be offered an increase of no more than £75 a year, which was equivalent to $4\frac{1}{2}$ per cent. If in the near future the Government expected to have to concede public sector pay increases above $4\frac{1}{2}$ per cent, it would be necessary that the provisions in the White Paper for exceptions to the norm should be so drawn as to authorise increases of this nature. It might indeed be necessary to specify that, as incomes policy had been more rigorously applied in the public than the private sector in recent years, exceptional treatment would be given to the former in the next phase of the policy so as to allow some readjustment of the balance. This would be preferable to the alternative of specifying no norm and merely laying down principles for determining pay increases. It might be appropriate in some instances, such as teachers' pay, to take account of increases in the cost of living; but this was not admissible under present policy, since after the devaluation of sterling in 1967 a substantial rise in prices had been expected and it had been considered necessary to ensure that incomes did not follow suit.

In further discussion of paragraphs 92 to 96 of the draft White Paper, it was agreed that at the end of paragraph 94, mention should be made of the special conditions applying to the determination of pay for the Armed Forces, which were the subject of a standing reference to the National Board for Prices and Incomes (NBPI). It was also agreed that in paragraph 95 a reference should be made to the possibility of using management techniques to improve efficiency in the nationalised industries, even where increased pay could not be directly linked to increased efficiency.

In further discussion of the draft White Paper, the following points were made—

**Section B—Review of the Operation of the Policy**

(a) In paragraph 6, the phrase "deliberately stimulated" in the fourth sentence should be omitted.

(b) the accuracy of the reference in the fifth sentence to the relative size of the overseas deficit in 1964 should be checked.

**Section D—The Framework of the Policy**

(c) Although it would not be acceptable to review immediately the "early warning" list in order to remove products subject to competitive forces, as the CBI had requested an amendment should be made to add at the end of paragraph 31 the following:

CONFIDENTIAL
"The Government considers that it would be right for the present arrangements to continue unchanged, or with only minor modifications, in the period until the establishment of the CIM. It proposes, however, to review the arrangements for early warning with those concerned in the context of the establishment of the CIM in order to make appropriate longer term arrangements."

This amendment would soften the Government’s rejection of the CBI’s request.

Section E—Guidance for Pay Negotiations

(d) The phrase “or indeed below it” should be deleted from paragraph 37, since settlements below the 2½ per cent lower limit of the range for pay increases were not very likely.

(e) Paragraph 49 on national as distinct from local pay agreements should be amended to indicate that a national agreement which could be satisfactorily linked with productivity improvements (especially where, as in the nationalised industries, there was only a single employer) was acceptable.

(f) Paragraph 71 should end at the phrase “giving priority to the low paid”.

(g) Paragraph 90 should include a statement that, even where comparisons with other workers were relevant to fixing pay levels, pay increases should wherever possible be linked to improvements in productivity.

Section F—Guidance for Determining Prices and Charges

(h) In paragraph 1 of the new draft of this section circulated with C (69) 165, in the second sentence, “most industries are dominated . . .” should be altered to “many industries are dominated . . .” and the third sentence should be amended to read “Indeed there are many parts of the economy in which conditions of even near perfect competition do not exist”.

(i) In paragraph 7 of the same passage, the phrase “and applied” should be deleted from the second sentence.

Section G—Guidance in Relation to Dividends

(j) The last sentence of paragraph 5 of the new draft of this section circulated with C (69) 165 should be revised since it was not accurate as it stood.

Appendix 2—Arrangements for Notifying Proposed Price Increases

(k) To meet the CBI’s request, the Appendix should be revised to omit the lists in Parts B, C and D.
The Prime Minister, summing up the discussion, said that the Cabinet wished the passage on public sector pay in Section E of the draft White Paper to be revised so as to indicate that all relevant factors should be taken into account in determining the pay of those public servants who had no counterparts in the private sector with which direct pay comparisons could be made. The Cabinet agreed that, in such circumstances, the cost of living might be one factor to be taken into account; but no mention of this should be made in the White Paper. The revision of paragraphs 92 to 96, on which the First Secretary of State should consult Ministers directly concerned, should take account also of the points made in discussion on paragraphs 94 and 95. Sections F and G of the White Paper should be based on the new drafts circulated by the First Secretary of State with C (69) 165. Amendments should be made to the various Sections of the draft to cover the points made in discussion at (a) to (k) above. Subject to these changes, the Cabinet agreed that the White Paper should be published at 3.30 p.m. on Thursday, 11th December. The Order activating Part II of the Prices and Incomes Act, 1966, should be laid before the Houses of Parliament at the end of business that day (8th December), with a view to consideration on 9th December by the House of Commons Statutory Instruments Committee and a debate in the House of Commons on 16th December. The Cabinet agreed that the name of the new body to take the place of the NBPI and the Monopolies Commission should be "the Commission for Industry and Manpower".

The Cabinet—

(1) Took note with approval of the summing up by the Prime Minister.

(2) Invited the First Secretary of State—

(i) in consultation with the Secretary of State for Education and Science, the Lord Privy Seal, the Chief Secretary, Treasury, and the Minister of State, Department of Health and Social Security, to amend the draft White Paper on Productivity, Prices and Incomes Policy after 1969 on the lines indicated in the summing up by the Prime Minister;

(ii) to arrange for publication of the White Paper in the manner indicated in the summing up by the Prime Minister;

(iii) in consultation with the Lord President of the Council and the Lord Privy Seal, to arrange to lay the Order under Part II of the Prices and Incomes Act, 1966, before the Houses of Parliament as indicated in the Prime Minister’s summing up.
2. The Home Secretary said that he remained convinced that there were overwhelming arguments in favour of the early introduction of Resolutions to make the Continuance of the Murder (Abolition of Death Penalty) Act, 1965, permanent. There was no need to wait for further figures to become available; while too much reliance should not be placed on statistics when such small numbers were involved, the figures published in the Home Office research study "Murder: 1957 to 1968" would certainly not support the argument that the suspension of the death penalty had resulted in a substantial increase in the number of murders. To extend the five-year trial period by 18 months, as Mr. Quintin Hogg had suggested, would not in his view prevent capital punishment from becoming an election issue. He could see no merit in extending the period for another five years since at the end of this further period capital punishment was likely to be just as controversial an issue as it was now. If, however, the Resolution was defeated in the House of Lords, there might well be a case for introducing a short Bill extending the Act of 1965 for a further period of years; and it would be open to the Government to do this if they wished.

In discussion it was generally agreed that if a decision on the permanent abolition of capital punishment were postponed it would certainly become a subject of controversy at the General Election. It was suggested that no reference should be made in the debate to the possibility that the Government might introduce new legislation if the Resolution were defeated. It would be better to confront Parliament with a choice between the permanent abolition of capital punishment and a return to the provisions of the Homicide Act, 1957.

The Cabinet—

(1) Reaffirmed their previous decision that Resolutions to make permanent the Continuance of Murder (Abolition of Death Penalty) Act, 1965, should be moved in Parliament towards the end of the year.

(2) Invited the Home Secretary, in consultation with the Secretary of State for Scotland and the Lord Privy Seal, to arrange for Resolutions to be tabled later that day in accordance with (1) above; and for the Opposition to be informed of the Government's intention that the Resolutions should be debated in both Houses of Parliament on Wednesday, 17th December.

Cabinet Office, S.W.I.,
8th December, 1969.
CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 11th December, 1969,
at 10 a.m.

Present:
The Right Hon. Harold Wilson, M.P., Prime Minister
The Right Hon. Michael Stewart, M.P.,
Secretary of State for Foreign and Commonwealth Affairs
The Right Hon. Barbara Castle, M.P.,
First Secretary of State and Secretary of State for Employment and Productivity (Items 1 and 2)
The Right Hon. Denis Healey, M.P.,
Secretary of State for Defence
The Right Hon. Anthony Crosland, M.P.,
Secretary of State for Local Government and Regional Planning
The Right Hon. William Ross, M.P.,
Secretary of State for Scotland
The Right Hon. Edward Short, M.P.,
Secretary of State for Education and Science
The Right Hon. Cledwyn Hughes, M.P.,
Minister of Agriculture, Fisheries and Food (Item 1)
The Right Hon. George Thomas, M.P.,
Secretary of State for Wales
The Right Hon. Anthony Benn, M.P.,
Minister of Technology
The Right Hon. Lord Gardiner, M.P.,
Lord Chancellor
The Right Hon. James Callaghan, M.P.,
Secretary of State for the Home Department
The Right Hon. Fred Peart, M.P.,
Lord President of the Council
The Right Hon. Anthony Wedgwood Benn, M.P.,
Minister of Technology
The Right Hon. Peter Shore, M.P.,
Minister without Portfolio
The Right Hon. Roy Mason, M.P.,
President of the Board of Trade
The Right Hon. Lord Shackleton, M.P.,
Lord Privy Seal
The Right Hon. John Diamond, M.P.,
Chief Secretary, Treasury
The Right Hon. Harold Lever, M.P.,
Paymaster General

The following were also present:
The Right Hon. Robert Mellish, M.P.,
Parliamentary Secretary, Treasury (Items 1 and 2)
The Right Hon. Sir Elwyn Jones, Q.C., M.P.,
Attorney-General (Items 1-4)

Secretariat:
Sir Burke Trend
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. J. Crocker
Dr. O. Simpson
Miss S. W. Fogarty

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The Cabinet were informed of the business to be taken in the House of Commons in the following week. It was agreed that in view of the wide public interest in the subject and the importance of the issues involved, it would be wrong to devote less than a day to the debate on the Resolution to make the Murder (Abolition of Death Penalty) Act, 1965 permanent. The debate could be conveniently held on 16th December. This would make it possible to debate the related Opposition Motion of Censure on the previous day; it would also ensure that the House of Commons voted on the Resolution before the matter was debated in the House of Lords. The debate on the White Paper on public expenditure could be postponed until after the Christmas Recess, when it would be possible to devote two days to it.

The Order to reactivate Part II of the Prices and Incomes Act, 1966 would be debated on 17th December. It was essential to bring home to the Government’s own supporters the importance of the vote on this occasion, which must be regarded as a vote of confidence in the Government. The reactivation of Part II was necessary as a bridging operation until the Commission on Industry and Manpower could be set up. Without it, all the Government’s statutory powers over prices would lapse at the end of the year; and the possibility of securing the co-operation of industry in limiting price increases, as had recently been done in the case of the brewers, would be substantially reduced. Furthermore, the absence of any powers of delay over incomes in the next few months could well lead to a situation in which the benefits accruing from our improved balance of payments were dissipated by a series of substantial and unjustified wage increases.

The Cabinet were reminded of the need to ensure that any remaining policy issues concerning main programme Bills were resolved and the necessary instructions given to Parliamentary Counsel as soon as possible. The legislative programme for the current session was substantial; and pressure on the draftsmen would be very heavy in the coming months. Bills for which instructions were not submitted in good time might have to wait, with the result that it might not be possible to enact them within the lifetime of the present Parliament.
2. The Cabinet considered a memorandum (C (69) 167) by the First Secretary of State and Secretary of State for Employment and Productivity on the Commission for Industry and Manpower (CIM) to which was attached a draft document for use in consultation with outside interests.

The First Secretary of State said that the Ministerial Committee on Industrial Policy (IPY) had been set up to consider the scope and content of the legislation the purpose of which was to rationalise the work of the Monopolies Commission and the National Board for Price and Incomes (NBPI) and to merge the two bodies. The Committee had reached broad agreement on the main elements of the legislation. She now hoped to initiate consultations with those concerned, starting immediately with informal consultations in the strictest confidence with the Confederation of British Industry (CBI). The Committee had examined the draft consultative document annexed to C (69) 167 on the preceding day and had agreed upon a number of amendments. The machinery for dealing with politically sensitive top salaries was still under consideration in IPY. She would report their conclusions on this point to Cabinet at a later date; but in the meantime the whole section on pay in the public services (paragraphs 17-21) might be omitted from the document to be shown to the CBI. The proposals set out in the document were largely self-explanatory. Their starting point was that the behaviour of large industrial and commercial undertakings could have a significant impact on the national economy and was therefore a matter of legitimate public concern.

In discussion it was argued that the proposals involved a major increase in the discretionary powers of Government over industry. The existing powers to make references to the Monopolies Commission and NBPI were restricted to cases where a technical monopoly existed; to mergers which involved the acquisition of assets of over £5 million; or to questions involving prices and incomes. These powers nevertheless allowed substantial administrative discretion in deciding whether or not references should be made. If, however, firms with over £10 million capital employed were to be made liable for investigations on any of the wide grounds indicated, they would never be free of the risk of reference. The definition of the circumstances in which references might be made should be tightened, for instance by setting out in detail the factors which might justify a reference.

On the other hand, it was argued that experience with the Monopolies Commission and NBPI under existing legislation had shown that the present definition of the circumstances in which market power might be abused was inadequate. Many Government supporters were of the view that the Government should have power
to ensure that the large groupings which were emerging from industrial reconstruction were operated in the public interest. As the document made clear, the inclusion of large firms within the field of possible inquiry did not imply any presumption that their conduct was against the public interest, any more than control of one-third of the market (as provided for in the present Monopolies legislation) was presumed to be in itself against the public interest. The CIM would normally be asked to consider and report on specific aspects of the conduct of its business by a particular firm; and paragraph 7 of the document contained an illustrative list of the kind of circumstances which might provoke a reference. To attempt to define in the legislation the detailed circumstances in which inquiries might be initiated could lead to protracted legal argument about particular references; moreover, if the list were comprehensive enough to include all those matters which the Government might wish to see referred, it might provoke more concern in industry than would the more generalised phrases now proposed, coupled with an illustrative list. Those Ministers who were responsible for sponsoring industries had emphasised their wish to retain discretion as to when a reference was made; and it had therefore been agreed that references should be made jointly by the Minister concerned and the First Secretary of State. It was, however, important that the establishment of the CIM and the references made to it should not interfere with the established and developing dialogue between sponsoring Departments and major firms.

In further discussion the following points were made—

(a) The proposal that United Kingdom subsidiaries of overseas companies should be liable to enquiry where the overseas group as a whole had a minimum of £10 million capital employed raised important issues of policy, for example in relation to the powers of the directors of such subsidiaries. These issues would need further study before decisions could be taken on the extent to which United Kingdom subsidiaries of overseas companies should be brought within the scope of the CIM’s investigations.

(b) It was suggested that it might be appropriate to review the Government’s policy on mergers in the light of the extensive reorganisation of industry which had taken place in recent years. There was a case for providing that any merger affecting one of the 50 or so largest companies should be automatically referred to the CIM. On the other hand, it was argued that circumstances varied so widely that it was essential to continue to consider each case individually.

(c) In the light of the discussions in IPY, it was proposed that an amendment should be made to the second sentence of paragraph
29, the effect of which would be that while the CIM would work in panels for particular inquiries, their reports would normally be approved by, and carry the authority, of the Commission as a whole; it might, however, be desirable in particular cases to appoint panels which would report direct to the Minister, provided that the Chairman obtained the approval of the Minister in advance. This was a practical proposal, drawing both on the practice of the Monopolies Commission of panels reporting direct and recording minority views and reservations, and on the practice of the NBPI of working in panels but with the report being considered and issued as an agreed document by the Board itself. On the other hand, there was wide support for the view that, if reports were required to carry the unanimous approval of the Commission or even of a panel, their authority would be greatly weakened; and that independent-minded people would be reluctant to accept appointments to the CIM. There was no advantage in concealing serious disagreement when it existed; and if unanimity was not insisted upon, those reports which were unanimous would carry even greater weight.

The Prime Minister, summing up the discussion, said that the general view of the Cabinet was that, while the Government should retain discretion to refer large companies for enquiry by the CIM as the Government considered appropriate, it would help to reassure industry if the consultative document were to include an illustrative list of the circumstances which would normally justify a reference. The First Secretary, in consultation with the Secretary of State for Local Government and Regional Planning and other Ministers concerned, should consider the possibility of including a new passage on these lines. She should also arrange for further consideration to be given to the treatment of United Kingdom subsidiaries of overseas groups in the legislation setting up the CIM. Both these issues could, if necessary, be brought back to Cabinet for further consideration. The Cabinet also agreed that while the Chairman of the CIM should have power to appoint panels for particular enquiries their reports should be issued with the authority of the Commission as a whole; and that reports issued by the Commission need not be unanimous. Subject to these points and to the omission of the section on public services in paragraphs 17–21 inclusive, the Cabinet approved the draft consultative document attached to C (69) 167 as amended in the light of the discussion on IPY on 10th December.

The Cabinet—

(1) Invited the First Secretary of State—

(i) to consider, in consultation with the Secretary of State for Local Government and Regional Planning and other Ministers concerned, the possibility of
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including in the consultative document an illustrative list of the circumstances which would normally justify a reference of a large company to the CIM.

(ii) to arrange, in consultation with the Foreign and Commonwealth Secretary and other Ministers concerned, for further consideration to be given to the treatment of United Kingdom subsidiaries of overseas groups in the legislation setting up the CIM.

(2) Approved the draft consultative document attached to C (69) 167, subject to (i) above and to the points made in the Prime Minister’s summing up of their discussion.

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3. The Foreign and Commonwealth Secretary said that there had been no significant response from the Soviet bloc to the North Atlantic Council’s offer in the declaration issued at their meeting at Reykjavik in June, 1968, to join with the Soviet Union and other Eastern European countries in discussing mutual force reductions. The invasion of Czechoslovakia which had followed in August of that year had soured the atmosphere and brought about a major setback. The Warsaw Pact Powers, at a meeting in Prague in October, 1969, had put forward their own proposal for a European Security Conference. They had agreed, albeit with some reluctance, that the United States and Canada could take part in such a conference, provided that the “German Democratic Republic” was allowed to attend the conference on the same footing as other participants. The Prague conference had produced documents proposing the discussion of economic relations between East and West and the conclusion of an agreement on the renunciation of the use of force. The latter document had included the proviso that any arrangement which might be reached as a result of the proposed conference should not prejudice the existing obligations of the participating states, i.e., the continuing existence of the North Atlantic Treaty Organisation (NATO) and the Warsaw Pact, and—by implication—the “Brezhnev doctrine”, under which the Soviet Union and her allies claimed the right of intervention in the internal affairs of other “socialist” states. In general, the reaction in the North Atlantic Council to the Warsaw Pact proposals had been reserved. Misgivings had been expressed about the restriction of the agenda of the proposed conference to only two items, one of which (economic co-operation) was being discussed through other channels. It had been pointed out that the participation of the “German Democratic Republic” would, in fact
if not in form, constitute a step towards recognition of the East German régime. Attention had also been drawn to the danger of recognising, even by implication, the rights of intervention claimed under the “Brezhnev doctrine”. The United States, who no doubt had their current discussions with the Soviet Union on strategic arms limitation in view, had been cautious. The Germans were evidently chiefly interested in the outcome of the bilateral discussions in which they were at present engaged with the Soviet Union, with other Eastern European governments, and with the East German régime. The Dutch had been more forthcoming, but the unwillingness of the French to co-operate with the rest of the North Atlantic Alliance in military matters seemed now to extend to political matters also. They appeared to prefer that any discussions between East and West should be on a bilateral rather than on a collective basis. Progress on such lines was likely to be very slow.

Despite these reactions, he had felt that the North Atlantic Council should not reject the Warsaw Pact proposals out of hand, unsatisfactory though they were. He had therefore urged that the Alliance should maintain its interest in balanced force reductions and should in particular produce “models” illustrative of various possible situations. The approach should be that we wanted to deal with concrete matters and were prepared to put forward concrete proposals to the other side. The documents which had emerged from the Prague conference were admittedly inadequate; and there were divergent views in the Alliance as to how they should be handled. The members of the Alliance should discuss their differences with a view to agreeing at the next Ministerial meeting on a common line of approach to the Warsaw Pact powers. In doing so, they should not underestimate the importance of the contacts which had already been initiated. A number of approaches were possible. It was unlikely that all the problems outstanding between East and West could be settled in one conference; and there might have to be a series of conferences. Another possibility might be to set up some kind of standing commission on East-West relations.

In a short discussion it was pointed out that the United States had initiated talks on strategic arms limitation with the Soviet Union; the Federal Republic of Germany was having bilateral discussions with that country and other Warsaw Pact members; and the French had declared themselves in favour of a system of bilateral contacts. We did not appear to have taken any comparable initiative; and we therefore ran the risk of being accused of rigidity and a lack of enthusiasm for a détente between East and West. If this impression were allowed to gain ground, the consequences, both internally and externally, might be damaging. On the other hand, it was argued that so far as the United States was concerned, strategic arms

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limitation was a subject which only that country and the Soviet Union could profitably discuss. It was we who had kept alive in NATO the concept of balanced mutual force reductions. We had played a leading part in negotiating the Non-Proliferation Treaty and in urging others to sign and ratify it. We were playing a major part in the talks between the Soviet Union and the three Western powers with special responsibilities for Berlin. While there had been some misunderstanding of our attitude in the early stages of the NATO Ministerial meeting, the attitude we had taken during it and the ideas we had put forward, many of which were reflected in the Declaration and Communiqué issued at the end of the meeting, had done much to dispel misconceptions.

The Cabinet—

(1) Took note of the statement by the Foreign and Commonwealth Secretary and of the points made in discussion.

The Foreign and Commonwealth Secretary said that during the Ministerial Meeting of the North Atlantic Treaty Organisation, he had been able to discuss with Ministers from the six member countries the result of the European Economic Community’s summit meeting at The Hague held on 1st and 2nd December. It was clear that they were determined to deal with their internal problems concerning the British application for entry into the Community over the next six months (or possibly even more quickly) and thereafter to enter into negotiations with us without delay. The other members of the Community were evidently not prepared to brook any delaying tactics on the part of the French. The Dutch had indicated that if the French attempted to hold up negotiations with Britain, they would not ratify the arrangements for a Common Agricultural Policy.

The Cabinet—

(2) Took note of the statement by the Foreign and Commonwealth Secretary.

The Foreign and Commonwealth Secretary said that the Ghana Government’s recent decision to require all foreign nationals without residence permits to leave Ghana had probably been prompted by concern over unemployment which, as a result of Dr. Nkrumah’s extravagances, was still a serious problem in Ghana. The decision would bear mainly on nationals of other African states; but it was unlikely that many British subjects would be affected.

The Foreign and Commonwealth Secretary said that very little reliable information had yet emerged about the recent coup d’état in Dahomey. It was clear however that British subjects were not at risk.
The Foreign and Commonwealth Secretary said that the talks held with the Gibraltar Chief Minister, Major Peliza, from 2nd–8th December had gone well. They had been greatly facilitated by the concessions which the Defence Secretary had been able to make in regard to Service property in Gibraltar.

The Foreign and Commonwealth Secretary said that the Chancellor of the Duchy of Lancaster would be attending the meeting of the Committee of Ministers of the Council of Europe, where he would take the line on Greece already agreed by his colleagues. The outcome of their consideration of the suspension of Greek membership of the Council would depend largely on the attitude of the German Government. We had informed them of the course we ourselves proposed to follow; and had expressed the hope that they would act on similar lines.

The Cabinet—

(3) Took note of the statements by the Foreign and Commonwealth Secretary.

4. The Cabinet considered memoranda by the Minister of Technology (C (69) 163) and the President of the Board of Trade (C (69) 164) about the future of the Concorde project after the end of 1969.

The Minister of Technology said that the first flight tests of Concorde had been successful; 150 hours test flying had been completed and the handling qualities were very good over the whole speed range investigated so far. It was expected that some measurements of performance at Mach 2 would be made by the end of June 1970; but a full assessment at that speed would not be available before next autumn. There was a real problem in the failure so far to reach the target payload; but officials considered that improvements to the propulsion system which were under development, together with minor changes in operating conditions, should allow the target payload of 20,000 lb. at entry into service to be achieved. A fundamental redesigning of the nozzle system might increase the payload by about 5,000 lb.; but this would be likely to cost more than £20 million and a firm assessment of the redesign would not be available until June 1970. The Concorde’s approach noise was likely to be about the same as that of the Boeing 707; but its lateral noise would almost certainly be higher than that of existing aircraft. However, officials believed that there was a good chance of developing improved silencers before entry into service. The latest estimate of the development cost, taking account of minor adjustments to the programme and the devaluation of the franc, was exactly the same
as the January 1969 estimate, though at a later price basis. The revised estimate at current prices of the United Kingdom share was now £352 million. If the project was stopped at the end of this year, some £120 million might be saved; the savings would be reduced to under £100 million for cancellation at the end of June 1970, or to £55 million for cancellation at the end of 1970. There was still considerable doubt about the commercial prospects. The United Kingdom members of the Concorde Economic Prospects Committee forecast sales of from 50 to 150 aircraft; but they inclined towards the lower figure. This meant a possible range from 10 per cent to 90 per cent in the implied preference when both the low development and high development cost estimates were included. He had met M. Mondon, the French Minister of Transport, with our Ambassador in September and had put forward our view that we were free to break off the development at the end of 1969. M. Mondon had disagreed with our interpretation of an exchange of letters with M. Chamant, his predecessor, and had contended that the agreement allowed for withdrawal only after the achievement of Mach 2 flight, and not for withdrawal at the end of 1969. It was the opinion of the Attorney General that we had the right to withdraw after 31st December, 1969, and that our position was likely to be upheld by the International Court. This was the first occasion since 1964 that the Government had been given an opportunity for a real choice about the continuation of the project. In his view, we should now tell the French Government that we would continue until 30th June, 1970, and then assess the situation again.

The Prime Minister said that the Ministerial Steering Committee on Economic Policy had considered the Concorde project on the previous day; and he had undertaken to convey their conclusions to Cabinet. It was common ground that the project should never have been started. The uncertain commercial prospects, the continuing escalation in costs and the prospect that further large sums might be needed for redesigning the nozzle system were matters for serious concern. The Committee had accepted, however, that it would not be desirable, on broad political grounds, for us to withdraw unilaterally from the project at the end of this year. They had agreed that the French Government should be told that we were prepared to continue with Concorde until 30th June, 1970. The position could then be reviewed in the light of the circumstances prevailing at the time. In informing the French Government of our decision we should make it plain that this was without prejudice to our contention that any automatic obligation to continue with the project ended on 31st December, 1969; and that our commitment for the future would extend only so far as we ourselves might from time to time decide. We should also press the French to provide us
with the facts and figures—with as full detail as possible—on which they based their optimistic assessment of Concorde’s commercial prospects, with the aim of establishing a common view with them on this point before the middle of next year.

In discussion the point was made that until the Cabinet decided to cancel the project everyone engaged on it should work for the success of Concorde. Authorised development work should not be held back because of its uncertain future, as this would only guarantee failure. Attention was drawn to the possibility that the Isle of Man authorities might resist proposals that supersonic flights should be allowed over the island. There would be an increase in the number of supersonic bangs when the testing programme started, and there had already been some problems. It would be helpful to have regular reports of the effects of supersonic bangs and reactions to them here and in France.

*The Prime Minister,* summing up the discussion, said that the Cabinet accepted the conclusions of the Ministerial Steering Committee on Economic Policy. They agreed that we should continue the development of Concorde until 30th June 1970 when the position could be reviewed in the light of the circumstances prevailing at the time.

The Cabinet—

1. Took note, with approval, of the Prime Minister’s summing up of their discussion.

2. Invited the Minister of Technology—
   
   (i) in consultation with the Attorney General, to inform the French Government in writing that we were prepared to continue with Concorde until 30th June, 1970, but without prejudice to our contention that any automatic obligation ended on 31st December, 1969.

   (ii) to press the French Government to provide detailed information on their views of Concorde’s commercial prospects—

   (iii) to consider, in consultation with the Home Secretary, the President of the Board of Trade and the Attorney General, the problems which would arise if the Isle of Man authorities resisted proposals to allow supersonic flights over the island.

5. The Cabinet had before them a memorandum by the Secretary of State for Local Government and Regional Planning (C (69) 166) on Local Government Reorganisation in England.
The Secretary of State for Local Government and Regional Planning said that the Ministerial Committee on Local Government Reorganisation had considered the recommendations of the Royal Commission on Local Government in England (the Royal Commission) in the light of the comments made upon them. In doing so, they had taken full account of the political considerations; in particular, the sharp reduction in the number of councillors of executive authorities which the proposals entailed and feeling within the Party at national and local level. The purpose of his memorandum was to seek the endorsement of the Cabinet for the conclusions which the Ministerial Committee had reached on the shape of the new local government structure, which would form the basis of the White Paper to be published early in the New Year. There were a variety of associated points which the White Paper would have to cover, such as whether councillors should be paid; these the Cabinet would be able to consider when the White Paper came before them.

The Ministerial Committee were united in accepting the broad structure proposed by the Royal Commission, with unitary authorities varying in population from about \( \frac{1}{4} \) million to 1 million covering most of the country and a two-tier structure of metropolitan authorities and district councils in a limited number of areas which were too large for unitary treatment but which required, for the purposes of some services, to be organised as a whole; below these authorities there would be local councils whose main function would be to represent local opinion. The Royal Commission had also proposed that at regional level there should be provincial councils, most of the members being elected by local authorities, whose function would be to decide upon provincial strategy and the planning framework within which the local authorities would operate. This recommendation had aroused intense interest, but the provisional view of the Ministerial Committee was that no conclusion could be reached until the Commission on the Constitution had reported.

Taking first the Royal Commission’s proposals for metropolitan areas, the Ministerial Committee accepted in principle that there should be such areas within which a two-tier system of government would operate. The environmental services, such as planning and transportation, would be administered by the upper tier and personal services would be administered by the lower tier. The Committee had also agreed that this form of organisation was appropriate for the West Midlands, Merseyside and Selnec areas. They were, however, in favour of some changes in the division of functions between the two tiers; and they considered that there were further
areas which warranted metropolitan treatment. On functions, they were agreed that education should be the responsibility of the upper tier, since a number of the proposed district councils were too small to make satisfactory education authorities; and they agreed that there should be some strengthening of the housebuilding powers of metropolitan authorities. It was, however, the question of additional metropolitan areas which had most exercised the Committee; they had considered in detail six possible areas—West Yorkshire, South Hampshire, Central Lancashire, Notts/Derby, South Yorkshire, and Tyneside. They were unanimous in recommending that West Yorkshire and South Hampshire should be metropolitan areas, mainly for reasons of planning and transportation and, in the case of the West Riding, for reasons of education; and a majority of the Committee had favoured making Central Lancashire a metropolitan area in view of the rapid development expected in this area. In his opinion there were also good reasons for making Nottingham/Derby a metropolitan area because it was an incipient conurbation; but the majority of the Committee had felt that it would be dangerous to increase the number of metropolitan areas this far. There was no strong case for a South Yorkshire metropolitan area unless such areas were established for both West Yorkshire and Notts/Derby; and the Committee were at one in rejecting the idea of a metropolitan area for Tyneside, although a case could be argued for combining Tyneside and Northumberland in a single large unitary area. Whatever the decision about the number of metropolitan areas, they were agreed that provision should be made in the Bill to enable organisational changes to be made in future, as circumstances demanded, without the need for legislation.

On unitary authorities, the Ministerial Committee had rejected the suggestions made in some quarters that some of the larger unitary areas proposed by the Royal Commission should be divided; but they wished to leave open the possibility that some areas might be amalgamated to produce stronger authorities. Local councils had been proposed by the Royal Commission with the main function of representing local opinion and acting as a link between the public and the main authorities. These councils were also to have power to spend money on local amenities; and it was suggested that the larger of them might play a part, subject to the agreement of the unitary authority, in administering some of the main Government services. The Commission proposed that local councils should be constituted initially for the areas of all county boroughs, boroughs, urban districts and parishes, although the pattern was to be reconsidered at the end of a five-year period. These proposals had been widely criticised, particularly in the light of the fact that local councils would vary in size from Sheffield down to the smallest parish; but the majority of the Ministerial Committee believed that it would
be politically impossible to sweep away all existing councils, particularly those in small and medium sized towns. The Committee had therefore concentrated on trying to improve the Royal Commission's proposals. They agreed that these councils should have power to spend money on local amenities; that they should have a consultative function and the right to make nominations to bodies such as governing bodies of schools. In addition, the Committee proposed that every unitary authority should be required to decentralise the administration of appropriate services to district committees; and that local councils should nominate half, or even more, of the members of these committees; the Committee considered that it would be possible in this way to increase public participation without serious damage to the efficiency with which the services were administered. Admittedly, it made little sense to constitute local councils for the areas of the larger boroughs with populations in excess of say, 100,000—most of which would in any case be capitals of unitary authorities—and the sooner these could be replaced the better; for the purposes of the White Paper, he proposed that they should say as much and see what emerged in the process of subsequent consultation.

In discussion there was general agreement that the Government should accept the recommendation of the Ministerial Committee and endorse the broad structure proposed by the Royal Commission. The Cabinet then considered in turn the Ministerial Committee's recommendations for the several levels of local government.

(i) **Provincial Councils**

There was general agreement that the Government could take no decision until the Commission on the Constitution had reported; and that the White Paper should be drafted in this sense, with a reference to the need for the economic planning councils to continue their work in the meantime.

(ii) **Metropolitan Areas**

The Cabinet approved the changes in the distribution of functions between the two tiers proposed by the Secretary of State for Local Government and Regional Planning. On the proposals for further metropolitan areas, it was agreed that West Yorkshire and South Hampshire should be organised in this way; and that they would consider the case for metropolitan areas in Central Lancashire and Notts/Derby at a subsequent meeting, perhaps when the draft of the White Paper was before the Cabinet.

(iii) **Unitary Areas**

It was agreed that no increase in the number of unitary areas should be contemplated; on the contrary, a good case could be made on educational grounds for rejecting the proposals of the Royal...
Commission to split the present counties of Herts, Surrey, Kent and East Sussex. On economic planning grounds there would be advantage in uniting Northumberland with Tyneside; the Ministerial Committee had agreed that this possibility might be considered further after publication of the White Paper if there was pressure for such an amalgamation, although it would produce a unitary authority which was not only very large but was also lacking in coherence. The case against splitting Herts, Surrey, Kent and East Sussex could be similarly considered after the White Paper was published, although it had to be remembered that decisions could not be taken simply on the basis of the needs of one service, and that there was a strong feeling in the Party against amalgamation of unitary authorities.

(iv) Local Councils

There was general agreement that local councils should have no responsibility for the operation of the main government services; that they should be entitled to appoint members to district committees of unitary authorities who would be responsible for decentralised administration; but that it might be unwise to allow representatives of local councils to constitute a majority of such committees. It was also agreed that there should be discussions with the local authority associations after publication of the White Paper on various aspects of the local council proposals, including the subsequent review of areas; feeling in the Ministerial Committee was that such a review should be carried out at the earliest possible moment, particularly in the larger towns. As part of this process, consideration would also have to be given to the position of historic towns with old charters.

The Prime Minister, summing up the discussion, said that the Cabinet would consider at a later stage whether the White Paper should propose that Central Lancashire and Notts/Derby become metropolitan areas. Subject to this, they accepted the proposals in paragraph 21 of C (69) 166. The White Paper should be so drafted as not to preclude amalgamations of unitary authorities; a decision on the future of Northumberland and on the question whether the counties of Herts, Surrey, Kent and East Sussex should continue as single units could be taken in the light of reactions to the White Paper.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.

(2) Approved the proposals in paragraph 21 of C (69) 166, subject to the qualification mentioned in the Prime Minister’s summing up.

Cabinet Office, S.W.1,
12th December, 1969.
61st Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 18th December, 1969, at 10 a.m.

Present:

The Right Hon. HAROLD WILSON, M P, Prime Minister

The Right Hon. MICHAEL STEWART, M P, Secretary of State for Foreign and Commonwealth Affairs

The Right Hon. LORD GARDINER, Lord Chancellor (Items 1-3)

The Right Hon. JAMES CALLAGHAN, M P, Secretary of State for the Home Department

The Right Hon. FRED PEART, M P, Lord President of the Council

The Right Hon. WILLIAM ROSS, M P, Secretary of State for Scotland

The Right Hon. EDWARD SHORT, M P, Secretary of State for Education and Science

The Right Hon. ROY MASON, M P, President of the Board of Trade

The Right Hon. LORD SHACKLETON, Lord Privy Seal (Items 1-3)

The Right Hon. JOHN DIAMOND, M P, Chief Secretary, Treasury

The Right Hon. ROY JENKINS, M P, Chancellor of the Exchequer

The Right Hon. BARBARA CASTLE, M P, First Secretary of State and Secretary of State for Employment and Productivity

The Right Hon. DENIS HEALEY, M P, Secretary of State for Defence

The Right Hon. ANTHONY CROSLAND, M P, Secretary of State for Local Government and Regional Planning

The Right Hon. PETER SHORE, M P, Minister without Portfolio

The Right Hon. GEORGE THOMSON, M P, Chancellor of the Duchy of Lancaster

The Right Hon. CLEDWYN HUGHES, M P, Minister of Agriculture, Fisheries and Food

The Right Hon. GEORGE THOMAS, M P, Secretary of State for Wales

The Right Hon. HAROLD LEVER, M P, Paymaster-General

The following were also present:

The Right Hon. FREDERICK MULLEY, M P, Minister of Transport (Item 4)

LORD DELACOURT-SMITH, Minister of State, Ministry of Technology (Item 7)

The Right Hon. ROBERT MELLISH, M P, Parliamentary Secretary, Treasury (Items 1-5)

The Right Hon. SIR ELWYN JONES, Q C, M P, Attorney-General (Items 1-4)

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Secretariat:

Sir Burke Trend
Mr. R. R. D. McIntosh
Sir Robin Hooper
Mr. P. J. Hudson
Miss S. W. Fogarty

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SECRET
1. The Cabinet were informed of the business to be taken in the House of Commons in the first week after the Christmas Adjournment.

The Lord Privy Seal said that formal negotiations between Her Majesty’s Stationery Office (HMSO) and the trade unions on the report of the National Board for Prices and Incomes on Pay Structure in HMSO’s Presses and Binderies were to start in January. There was some risk that serious industrial trouble might ensue, perhaps involving a complete stoppage. He had considered with the Departments mainly concerned alternative schemes for maintaining the supply of Parliamentary papers if such an emergency arose. An area of about 5,000 feet would probably be required in or near the Palace of Westminster to accommodate a dozen or more high-speed copying machines weighing up to one ton each. The most suitable locations for emergency facilities within the Palace of Westminster were Westminster Hall, the Royal Gallery and Black Rod’s Garden. He had consulted the House of Lords Accommodation Committee in strict confidence and had been assured that they would raise no difficulty if Black Rod’s Garden or the Royal Gallery were selected. The Royal Gallery was, of course, not strictly within the precincts of the House of Lords and fell within the area for which the Lord Great Chamberlain was responsible. Contingency planning would continue under the direction of the group of Ministers primarily concerned so that emergency arrangements could if necessary be introduced early in the New Year.

The Cabinet—

Took note with approval of the statement by the Lord Privy Seal.

2. The Foreign and Commonwealth Secretary said that in a broadcast on 15th December the President of the French Republic, Monsieur Pompidou, had left no doubt that the French Government expected negotiations with Britain to start in 1970. On the other hand, the French President had implied some doubt whether Britain was really determined to turn towards Europe.

The Cabinet—

(1) Took note of the statement by the Foreign and Commonwealth Secretary.
The Foreign and Commonwealth Secretary said that we had now agreed, on the understanding that the Libyans would give us their full assistance, that British troops would be withdrawn from Libya by 31st March, 1970. The arrival in Libya of a small consignment of British arms had made a good effect. It now remained to be seen what the Libyan attitude would be over training facilities for British troops; and what line should be taken, in the light of this and other factors, when considering further supplies of arms to Libya.

In a short discussion, reference was made to the recent allegation by the Prime Minister of Israel, Mrs. Golda Meir, that the British Government had now refused to supply Chieftain tanks to Israel, although they had previously agreed in principle to do so and were apparently willing to supply Chieftains to Libya.

The Prime Minister said that the supply of Chieftain tanks to Israel and its possible repercussions elsewhere in the Middle East had been kept under constant review in the Defence and Oversea Policy Committee. While there were at present no new developments to discuss, it would be advisable for a report to be made to the Cabinet in the New Year.

The Cabinet—
(2) Took note.

The Foreign and Commonwealth Secretary said that the terms of an agreement with the German and Netherlands Governments had now been fixed. A statement would be made in the House of Commons on the following day by the Minister of Technology.

The Cabinet—
(3) Took note of the statement by the Foreign and Commonwealth Secretary.

The Cabinet had before them a note by the Foreign and Commonwealth Secretary (C (69) 170) covering a paper on relief for Biafra which had been prepared by officials in the Foreign and Commonwealth Office and the Ministry of Defence.

The Foreign and Commonwealth Secretary said that both the rebel administration and the Head of the Federal Military Government (FMG), General Gowon, had now agreed to send representatives to the talks to be held at Addis Ababa. General Gowon had indicated that in his view the talks should not begin until after Christmas; but we had urged him to send a representative immediately, even though it might not be possible for substantive discussions to begin until after Christmas. The Biafrans had maintained that both sides had been invited on a personal basis by the Emperor of Ethiopia; but the FMG contended that the talks were taking place under the auspices of the Organisation of African Unity.
The Emperor had not committed himself either way; and it was to be hoped that the basis of the talks could be left as it stood. The Foreign and Commonwealth Secretary had not seen Lord Carrington since his return from his visit to Federal Nigeria and Biafra. In his television broadcast last night, Lord Carrington had been by no means optimistic about the outlook; but he had said nothing to indicate that he thought that Government policy should be changed.

The Prime Minister said that the paper by officials provided valuable background information and material which would be useful in preparing a reply (if one were needed) to the proposal made in the House of Commons on 9th December by Sir Alec Douglas-Home for a carrier-based or land-based airlift relief operation in Biafra to be carried out by Royal Navy and Royal Air Force helicopters. He pointed out that this project had not been originated by Sir Alec Douglas-Home. The former Vice-President of the United States, Mr. Hubert Humphrey, had made a similar proposal some months ago; and the Prime Minister himself had called for an examination of the technical considerations involved before the proposal had been raised in Parliament.

In discussion there was general agreement with the conclusions of the paper by officials. Failing the opening up of a surface route for relief, the next best solution was clearly agreement on daylight flights; and we should support the efforts of the International Committee of the Red Cross (ICRC) to secure such an agreement. None of the possible alternatives was as satisfactory as daylight flights. In any public reaction we might make to Sir Alec Douglas-Home’s proposal, we should be careful to say nothing which might endanger ICRC’s negotiations or the talks in Addis Ababa. A large-scale helicopter operation would raise practical and political problems quite as great as those involved in daylight flights and would be extremely costly. But a decision could not be based on considerations of cost where human lives were at stake; and the possibility of sharing the cost with other countries should not be ruled out. Notwithstanding the obvious disadvantages of a helicopter operation as compared with a daylight airlift, the fact that Canada and the United States appeared to be far from enthusiastic, and the possibility that any suggestion of a helicopter operation while the ICRC negotiations were in progress might well destroy any prospect of their success, we should avoid any action which would prevent us from falling back on the possibility of mounting a helicopter operation if negotiations for daylight flights failed. These considerations added force to the need for caution in commenting on Sir Alec Douglas-Home’s proposal.
The Prime Minister, summing up the discussion, said that the Cabinet endorsed the conclusions set out in C (69) 170. He would keep in touch during the Recess with the Foreign and Commonwealth Secretary and the Defence Secretary; and they would decide what use could be made of the paper. In particular, they would consider, in the light of the paper and of the points made in discussion, whether it would be advisable to make a considered reply to the proposals made in the House of Commons by Sir Alec Douglas-Home on 9th December.

The Cabinet—

(4) Took note, with approval, of the Prime Minister’s summing up of their discussion.

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3. The Cabinet considered a memorandum by the Prime Minister (C (69) 168) reporting the outcome of discussions in the Defence and Oversea Policy Committee of the problem of defining the Government’s interpretation of the Geneva Protocol of 1925 in the light of recent international and domestic political developments and of the technological changes which had occurred since 1930, when our attitude was last stated.

The Prime Minister said that, after careful consideration, the Defence and Oversea Policy Committee had, on balance, decided in favour of the course of action summarised in paragraph 4 (b) of his paper. The Committee had recognised that, whatever decision was taken, a statement of our policy would have considerable political repercussions; and they thought it right that these should be considered by the Cabinet.

The Foreign and Commonwealth Secretary said that he remained of the view that the right course was that summarised in paragraph 4 (a) of the paper, i.e., that we should reaffirm without qualification the statement made in 1930 and make it clear that we regarded ourselves as prohibited from using agents such as CS gas in war. To say that we regarded riot control agents such as CS as not covered by the Protocol would amount to a reversal of the policy which the United Kingdom adopted in 1930. It would cause political difficulties at home and would damage our standing and credibility in international disarmament discussions. Both courses of action summarised in the paper were, to some degree, at variance with the current policy of the United States Government, which intended to retain freedom to use not only CS gas but also the more objectionable CN and DM; and an unqualified reaffirmation of our 1930 position, accompanied (as he envisaged) by a statement that we would not object if any other State adhering to the Protocol reserved its right to use riot control

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agents in war, would not create any real problem in Anglo-United States relations. The apparent paradox that an unqualified reaffirmation would amount to renouncing the use in war of an agent which we used against our own citizens in peace could be explained by reference to the purpose for which the agent was used. In peace it was a means of minimising casualties; whereas in war, as information from Viet-Nam had shown, it was frequently a means to the more widespread infliction of casualties with bombs and guns.

The Defence Secretary said that peacetime experience had shown that CS was an effective and humane weapon, which was invaluable for dealing with riots and with dangerous criminals. To announce that we regarded ourselves as prohibited from using it in war would strengthen the hands of those who misguidedly argued that we should not use it in peace. Although CS gas had not so far been used in any international conflict in which we had taken part, it was easy to envisage circumstances in Hong Kong, Gibraltar, Cyprus or Berlin where its use against an armed incursion would be the most appropriate response. It was illogical to argue that because the Americans had used tear gas in Viet-Nam in a way which did not correspond with the principle of minimum force, we should regard ourselves as debarred from using it at all, while not objecting if others claimed the right to do so. A reaffirmation of the 1930 statement, qualified by a claim that we had the right to use CS in war, could be justified by reference to the text of the 1930 statement. At that time screening smokes, which we said were not covered by the Protocol, were less toxic than any known form of tear gas. The position was now reversed, in that CS was less toxic than screening smoke; and it would be logical to claim a right to use an agent even less dangerous than one which, in 1930, we had regarded ourselves as free to use.

In discussion, some support was expressed for the view that we should reaffirm the 1930 statement without qualification. The alternative of a qualified reaffirmation would unite critics of the Government's Northern Ireland policy with those who criticised its disarmament policy. It would lead to charges that we were again seeking to whitewash the United States Government. Moreover, any side which used CS gas in an international armed conflict would be inviting the other side to escalate to more toxic gases. The majority of Ministers, however, considered that the conclusion reached by the Defence and Oversea Policy Committee should be supported. It was pointed out the vociferous lobby which had opposed the use of CS in Northern Ireland could be relied on to exploit any statement which could be read as an admission that the gas was too obnoxious to be used in war. It would be extremely difficult to justify the domestic
use of CS if, in international discussions, we had taken the view that it was covered by the Geneva Protocol as a gas which we regarded as being harmful or deleterious to man.

In further discussion, attention was drawn to the need for very careful drafting of any statement qualifying our reaffirmation of the 1930 policy. It would not suffice to say that in our view gases “such as CS” were not covered by the Protocol. It would be important to make it clear that the criterion was toxicity; and that, as in 1930 (when we excluded screening smoke, which was less toxic than any form of tear gas then known), so now we were excluding only those gases which, like CS, were appreciably less toxic than screening smoke.

The Prime Minister, summing up the discussion, said that the Cabinet endorsed the conclusion of the Defence and Oversea Policy Committee that we should reaffirm, with a qualification excluding riot control agents such as CS, the 1930 interpretation of the Geneva Protocol. It would be necessary for the qualification to be carefully drafted to make it clear that in referring to gases “such as CS” we had in mind gases of similar or lower toxicity. In explaining our policy, we should draw attention to the facts that in 1930 we had said that we regarded screening smokes as excluded from the application of the Protocol; that screening smokes were at that time less toxic than any known form of tear gas; but that modern technology had since developed tear gases which, like CS, were less toxic than screening smoke. The Foreign and Commonwealth Secretary, in agreement with the Defence Secretary and the Attorney-General, should arrange for the preparation of the text of a qualified reaffirmation of the 1930 statement on the lines which the Cabinet had agreed. An accompanying statement, explaining the reasons which led us to qualify this reaffirmation should similarly be prepared and held ready for use in international or domestic discussions.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s summing up of their discussion.

(2) Invited the Foreign and Commonwealth Secretary, in consultation with the Defence Secretary and the Attorney-General, to prepare statements on the lines indicated in the Prime Minister’s summing up.

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4. The Cabinet noted that a report by the National Board for Prices and Incomes (NBPI), which was to be published early in January, would endorse the National Coal Board’s request for a 10 per cent increase in coal prices; and that it would probably be
desirable for the Government to announce their attitude to the report on the day of publication in order to avoid publicising the price increases on two separate occasions.

The Cabinet—

(1) Invited the Chancellor of the Exchequer to arrange for the Ministerial Committee on Prices and Incomes to consider the NBPI report on coal prices before it was published and to agree the terms of a Government statement if the Committee considered it appropriate to make one.

The Secretary of State for Education and Science said that following discussions in the Ministerial Committee on Prices and Incomes he had authorised the Management Panel of the Burnham Committee to make an open offer to school teachers in England and Wales of £75 across the Board. This was equivalent to an increase of 4\% per cent. In the event the Panel had decided to offer the total sum in the form of selective increases to different categories of teacher. The unions had rejected this offer; and as the chairman of the Burnham Committee was not prepared to agree to arbitration at this stage, a further meeting had been arranged for 5th January, 1970. It seemed likely that this would result in deadlock, in which case he would be required to arrange for the matter to be referred to arbitration. There was, however, reason to believe that the teachers might refuse to nominate a member for the arbitration panel; in that case, he understood that the local authorities would be likely to recommend that the NBPI should be asked to enquire into the pay and structure of the profession. If the teachers agreed to arbitration, it would be desirable to arrange for the NBPI to carry out such an enquiry after arbitration had been completed. He accordingly proposed that officials should meet before negotiations were resumed on 5th January to consider the timing and tactics of a reference to the NBPI. It should, however, be recognised that if wage increases significantly above 4\% per cent were authorised for other groups of workers, including in particular the nurses, it would not be possible to maintain their refusal to authorise comparable increases for the teachers.

In discussion it was pointed out that there were no grounds at this stage for including Scottish teachers in a reference to the NBPI as there had been no breakdown in negotiations. If such a breakdown occurred, it might be desirable to ask the NBPI to hold an enquiry into the pay and structure of the profession in Scotland either as a separate exercise or as part of a reference covering Great Britain as a whole.

The Cabinet—

(2) Took note of the statement by the Secretary of State for Education and Science.
(3) Invited the Chancellor of the Exchequer to arrange for the Ministerial Committee on Prices and Incomes to consider further what action the Government should take in relation to the pay of school teachers in England and Wales.

The Cabinet were informed that workers at about 50 power stations had given notice of their intention to work to rule from 29th December and go on unofficial strike from 5th January, 1970. While working to rule would give rise to serious inconvenience, a strike, which would be illegal, would have the most damaging consequences and could disrupt industrial production quite quickly. The Central Electricity Generating Board were making every effort to discourage the men from striking; but some of the trade unions concerned did not appear to have made any attempt to explain to their members the provisions of the agreement which had recently been concluded with the Board. The solemn undertaking which the Trade Union Congress had given the Government in the summer was intended to cover cases of this kind, where unofficial action by a small number of workers could put many thousands of people out of work.

The Cabinet—

(4) Invited the First Secretary of State to draw the attention of the General Secretary of the Trade Union Congress to the relevance of their undertaking to the Government to the unofficial action in the electricity supply industry.

(5) Took note that the Home Secretary had arranged for the Official Committee on Emergencies to meet after Christmas to consider the situation.

The Minister of Transport said that the NBPI had just completed their report on the British Railway Board’s (BRB) proposals for increased fares in the London commuter area. The report endorsed the suggested yield of £5 million; but it recommended that this should be achieved by a different fares structure from that which BRB had proposed. The report was, in his view, a bad one; and the Government would need time to consider it. He proposed that it should be published as planned on 22nd December; and that it should be accompanied by a short holding statement saying that the Government would study the recommendations carefully and make a further statement as soon as possible in the New Year.

The Cabinet—

(6) Took note, with approval, of the statement by the Minister of Transport.
The Cabinet noted that negotiations on the pay of London dockers would be resumed early in January, 1970. The employers were divided on the attitude they should adopt in these negotiations; in particular, some of the shipowners and stevedore companies were now willing to offer major concessions. It might be helpful to arrange for informal discussions to take place between the Government and certain leading members of the Trades Union Congress about the wider implications of the trade union attitude towards the dispute in the London docks and related matters.

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5. The Cabinet considered a note by the Minister of Technology (C (69) 169) to which was attached a draft Green Paper on Industrial Research and Development in Government Laboratories.

The Paymaster-General said that at its meeting on 10th December, the Ministerial Steering Committee on Economic Policy (SEP) had considered the Minister of Technology’s proposal to establish an Industrial Research and Development Corporation. The Committee had agreed that a Green Paper should be published early in the New Year and had asked the Minister of Technology to circulate a revised draft for consideration by the Cabinet. The draft attached to C (69) 169 took account of comments received from members of the Cabinet and of the views expressed at SEP, especially in relation to regional questions. In addition, he proposed that the second last sentence of paragraph 24 of the draft Green Paper should be amended so as to make clear that the aim would be that industry should bear an increasing proportion of the expenditure on the reactor research establishments.

In discussion it was suggested that it should be made clear in the Green Paper that the Atomic Weapons Research Establishment (AWRE) would not be included in the new Research and Development Corporation.

The Cabinet invited the Paymaster-General—

(1) To consult the Defence Secretary and the Chief Secretary, Treasury, respectively about the reference in the draft Green Paper to the future of AWRE and expenditure by industry on the reactor establishments.

(2) Subject to (1) above, to arrange for the Green Paper to be published during the Christmas Recess.

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6. The Cabinet considered memoranda by the Secretary of State for Local Government and Regional Planning (SEP (69) 98)
and the President of the Board of Trade (SEP (69) 87 and SEP (69) 101) about the future of British Air Services Limited (BAS).

The Secretary of State for Local Government and Regional Planning said that the Ministerial Steering Committee on Economic Policy (SEP) had discussed the President of the Board of Trade's proposals for a capital reconstruction of BAS. They had then invited him to arrange for the cost of saving BAS from liquidation to be fully reviewed, including the effects of liquidation on regional air services and on the regions, bearing in mind the alternative forms of transport available. The Ministerial Committee on Environmental Planning (EP) had reviewed the position but had not yet been able to make a precise assessment of the regional implications of the liquidation of BAS. They had however agreed that immediate liquidation of the company should be prevented, so that the implications—particularly for services to Newcastle, to South Wales and to Northern Ireland and for the airports affected—could be further considered. They had therefore proposed that two parallel groups of studies should be undertaken immediately, to be completed by the end of February. The Government should undertake a cost benefit study of the quantifiable implications of the liquidation of BAS together with a review of the implications, both for regional economic development and for regional policies generally, of the closure of particular routes. At the same time, British European Airways (BEA) should carry out an examination of the reorganisation of BAS with their own domestic regional services on the lines proposed by the President of the Board of Trade. In the meantime the liquidation of BAS should be prevented by whatever financial arrangements might be agreed between the Board of Trade and the Treasury.

The President of the Board of Trade said that the report by officials which EP had considered had drawn attention to strongly held views that a number of the services provided by BAS were of importance for regional development; and to the risk, based on experience following the withdrawal of regional air services operated by other companies in recent years, that no one else would come forward to take up the licences. There would also be a direct loss of jobs if BAS were liquidated; and there was some risk to the future of those regional airports which would lose all or most of their scheduled air services. The studies which EP had proposed would be complex. By the end of February, BEA would have put a total of £1 million into BAS in addition to the £3½ million which had been advanced before SEP considered the proposals for a capital reconstruction. The additional cost of agreeing now to the provision of £2 million in new money and the rest of the capital reconstruction would only be £1¾ million; and this would allow BEA to continue
the rationalisation of BAS and to consider the possibility of merging certain secondary BEA routes with them. It would also enable them to carry on over the profitable summer season. He therefore proposed that the reconstruction should be permitted but only on the stringent conditions he had already proposed. BEA would be told that they would not be expected to subsidise BAS services from their own resources and that they should not assume that there would be subsidies from the Government; that they would have to undertake the proposed examination of the reorganisation of BAS with their own domestic regional services to produce the most viable structure; and they should supply the Board of Trade in advance with BAS's annual forecast of profitability by monthly periods and with the actual results as they emerged month by month.

In discussion there was general agreement that the immediate liquidation of BAS should be prevented. It was, however, argued that it would be wrong simply to agree to the capital reconstruction on the basis proposed. This would involve a further £2 million of new money (making £5½ million advanced in total); and if BAS were not successful, there would still be the costs of liquidation to meet. The need to maintain regional air services should be assessed on the same basis as uneconomic rail services. It would not be right to devote large sums to the improvement of inter-city rail services and at the same time subsidise competing air services which lost traffic as a result. Moreover, if practicable proposals for rationalisation of the BAS and BEA services emerged, time would be needed to implement them; and the profitable summer season would allow time for the necessary steps to be taken whether the operating authority were then BAS or BEA. It should be possible by the end of February at least to identify those routes which were of real regional importance and to consider their future in relation to the possibilities for establishing a commercially successful network of regional air services.

On the other hand, it was argued that while there was a need for the proposed studies, BAS must be maintained as an operating unit in the meantime. The studies might well take considerably longer—and the interim payments cost more—than had been suggested. Moreover, BEA might decide to liquidate BAS if no assurances about the capital reconstruction and the future of the company were forthcoming. There was an immediate problem in respect of the three BAC 1-11 aircraft ordered by Cambrian Airways; a guarantee for the financing had to be provided by the end of the week. If the firm did not acquire these aircraft, they would have no chance of reaching even the modest profits in the BAS plans. It should be left to BEA to see what could be done to streamline BAS and the domestic
services generally; and to implement the Government’s acceptance (indicated in the recent White Paper on Civil Aviation Policy (Cmnd. 4213), of the concept that there should be a regional airline, or airline group, that would bring together all BEA’s domestic services other than those which could be regarded as forming an integral extension of its primary international network and routes served by BAS.

The Prime Minister, summing up the discussion, said that the Cabinet were agreed that the immediate liquidation of BAS should be prevented. They were not, however, prepared to agree now to the full capital reconstruction proposed by the President of the Board of Trade. The President of the Board of Trade should arrange, in agreement with the Chief Secretary, Treasury, for the company to be kept going until the end of February, by which time the situation could be reviewed in the light of progress made in the studies recommended by EP. If it emerged in the course of the studies that there was a clear case for the full capital reconstruction as proposed, the matter could be reconsidered before the end of February. Meanwhile the Ministers concerned should give urgent consideration to the financing of the BAC 1-11 aircraft on order, so that any necessary decisions on it could be taken by the end of this month.

The Cabinet—

(1) Invited the Secretary of State for Local Government and Regional Planning, in consultation with the President of the Board of Trade, to arrange for an assessment to be undertaken by the end of February of the quantifiable implications of the liquidation of BAS, together with a review of the implications, both for regional economic development and for our regional economic policies generally, of the closure of particular routes.

(2) Invited the President of the Board of Trade to arrange for BEA to undertake by the end of February an examination of the reorganisation of the BAS enterprise with their own domestic regional services on the lines proposed in SEP (69) 87.

(3) Invited the President of the Board of Trade, in consultation with the Chief Secretary, Treasury—

(i) to arrange for the necessary steps to be taken to prevent the liquidation of BAS until Ministers had been able to consider the matter further in the light of the studies mentioned in Conclusion (1) above; and

(ii) to examine urgently the financing of the purchase of the three BAC 1-11 aircraft for Cambrian Airways.
7. The Cabinet considered memoranda by the Minister of Technology (SEP (69) 97) and the Chief Secretary, Treasury (SEP (69) 100), about the extent to which the Government should meet the liabilities of Beagle Aircraft Ltd.

The Minister of State, Ministry of Technology, said that Beagle Aircraft Ltd. (Beagle) was a limited liability company of which the Government owned all the shares. The Government were therefore under no legal obligation to make good to the company's creditors any deficit on liquidation. Nevertheless, the Minister of Technology wished to invite the Cabinet to agree that, if the company were eventually put into liquidation, the Government should undertake that all of the company's proven liabilities outstanding at the time of the appointment of the Receiver and Manager would be met in full. This proposal related to Beagle alone; and it was not unprecedented in the private sector for a large parent company faced with the failure of a subsidiary to step in and meet the debts of that subsidiary rather than to allow the creditors to suffer. It was not yet possible to give a clear picture of the company's affairs. The Receiver appointed on 2nd December had agreed to keep the company going for four weeks to allow a purchaser to come forward; although some interest was being shown, there could be no assurance that the company would continue beyond the end of the year. Meanwhile the Receiver estimated that after deduction of payments to preferential creditors and of sums secured under debentures held by Barclays Bank and the Government, some £64,000 might be available to meet the unsecured creditors, leaving a deficiency of the order of £2.7 million (including £1.267 million due on a Government loan). To restrict claims to a proven minimum, an estimated sum should be agreed with the liquidator within which he would be authorised to settle claims and which he would use to fend off exaggerated claims. Customers and suppliers had been influenced by the fact that Beagle was directly and wholly owned by the Government; and it was undesirable that the Government should lay itself open to charges that they had acted harshly and with scant regard for creditors, particularly in circumstances where a commercial company might well have met the debts of a failed subsidiary.

There were special problems about the treatment of employees who would lose their jobs. Statutory redundancy payments were in the last resort payable from the Redundancy Fund. The Contracts of Employment Act, however, provided for payments in lieu of notice; and if the company's works were forced to close at the end of the month there might not be funds available to meet them. Moreover, the statutory payments were no more than legal minima
to which employees are entitled; good employers normally agreed on more favourable terms. The Receiver estimated that the total cost of the payments to employees, other than those from the Redundancy Fund, which it would be commercially reasonable to make would amount to some five weeks' wages or about £140,000. In addition, the firm were £58,000 in arrears in payment to the insurance companies responsible for the company's superannuation fund; £27,000 of this represented contributions deducted from employees' pay. This situation required a full enquiry; but in the meantime the insurance companies had stopped payment, which could cause serious hardship to individuals. He invited the Cabinet to agree that the Government should act as a good employer would. They should accept liability for payments in lieu of notice and should authorise the Receiver to discuss the terms of supplementary payments. He might also be authorised immediately to assure the employees that, to the extent that enquiry proved it to be necessary, the Government would ensure that the arrears of pension fund contributions were fully paid.

The Chief Secretary, Treasury, said that the Minister of Technology's main proposals raised a question of principle: whether the Government, in pursuing its policy of intervention in industry on a commercial basis, should nevertheless accept liabilities beyond those accepted by private firms. If the proposals for acceptance of liability in the case of Beagle were agreed, it would prove a very expensive precedent; the general public would assume that any commercial undertaking in which the Government were involved (for instance Upper Clyde Shipbuilders Ltd.) was backed by their credit. There was a real risk that if in future the Government, when opportunities for intervention in the private sector arose, would be compelled to undertake open-ended commitments or refrain from action which would further their industrial policies. The alternative was to ensure that commercial undertakings in which the Government were involved were conducted on a commercial basis, except in so far as the public had clearly been led to believe that this would not be so. In the case of Beagle, the other parties concerned had acted on a wholly commercial basis. The bank had pressed for a reduction in the company's overdraft when it became anxious about the future of Beagle and was at pains to secure its own loan and its contingent liabilities; and other customers were careful to ensure that deposits were covered by bank guarantees. The Government had made it clear in the House of Commons that Beagle was expected to operate as a normal commercial company. The known cost of assuming Beagle's liabilities would be somewhere between £1 million and £1½ million; but if the course proposed by the Minister of Technology were followed, there would also be an open-ended commitment to meet contingent liabilities. On the other hand, he agreed that the
Government should act as good employers, even though they were not the actual employers. He was therefore prepared to accept that, so long as the principle of limited liability was not breached, any necessary funds should be made available to enable the employees to be treated as they would be by a good employer.

In discussion there was general agreement that funds should be made available as necessary to enable those payments to be made to employees which would normally be made by a good commercial employer. As for the generality of the creditors, it was argued that they had assumed that the Government would stand behind the company. Moreover, the directors had been allowed to incur obligations which they could not meet if Government support were withdrawn; if their actions were challenged, they might well say in public that they had done so on the understanding that the Government would support them. If the Government were not prepared to stand behind firms which they owned, this should be made clear in advance; but that had not been done in this case. Moreover, if liability were not accepted for the debts of this wholly-owned firm, doubts might be thrown on the credit-worthiness of the nationalised industries. Liability for the debts of joint ventures in which the Government had a share could be regarded as a separate matter for which Beagle would not set a precedent.

The Prime Minister, summing up the discussion, said that the Cabinet agreed that arrangements should be made to ensure that the employees of Beagle Aircraft Ltd. were treated in respect of payments on redundancy as they would be by a good commercial employer, but that these arrangements should avoid prejudging the question whether unlimited liability to commercial creditors should also be accepted. The insurance companies should be asked to continue making payments due from the firm’s superannuation fund on the basis that the Government would, at least, reimburse them. The situation which the Receiver had uncovered in respect of the fund should be brought immediately to the attention of the Attorney-General. Consideration should also be given to whether the Government should agree to ensure that the arrears of pension fund contributions were fully paid. The Cabinet had not, however, had time to consider fully the question of principle raised by the proposal to pay the commercial creditors in full. They should resume the discussion at their next meeting.

The Cabinet—

(1) Invited the Minister of State, Ministry of Technology—

(i) In consultation with the First Secretary of State and the Chief Secretary, Treasury, to consider what action should be taken to ensure that employees of
Beagle Aircraft Ltd. were treated on the same basis as would be those of a good commercial employer and to make arrangements accordingly.

(ii) In consultation with the Chief Secretary, Treasury, to invite the insurance companies concerned to continue making payments due from the company's superannuation fund on the understanding that such payments would be reimbursed by the Government if the arrears of contributions were not made good.

(iii) To draw the attention of the Attorney-General to the position on contributions to the superannuation fund as reported by the Receiver.

(2) Agreed to resume their discussion at their next meeting.

*8. The Prime Minister said that at their meeting on 21st October, when there was general agreement on the need to leave the travel allowance unchanged for the time being, the Chancellor of the Exchequer had made it clear that he would keep the matter under continuous review with a view to relaxing the restrictions on foreign travel as soon as there were firm indications of a securely based improvement in the balance of payments. The need to take a quick decision on this issue could arise early in the New Year in the context of certain international discussions. Delicate questions of timing might be involved and it would accordingly be helpful if the Cabinet would give the Chancellor of the Exchequer and himself discretion, without further reference to the Cabinet, to take such decisions as they judged necessary about the relaxation of the restrictions on foreign travel.

The Cabinet—
Invited the Chancellor of the Exchequer, in consultation with the Prime Minister, to take such decisions as he judged necessary about the relaxation of the restrictions on foreign travel.

Cabinet Office, S.W.1,
19th December, 1969.
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CABINET

CONCLUSIONS of a Meeting of the Cabinet held in the
Prime Minister's Room, House of Commons, S.W.1, on
Monday, 9th June, 1969, at 4 p.m.

Present:
The Right Hon. HAROLD WILSON, M.P., Prime Minister
The Right Hon. MICHAEL STEWART, M.P., Secretary of State for Foreign and
Commonwealth Affairs
The Right Hon. LORD GARDINER, Lord Chancellor
The Right Hon. BARBARA CASTLE, M.P., First Secretary of State and Secretary
of State for Employment and Productivity (Items 1 and 2)
The Right Hon. DENIS HEALEY, M.P., Secretary of State for Defence
The Right Hon. PETER SHORE, M.P., Secretary of State for Economic Affairs
The Right Hon. WILLIAM ROSS, M.P., Secretary of State for Scotland
The Right Hon. EDWARD SHORT, M.P., Secretary of State for Education and
Science
The Right Hon. ANTHONY GREENWOOD, M.P., Minister of Housing and Local
Government
The Right Hon. LORD SHACKLETON, Lord Privy Seal
The Right Hon. ROY MASON, M.P., Minister of Power

The Right Hon. ROY JENKINS, M.P., Chancellor of the Exchequer
The Right Hon. RICHARD CROSSMAN, M.P., Secretary of State for Social
Services (Items 1 and 2)
The Right Hon. JAMES CALLAGHAN, M.P., Secretary of State for the Home
Department
The Right Hon. FRED PEART, M.P., Lord President of the Council (Item 2)
The Right Hon. ANTHONY CROSLAND, M.P., President of the Board of Trade
(Items 1 and 2)
The Right Hon. GEORGE THOMSON, M.P., Minister without Portfolio
The Right Hon. RICHARD MARSH, M.P., Minister of Transport
The Right Hon. CLEDWYN HUGHES, M.P., Minister of Agriculture, Fisheries
and Food (Items 2-4)
The Right Hon. GEORGE THOMAS, M.P., Secretary of State for Wales
The Right Hon. JUDITH HART, M.P., Paymaster General
The Right Hon. JOHN DIAMOND, M.P., Chief Secretary, Treasury

The following were also present:
The Right Hon. ROBERT MELLISH, M.P., Parliamentary Secretary, Treasury
(Items 1 and 2)

The Right Hon. Sir ELWYN JONES, Q.C., M.P., Attorney-General

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Secretariat:

SIR BURKE TREND
Miss J. J. NUNN
MR. R. R. D. McINTOSH
SIR ROBIN HOOPER
MR. P. E. THORNTON
MR. J. CROCKER
MR. P. J. HUDSON

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depended on the outcome of the further talks which had been arranged with them. A decision could not be delayed for very much longer, but it would be possible to postpone the introduction of the Bill for a few more days in the hope of being able to reach a satisfactory conclusion.

The Cabinet—

(1) Took note of the Prime Minister's summing up of their discussion.

(2) Invited the First Secretary of State to circulate a memorandum to the Cabinet about the possible reintroduction of Statutory Instrument No. 1376 of 1951.

3. **The Foreign and Commonwealth Secretary** said that the recent Meeting of the Council of the Western European Union (WEU) at The Hague had not been attended by the French. All other member States, with the exception of Italy, had been represented by their Foreign Ministers. There had been a major discussion on political collaboration in Europe, during which the German, Dutch and Italian representatives had all strongly supported our early entry into the European Economic Community (EEC). The German Foreign Minister had proposed a summit meeting of the EEC countries plus the United Kingdom later this year. This would be welcome to us on the assumption that it was preceded by an agreement to open negotiations on our application to join the EEC. The subject of Greece had been discussed in restricted session. It had been agreed that all WEU members present should individually make representations to the Greek Government pointing out the risk that Greece, if she continued her present policies, might be expelled from the Council of Europe by December or earlier. The arrangements for these representations would be concerted by our permanent WEU representatives so that the Greek Government should be in no doubt that they originated from a collective decision of all WEU countries except France. The decision reached in this matter reflected one of the benefits of French absence since the French, had they been represented, would in all probability have vetoed any such proposal.

There had also been some discussion on Rhodesia, during which the other WEU representatives had agreed with our views on the importance of maintaining sanctions after the proposed
referendum, and of not according recognition to the régime. In
general we had obtained a more sympathetic hearing than previously
for our views on Rhodesia. Throughout the meeting the Dutch had
been particularly helpful despite the difficulties we were currently
going through with them over, for example, our cheese and butter
imports and civil aviation. Dutch support was important to us in
Europe. It would be a pity if the troubles to which he had referred
were allowed to spoil the atmosphere; and he might have to ask the
Cabinet in the near future to consider the whole subject of
Anglo-Dutch relations.

In a brief discussion of the Greek problem, the Foreign and
Commonwealth Secretary said he would like to consider further the
possible advantages and disadvantages of publicising our
representations, taking into account on the one hand the beneficial
effect of such publicity at home and on the other the possible effect
on the Greek Government’s attitude.

The Cabinet—

(1) Took note of the statement by the Foreign and Common-
wealth Secretary.

(2) Invited the Foreign and Commonwealth Secretary to
consider the advisability of making a public statement on
representations by WEU members to the Greek
Government.

The Foreign and Commonwealth Secretary said that he had
just answered a Private Notice Question in the House on Gibraltar.
The Spanish Government had now closed the land frontier
completely, and some 4,600 Spanish workers were being prevented
from going to work in Gibraltar. The Algeciras ferry remained
open for the present. Much of the labour shortage in Gibraltar
might be made good by recruitment in Morocco, but the Moroccan
Government were anxious not to publicise this possibility at present.
The Governor wished if possible to refute Spanish claims that their
measures would result in the closing of the dockyard. The Foreign
and Commonwealth Secretary would examine with the Defence
Secretary what could be said on this point.

In a brief discussion, it was noted that there had been no lack
of Ministerial visits to Gibraltar to demonstrate our continuing
concern. It was also noted that possible measures of retaliation
against Spain had been examined previously but tended for the most
part to be as injurious to ourselves as to Spain. Moreover, measures
of reprisal would be counter-productive if their effect was to reduce

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still further the viability of Gibraltar. It was suggested, however, that the Defence and Oversea Policy Committee might usefully re-examine the subject, including the possibility which the Foreign and Commonwealth Secretary had mentioned in the House of Commons of a reduction of United Kingdom holiday expenditure in Spain, and of the scale of British European Airways activities in that country.

The Cabinet—

(3) Took note of the statement by the Foreign and Commonwealth Secretary.

(4) Invited the Foreign and Commonwealth Secretary to prepare a paper for discussion by the Defence and Oversea Policy Committee on possible countermeasures to the action taken by Spain against Gibraltar.

The Foreign and Commonwealth Secretary said that the Tripartite Meeting being held that day in Bonn, at which the Minister of Technology and the Minister of State, Foreign and Commonwealth Office (Mr. Mulley), were our representatives, was expected to resolve most of the outstanding points of difference between us and our Dutch and German partners, and to clear the way for the signature of an Agreement. There was, however, an outstanding problem between ourselves and the United States Government in regard to the release of information restricted under the Anglo-United States Atomic Energy Agreement. This problem was still under discussion between HM Ambassador and the United States Secretary of State on the political level and between Sir Solly Zuckerman and the United States Atomic Energy Commission at the technical level. It was impossible yet to forecast the outcome; but the possibility of difficulties with the United States on this point could not be discounted, and the Cabinet would be kept informed. Meanwhile the Nuclear Policy Committee would keep the matter under review.

The Cabinet—

(5) Took note of the statement by the Foreign and Commonwealth Secretary.

(6) Took note that the Ministerial Committee on Nuclear Policy would consider further the Anglo-United States discussions on restricted centrifuge information, and that the Cabinet would be kept informed of any major development.
4. The Cabinet had before them a memorandum by the Foreign and Commonwealth Secretary (C (69) 61) on Rhodesia.

The Foreign and Commonwealth Secretary said that he wished to draw the attention of his colleagues to the conclusions reached by the Ministerial Group on Rhodesia as set out in Annex A to C (69) 61. Though it would clearly not be possible to reach a final decision on several of the conclusions until after the Rhodesian régime had held their referendum, he wished to secure his colleagues' approval of the conclusions. With regard to the public speech on Rhodesia which he would be making on 10th June and which was referred to in paragraphs 4 and 5 of C (69) 61, the text he had proposed for inclusion in it which was given in Annex B of the paper had been drafted with the intention of being as helpful as we properly could to the Rhodesian Centre Party. While he realised that a statement on these lines might expose us to the risk of a further rebuff from the régime, especially if as seemed likely the referendum went decisively in favour of Mr. Smith and his colleagues, it was important particularly from the point of view of opinion in this country to demonstrate that we had not been unreasonable and that we had not neglected any possibility of securing a settlement. It had also to be borne in mind that the Governor of Rhodesia had strongly advocated that a statement in this sense should be made.

The Prime Minister, summing up a short discussion, said that the Cabinet endorsed the conclusions reached by the Ministerial Group, which should arrange for their detailed implementation.

The Cabinet—

Took note with approval of the statement by the Foreign and Commonwealth Secretary and of the Prime Minister's summing up of their discussion.

5. The Minister without Portfolio said that, in view of the settlement of the strike in HM Stationery Office warehouse, the Report of the Royal Commission on Local Government in England (the Redcliffe-Maud Report) would receive reasonably normal distribution, although some delay might occur. The Ministerial Committee on Local Government Reorganisation had met that morning and reached agreement on the terms of a statement which the Prime Minister proposed to make on Wednesday, 11th June. The statement accepted the main principles behind the Royal Commission's central recommendations—the reduction in the number